

Workbook 1 – Regulatory Determination Basis of Preparation

2020-25

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2 Overview

2.1 Introduction

On 31 October 2018, the Australian Energy Regulator (AER) issued Ergon Energy Corporation Limited (Ergon Energy) with a Regulatory Information Notice (RIN) under Division 4 of Part 3 of the National Electricity (Queensland) Law. Paragraph 1.3 of the RIN requires:

For all information, other than forecast information, provide in accordance with this RIN and the instructions in Appendix E, a basis of preparation (BoP) demonstrating how Ergon Energy has complied with this notice in respect of the information in each regulatory template in the Microsoft Excel Workbooks attached at Appendix A.

This BoP relates to the information provided in the regulatory template “ERG 17.053 2020-2025 Regulatory Determination RIN Template JAN19 PUBLIC.xls”.

2.2 Structure

Each chapter of this document corresponds to a particular template. For each table within a particular template Ergon Energy has explained:

- how Ergon Energy has complied with the RIN requirements
- the source of the information
- the methodology and assumptions used to calculate the information, and
- whether the information used is estimated or actual based on the RIN definitions.

3 BOP – CPI Series

3.1 Nominated CPI Series

3.1.1 Consistency with RIN Requirements

Clause 9.1 of Schedule 1 of the RIN requires:

Provide, in Workbook 1 – regulatory determination, regulatory template CPI, the CPI series and index used by Ergon Energy in estimating its forecast capex proposal and the forecast opex proposal.

Ergon Energy has provided the information required in the CPI Series Template.

3.1.2 Source of information

The CPI used in Ergon Energy's regulatory models has been based on the inflation data published by the Australian Bureau of Statistics.

3.1.3 Methodology

3.1.3.1 Assumptions

No assumptions have been applied.

3.1.3.2 Approach/ methodology

Ergon Energy's regulatory models have been populated with the published Consumer Price Index data from the Australian Bureau of Statistics website.

3.1.4 Estimated information

3.1.4.1 Justification for estimated information

Not applicable

3.1.4.2 Basis for estimated information

Not applicable

4 BOP Template 6.1 – Telephone answering

4.1 BOP Table 6.1.1 Telephone answering

4.1.1 Consistency with RIN Requirements

Ergon Energy is required to populate Template 6.1.1, 'Telephone Answering Data' for the period 1 July 2013 to 30 June 2018, for:

- a) Total number of calls (after removing excluded events)
- b) Number of calls answered within 30 seconds (after excluding excluded events)

The data was sourced from reports and systems which have been used to supply this data for previous Annual Performance (AP) and Annual Reporting (AR) RINs.

This information has previously been independently audited as part of the AP and AR RINs as required by those RINs. The relevant audit reports have been included in Ergon Energy's submission to the AER for each regulatory reporting year for the AP and AR RINs.

4.1.2 Source of information

Table 1 below sets out the sources from which Ergon Energy obtained the required information.

Table 1 Source for each variable

Variable	Year	Source
Total number of calls (after removing excluded events)	2013-14	Avaya CMS Supervisor
	2014-15 and proceeding years	Between 1 July 2014 and 23 May 2015: Avaya data was extracted to a data warehouse on a daily basis. From 23 May 2015 to 30 June 2018 a new system, supplied by Cisco reporting system, Cisco Unified Intelligence Centre (CUIC), was brought in to replace the Avaya platform.
Number of calls answered within 30 seconds (after excluding excluded events)	2013-14	Avaya CMS Supervisor
	2014-15 and proceeding years	Between 1 July 2014 and 23 May 2015: Avaya data was extracted to a data warehouse on a daily basis. From 23 May 2015 to 30 June 2018 a new system, supplied by Cisco reporting system, Cisco Unified Intelligence Centre (CUIC), was brought in to replace the Avaya platform.

