



The Directors  
Australian Gas Networks Limited  
Level 6  
400 King William Street  
ADELAIDE SA 5000

30 October 2015

***Report on the limited assurance procedures performed over actual gas volumes reported for the period 1 January 2014 to 31 December 2014 on the proposed 2016 distribution tariff schedule for Australian Gas Networks (Vic) Pty Limited (formerly Vic Gas Distribution Pty Ltd)***

***Scope***

In accordance with the terms of engagement letter dated 27 October 2015, we were engaged by Australian Gas Networks Limited (the “Company”) to perform an independent limited assurance engagement in respect of the actual gas volumes reported for the period 1 January 2014 to 31 December 2014 (the “Period”) on the attached 2016 proposed distribution tariffs schedule for the Victoria Gas Distribution System (“Vic Gas”). The criteria against which we assessed Vic Gas is Section 4.4.1 of the Vic Gas Access Arrangement for the period 2013 – 2017 (the “Access Arrangement”).

***Respective responsibilities***

The Company is responsible for the preparation of the proposed tariffs schedule for Vic Gas as measured by the Access Arrangement. Our responsibility is to perform limited assurance procedures over the reported actual gas volumes for Period included on the 2016 proposed distribution tariffs schedule for Vic Gas as required by the Access Arrangement.

Our procedures have been conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*) to provide limited assurance that the Company has prepared the tariffs schedule for Vic Gas in accordance with the Access Arrangement.

Our procedures included:

- agreeing gas volumes for the period reported on the 2016 proposed distribution tariffs schedule to the APA billing system;
- comparing 2014 gas volumes to 2013 gas volumes and obtaining explanations for material variances;
- tracing a sample of invoices for the billing period to the underlying source data that is used to compile the 2016 proposed distribution tariffs schedule; and
- testing mathematical accuracy of the 2016 proposed distribution tariffs schedule.

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These procedures have been undertaken to form a conclusion, that nothing has come to our attention that causes us to believe that the reported actual gas volumes for the period 1 January 2014 to 31 December 2014 on the proposed tariffs schedule have not been prepared, in accordance with the Access Arrangement.

### ***Use of report***

The compliance review report was prepared for the Directors of Australian Gas Networks Limited in accordance with their requirement to lodge a proposed distribution tariffs schedule for Vic Gas with the Australian Energy Regulator (“AER”). We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Australian Gas Networks Limited, or for any purpose other than that for which it was prepared.

### ***Inherent Limitations***

Because of the inherent limitations of any work planned and executed under ASAE 3000, it is possible that fraud, error or non-compliance may occur and not be detected. These procedures are not designed to detect all instances of non-compliance with the preparation of the proposed tariffs schedule for Vic Gas as required by the Access Arrangement, as it generally comprises making enquiries, primarily of the responsible party, and applying analytical and other review procedures. The conclusion expressed in this report has been formed on the above basis.

### ***Conclusion***

Based on our completion of limited assurance procedures, which is not an audit, nothing has come to our attention that causes us to believe that the reported actual gas volumes for the period 1 January 2014 to 31 December 2014 on the proposed tariffs schedule have not been prepared, in accordance with Section 4.4.1 of the Access Arrangement for Australian Gas Networks Vic Gas Distribution System for the period 2013 - 2017.

