



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

17 October 2018

Dear Directors

***Report on the limited assurance procedures over actual gas volumes reported for the period 1 January 2017 to 31 December 2017 on the 2019 proposed distribution tariffs schedule of the Victorian and Albury gas distribution networks for Australian Gas Networks Limited***

***Scope***

In accordance with the terms of engagement letter dated 16 October 2018, 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 (the “Subject Matter”) for the period 1 January 2017 to 31 December 2017 (the “Period”) on the attached 2019 proposed distribution tariffs schedule. The criteria (the “Criteria”) against which we assessed the Subject Matter is as follows is set out in Annexure B of the Australian Gas Networks (Victoria and Albury) - Access Arrangement 2018–22 (the “Access Arrangement”).

***The Company’s responsibilities***

The Company is responsible for the preparation of the proposed tariffs schedule for the period 1 January 2017 to 31 December 2017 in accordance with the Criteria.

***Our Independence and Quality control***

We have complied with relevant ethical requirements related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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### ***Our responsibilities***

Our responsibility is to perform limited assurance procedures over the reported actual gas volumes included on the 2019 proposed distribution tariffs schedule as measured by the Access Arrangement.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the 2019 proposed distribution tariffs schedule has not been prepared, in all material respects, in accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

- agreeing gas volumes for the period reported on the 2019 proposed distribution tariffs schedule to information from the APA billing system;
- comparing gas volumes for the year ended 31 December 2017 to gas volumes for the year ended 31 December 2016 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 2019 proposed distribution tariffs schedule; and
- testing of mathematical accuracy of the 2019 proposed distribution tariffs schedule.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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

This report was prepared for the Directors of Australian Gas Networks Limited in accordance with their requirement to lodge a proposed distribution tariffs schedule 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. A limited assurance engagement is not designed to detect all instances of non-compliance with the preparation of the proposed distribution tariffs schedule as measured against the Criteria, as it is limited primarily to making enquiries, of the Company, and applying analytical procedures. The limited assurance 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 gas volumes for the period 1 January 2017 - 31 December 2017 on the proposed distribution tariffs schedule have not been prepared, in all material respects, in accordance with Annexure B of the Australian Gas Networks Limited (Victoria and Albury) – Access Arrangement 2018-22.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Andrew Forman', written in a cursive style.