4.1.3 Methodology

4.1.3.1 Assumptions

Data relating to 2013-14

Ergon Energy provides a specific telephone line, which received calls on 132296 and 131670, for electricity outage related calls and uses the Avaya CMS Supervisor, an industry wide system developed by Avaya Inc. to process telephone calls. The fault call system was used to distribute calls to Ergon Energy operators at the National Contact Centre and its functions included, but were not limited to:

- Recording volume of calls received at the call centre
- Recording the length of time between a caller entering the system and the call answered by an operator, and

- Recording the length of time between a caller entering the system and the caller abandoning the call.

The system plays an Interactive Voice Recording (IVR) message prior to queuing the call for response by an operator. As stipulated in Appendix A of the Service Target Performance Incentive Scheme (STPIS), the time measured for a call begins after the caller decides to remain on the line after the IVR is played.

All totals exclude calls relating to an excluded event.

Data relating to 2014-15 and proceeding years

Between 1 July 2014 and 23 May 2015

Ergon Energy provides a specific telephone line, which receives calls on 132296 and 131670, for electricity outage related calls. Between 1 July 2014 and 23 May 2015 Ergon Energy used a telephony platform provided by Avaya to route telephone calls. Avaya provided a mechanism to distribute calls to Ergon Energy operators at the Customer Solutions Centre (CSC) and also enable reporting of call activity. Reportable items for Avaya included but were not limited to:

- Recording volume of calls received at the call centre
- Recording the length of time between a caller entering the system and the call answered by an operator, and
- Recording the length of time between a caller entering the system and the caller abandoning the call.

The system plays an IVR message prior to queuing the call for response by an operator. As stipulated in Appendix A of the STPIS, the time measured for a call begins after the caller decides to remain on the line after the IVR is played.

All totals exclude calls relating to an excluded event.

From 23 May 2015 to 30 June 2018

From 23 May 2015 a new system, supplied by Cisco, was implemented to replace the Avaya platform. Similar to Avaya, this system provided a mechanism to distribute calls to Ergon Energy operators at the CSC and also enabled reporting of call activity. In 2017-18, Cisco was used as the mechanism to distribute calls to Customer Operations Officers in the Customer Operations Department (rather than the CSC) and also enabled reporting of call activity.

Reportable items for this system throughout this period included but were not limited to:

- Recording volume of calls received at the call centre
- Recording the length of time between a caller entering the system and the call answered by an operator, and
- Recording the length of time between a caller entering the system and the caller abandoning the call.

The change to Cisco did not change Ergon's telephone line for electricity outage related calls: i.e. Ergon Energy continued to maintain the specific telephone line, which received calls on 132296 and 131670, for electricity outage related calls.

The system plays an IVR message prior to queuing the call for response by an operator. As stipulated in Appendix A of STPIS the time measured for a call begins after the caller decides

to remain on the line after the IVR is played.

Total calls for the purpose of calculating STPIS grade of service are based on calls queued to agents only and does not include calls terminated by customers as the result of listening to a message.

Calls related to specific excluded outages are not removed as it is not possible to identify the exact number of calls related to particular outages in the CISCO telephony system.

4.1.3.2 Approach/ methodology

Data relating to 2013-14

Daily telephone data is extracted from the Avaya CMS Supervisor using functions within the systems GUI by the Channel Operation Analyst and exported into an Excel spreadsheet to be entered into the variables titled total number of calls (after removing excluded events) and number of calls answered within 30 seconds (after excluding excluded events).

Data relating to 2014-15

Between 1 July 2014 and 23 May 2015

During the period that the Avaya system was in place data was extracted to a data warehouse on a daily basis. This data was then extracted from the warehouse using a system called Brio Intelligence which was used to place data into an excel spreadsheet. Data was cross checked at the end of each month by extracting calls from the Avaya CMS Supervisor using functions within the systems Graphical User Interface (GUI) to ensure that the call numbers entered on a daily basis match the calls shown as offered for the month. Following the installation of the Cisco platform data was extracted directly from the Cisco reporting system, Cisco Unified Intelligence Centre (CUIC). A report is run in this system on a daily basis which provides the number of calls presented to agents with the output saved into a spreadsheet.

Where major event days (MED) have been declared, these are updated into the spreadsheet to enable formulas to exclude these calls. All daily totals are shown in each of the monthly tabs of the spreadsheet enabling entry of daily data into the variables titled total number of calls (after removing excluded events) and number of calls answered within 30 seconds (after excluding excluded events).