  
PricewaterhouseCoopers

  
Andrew Forman  
Partner

Adelaide  
30 October 2015

**Tariff Approval - Aust. Gas Networks VIC****PROPOSED 2016 DISTRIBUTION TARIFFS**

Proposed tariff name	Existing tariff name	Prop 2016 Tariff	Exist 2015 Tariff	Actual 2014 Volumes	Prop Tar Revenue	Exist Tar Revenue
<b>Tariff V - AGN Central - Residential</b>	<b>Tariff V - AGN Central - Residential</b>					
Fixed Charge	Fixed Charge	0.1823	0.1684	183,006,890	33,362,156	30,818,360
GJ 0 - 0.0274	GJ 0 - 0.0274	10.4113	9.6189	4,472,289	46,562,345	43,018,503
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	6.8694	6.7675	2,909,708	19,987,948	19,691,449
GJ > 0.0493	GJ > 0.0493	3.7707	3.7148	15,755,587	59,409,594	58,528,856
<b>Tariff V - AGN Central - Non Residential</b>	<b>Tariff V - AGN Central - Non Residential</b>			23,137,585		
Fixed Charge	Fixed Charge	0.1823	0.1684	7,084,725	1,291,545	1,193,068
GJ 0 - 0.05	GJ 0 - 0.05	7.5633	7.4513	266,740	2,017,433	1,987,558
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.9547	3.8961	1,329,297	5,256,969	5,179,073
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.9545	2.9107	1,005,312	2,970,195	2,926,162
GJ > 1.37	GJ > 1.37	1.1980	1.1803	3,550,772	4,253,825	4,190,976
<b>Tariff V - AGN North - Residential</b>	<b>Tariff V - AGN North - Residential</b>			6,152,120		
Fixed Charge	Fixed Charge	0.1823	0.1684	25,620,910	4,670,692	4,314,561
GJ 0 - 0.0274	GJ 0 - 0.0274	9.0601	8.3705	600,542	5,440,973	5,026,840
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	5.9774	5.8888	368,032	2,199,873	2,167,265
GJ > 0.0493	GJ > 0.0493	3.2814	3.2328	2,114,900	6,939,832	6,837,048
<b>Tariff V - AGN North - Non Residential</b>	<b>Tariff V - AGN North - Non Residential</b>			3,083,474		
Fixed Charge	Fixed Charge	0.1823	0.1684	1,162,984	212,012	195,847
GJ 0 - 0.05	GJ 0 - 0.05	6.6558	6.5572	38,308	254,973	251,196
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.4802	3.4286	175,393	610,403	601,353
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.5998	2.5613	116,883	303,871	299,371
GJ > 1.37	GJ > 1.37	1.0542	1.0386	433,140	456,616	449,859
<b>Tariff V - Murray Valley - Residential</b>	<b>Tariff V - Murray Valley - Residential</b>			763,724		
Fixed Charge	Fixed Charge	0.2528	0.2336	2,592,568	655,401	605,624
GJ 0 - 0.0274	GJ 0 - 0.0274	7.8943	7.2935	51,755	408,567	377,473
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	5.2088	5.1316	28,287	147,341	145,157
GJ > 0.0493	GJ > 0.0493	3.3872	3.3371	160,552	543,822	535,778
<b>Tariff V - Murray Valley - Non Residential</b>	<b>Tariff V - Murray Valley - Non Residential</b>			240,594		
Fixed Charge	Fixed Charge	0.2528	0.2336	118,136	29,865	27,597
GJ 0 - 0.05	GJ 0 - 0.05	5.9531	5.8649	4,209	25,054	24,683
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.9727	3.9138	19,413	77,123	75,980
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.9679	2.9239	11,869	35,227	34,705
GJ > 1.37	GJ > 1.37	1.4057	1.3849	23,910	33,610	33,113
<b>Tariff V - Bairnsdale - Residential</b>	<b>Tariff V - Bairnsdale - Residential</b>			59,401		
Fixed Charge	Fixed Charge	0.2999	0.2771	1,215,853	364,634	336,913
GJ 0 - 0.0274	GJ 0 - 0.0274	17.1387	15.8343	24,289	416,278	384,596
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	11.3086	11.1411	12,453	140,824	138,738
GJ > 0.0493	GJ > 0.0493	6.2083	6.1163	54,714	339,683	334,649
<b>Tariff V - Bairnsdale - Non Residential</b>	<b>Tariff V - Bairnsdale - Non Residential</b>			91,456		
Fixed Charge	Fixed Charge	0.2999	0.2771	33,709	10,109	9,341
GJ 0 - 0.05	GJ 0 - 0.05	12.8116	12.6218	1,406	18,007	17,741
GJ 0.05 - 0.55	GJ 0.05 - 0.55	6.6991	6.5999	10,742	71,964	70,898
GJ 0.55 - 1.37	GJ 0.55 - 1.37	5.0045	4.9304	8,922	44,651	43,990
GJ > 1.37	GJ > 1.37	2.0294	1.9993	55,001	111,618	109,963
<b>Tariff D - AGN Central</b>	<b>Tariff D - AGN Central</b>			76,071		
0 - 10	0 - 10	1,393.1396	1,332.5039	1,416	1,972,249	1,886,408
10 - 50	10 - 50	851.6764	814.6076	1,270	1,082,024	1,034,929
> 50	> 50	155.5336	148.7641	1,175	182,716	174,764
<b>Tariff D - AGN North</b>	<b>Tariff D - AGN North</b>					
0 - 10	0 - 10	1,393.1396	1,332.5039	368	512,826	490,506
10 - 50	10 - 50	851.6764	814.6076	573	487,995	466,755
> 50	> 50	155.5336	148.7641	475	73,839	70,626
<b>Tariff D - Murray Valley</b>	<b>Tariff D - Murray Valley</b>					
0 - 10	0 - 10	1,623.8716	1,553.1934	60	97,432	93,192
10 - 50	10 - 50	1,002.0312	958.4183	110	110,622	105,807
> 50	> 50	170.6635	163.2355	118	20,070	19,197
<b>Tariff D - Bairnsdale</b>	<b>Tariff D - Bairnsdale</b>					
0 - 10	0 - 10	2,304.4398	2,204.1402	13	29,777	28,481
10 - 50	10 - 50	1,427.6101	1,365.4741	3	3,650	3,491
> 50	> 50	260.3637	249.0315	-	-	-