Andrew Forman  
Partner

Adelaide  
17 October 2018

## Tariff Approval - Aust. Gas Networks (Vic &amp; Albury)

## PROPOSED 2019 DISTRIBUTION TARIFFS

Proposed tariff name	Existing tariff name	Prop 2019 Tariff	Exist 2018 Tariff	Actual 2017 Volumes	Prop Tar Revenue	Exist Tar Revenue
<b>Tariff V - AGN Central - Residential</b>	<b>Tariff V - AGN Central - Residential</b>					
Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	0.1901 11.4676 6.7306 3.6949	0.1862 10.7244 6.5936 3.6197	194,438,385 4,704,143 3,019,088 18,939,948	36,962,737 53,945,229 20,320,272 69,981,215	36,204,427 50,449,110 19,906,657 68,556,931
<b>Tariff V - AGN Central - Non Residential</b>	<b>Tariff V - AGN Central - Non Residential</b>			26,663,179		
Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	0.1901 8.2633 3.8769 2.8973 1.1749	0.1862 7.7278 3.7980 2.8383 1.1510	7,272,382 269,662 1,428,562 1,117,989 4,069,893	1,382,480 2,228,295 5,538,391 3,239,151 4,781,717	1,354,118 2,083,892 5,425,677 3,173,189 4,684,446
<b>Tariff V - AGN North - Residential</b>	<b>Tariff V - AGN North - Residential</b>			6,886,105		
Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	0.1901 10.0897 6.0291 3.3102	0.1862 9.4358 5.9064 3.2428	27,518,961 639,502 389,854 2,641,771	5,231,354 6,452,382 2,350,469 8,744,789	5,124,031 6,034,212 2,302,634 8,566,734
<b>Tariff V - AGN North - Non Residential</b>	<b>Tariff V - AGN North - Non Residential</b>			3,671,127		
Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	0.1901 7.4122 3.5038 2.6183 1.0617	0.1862 6.9318 3.4325 2.5650 1.0401	1,187,017 37,832 184,497 125,529 473,114	225,652 280,417 646,441 328,673 502,305	221,023 262,243 633,287 321,982 492,086
<b>Tariff V - Murray Valley - Residential</b>	<b>Tariff V - Murray Valley - Residential</b>			820,972		
Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	0.2419 8.7843 5.4247 3.3934	0.2370 8.2150 5.3143 3.3243	2,846,787 56,332 30,747 202,036	688,638 494,839 166,795 685,590	674,689 462,769 163,400 671,630
<b>Tariff V - Murray Valley - Non Residential</b>	<b>Tariff V - Murray Valley - Non Residential</b>			289,116		
Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	0.2419 6.6274 3.8911 2.9096 1.3224	0.2370 6.1979 3.8119 2.8504 1.2955	125,998 4,425 20,965 13,536 31,825	30,479 29,325 81,578 39,385 42,086	29,862 27,425 79,917 38,583 41,230
<b>Tariff V - Bairnsdale - Residential</b>	<b>Tariff V - Bairnsdale - Residential</b>			70,752		
Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	0.3128 18.7228 11.116 6.1027	0.3064 17.5094 10.8900 5.9785	1,493,889 29,987 15,331 72,694	467,288 561,432 170,427 443,630	457,728 525,046 166,957 434,602
<b>Tariff V - Bairnsdale - Non Residential</b>	<b>Tariff V - Bairnsdale - Non Residential</b>			118,012		
Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	0.3128 13.5881 6.5851 4.9194 1.9949	0.3064 12.7075 6.4511 4.8193 1.9543	39,321 1,614 12,156 10,096 45,489	12,300 21,934 80,047 49,664 90,746	12,048 20,513 78,419 48,653 88,900
<b>Tariff D - AGN Central</b>	<b>Tariff D - AGN Central</b>			69,355		
0 - 10 10 - 50 > 50	0 - 10 10 - 50 > 50	1,429.5715 873.9485 159.6010	1,381.8195 844.7560 154.2698	1,467 1,341 1,337	2,097,784 1,172,254 213,326	2,027,712 1,133,097 206,200
<b>Tariff D - AGN North</b>	<b>Tariff D - AGN North</b>					
0 - 10 10 - 50 > 50	0 - 10 10 - 50 > 50	1,429.5715 873.9485 159.6010	1,381.8195 844.7560 154.2698	437 626 505	624,814 546,863 80,669	603,943 528,596 77,974
<b>Tariff D - Murray Valley</b>	<b>Tariff D - Murray Valley</b>					
0 - 10 10 - 50 > 50	0 - 10 10 - 50 > 50	1,666.3373 1,028.2353 175.1266	1,610.6766 993.8891 169.2768	65 132 126	108,179 135,338 22,124	104,566 130,818 21,385
<b>Tariff D - Bairnsdale</b>	<b>Tariff D - Bairnsdale</b>					
0 - 10 10 - 50 > 50	0 - 10 10 - 50 > 50	2,364.7031 1,464.9434 267.1724	2,285.7148 1,416.0098 258.2480	17 4 -	40,956 5,743 -	39,588 5,552 -
<b>Tariff V - Albury - Residential</b>	<b>Tariff V - Albury - Residential</b>					
Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	Fixed Charge GJ 0 - 0.0274 GJ 0.0274 - 0.0493 GJ > 0.0493	0.2473 8.3043 5.0669 2.7824	0.2423 7.7661 4.9638 2.7258	7,897,336 181,186 109,199 719,171	1,953,011 1,504,619 553,301 2,001,020	1,913,525 1,407,105 542,042 1,960,315
<b>Tariff V - Albury - Non Residential</b>	<b>Tariff V - Albury - Non Residential</b>			1,009,555		
Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	Fixed Charge GJ 0 - 0.05 GJ 0.05 - 0.55 GJ 0.55 - 1.37 GJ > 1.37	0.2473 6.2216 3.0538 2.1728 0.8808	0.2423 5.8184 2.9916 2.1286 0.8629	335,600 11,289 58,602 42,527 172,784	82,994 70,234 178,960 92,403 152,188	81,316 65,682 175,315 90,523 149,096
<b>Tariff D - Albury</b>	<b>Tariff D - Albury</b>			285,202		
0 - 10 10 - 50 > 50	0 - 10 10 - 50 > 50	1,229.4321 763.5902 184.5128	1,188.3653 738.0840 178.3495	49 101 188	59,761 77,004 34,645	57,765 74,432 33,488
<b>Total Revenue</b>	<b>Total Revenue</b>				239,106,343	231,249,079