From 23 May 2015 to 30 June 2018

Data was extracted directly from the Cisco reporting system, Cisco Unified Intelligence Centre (CUIC). A report was run in CUIC on a daily basis to provide the number of calls presented to agents with the output saved into a spreadsheet. A spreadsheet was created for each regulatory reporting year.

Where MEDs have been declared, these are updated into the relevant regulatory reporting year's spreadsheet to enable formulas to exclude these calls.

Calls related to specific excluded outages are not removed as it is not possible to identify the exact number of calls related to particular outages in the CISCO telephony system.

All daily totals are shown in each of the monthly tabs in each spreadsheet for each regulatory reporting year enabling entry of daily data to be entered into the variables titled total number of

calls (after removing excluded events) and number of calls answered within 30 seconds (after excluding excluded events).

4.1.4 Estimated information

4.1.4.1 Justification for estimated information

Not applicable because Ergon Energy has provided Actual Information

4.1.4.2 Basis for estimated information

Not applicable because Ergon Energy has provided Actual Information

5 BOP Template 7.4 – Shared Assets

5.1 BOP Table 7.4.1 – Unregulated revenue earned with shared assets

The AER requires Ergon Energy to provide historic information on unregulated revenue earned with shared assets for 2010-11 to 2017-18.

5.1.1 Consistency with RIN Requirements

Schedule 1 and Appendix E of the RIN do not contain any explicit requirements or instructions for this template.

Appendix F contains definition of “Shared Assets unregulated revenue”. The information provided in Table 7.4.1 is consistent with this definition.

General consistency with the RIN requirements:

- All variables for cells shaded yellow have been populated as required by the Notice.
- All historical information provided is in nominal dollars, unless otherwise specified.
- Calculations were performed by the Regulation and Pricing team to convert nominal dollars to real dollars for the forecast information.

5.1.2 Source of information

Table below sets out the sources from which Ergon Energy obtained the required information.

Table 2.1.2: Source

Variable	Source
Shared asset revenue	General ledger

5.1.3 Methodology

5.1.3.1 Assumptions

The AER's Shared Asset Guideline defines shared assets as those assets used to provide both electricity supply services (regulated by the AER) and other unregulated services. They are regulated assets used to provide standard control services from which a network service provider earns additional unregulated revenue streams.

For Ergon Energy, shared assets are restricted to system assets and do not apply to non-system assets such as fleet, buildings, tools and equipment for the following reasons:

- Existing non-system assets in the regulatory asset base at the start of the current regulatory control period were adjusted to remove costs associated with the provision of unregulated services; and
- Ergon Energy's current cost allocation method (CAM) requires costs associated with non-system assets to be allocated accordingly to unregulated services.

As a result, only unregulated revenue earned from system assets has been included in this template.

5.1.3.2 Approach/ methodology

The unregulated revenue earned from supply system assets is for the following:

- Use of distribution assets such as transmission towers, power poles and underground conduits for supporting other services such as telephone or fibre optic communication cables.
- Use and/or sale of excess capacity from communication infrastructure such as fibre optic cables for telecommunication services – this is part of Ergon Energy Telecommunications Limited's (EETL) business

This revenue was extracted from the audited trial balances for all years from 2010-11 to 2017-18 using the following distinct general ledger codes:

- From EECL district, product 4575 Other Licence rent is distinct for shared assets revenue for the first category noted above.
- Element 3100CL Intercompany Non-Energy Purchases from the EETL district records payments made to Ergon Energy for the use of regulated and unregulated communication infrastructure assets. This was extracted from EETL's ledger as the cost from their point of view was clearly identifiable, whereas the intercompany revenue recorded in EECL's ledger was difficult to breakdown in order to extract this component only.

No other unregulated revenue was generated from the use of shared supply system assets.

The forecast was extracted from the Corporate Budget using the same methodology.

5.1.4 Estimated information

5.1.4.1 Justification for estimated information

Not applicable

5.1.4.2 Basis for estimated information

Not applicable