

2018-22

POWERLINK QUEENSLAND REVENUE PROPOSAL

Supporting Document

KPMG

Agreed upon procedures - Repex Model
Adjustment to asset age profiles

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28 January 2016

Dear Sir

Report of factual findings of agreed-upon procedures for Powerlink Queensland relating to the adjustments to the asset age profiles

We have performed the procedures agreed with you, Powerlink Queensland (Powerlink), to report factual findings for the purpose of assisting you and the Regulator, in combination with other information obtained by you with respect to the accuracy of the adjustments made to the asset age profile at 30 June 2010 and June 2015. The procedures are detailed in the terms of engagement dated 21 January 2016 and described below with respect to the adjustments made to the asset age profile at 30 June 2010 and 30 June 2015 which has been used in the replacement capital expenditure modelling completed by Powerlink in connection with the revenue proposal.

Powerlink are responsible for the adequacy or otherwise of the procedures agreed to be performed by us, agreeing that the procedures meet their needs. Management and the Regulator 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 they wish to draw on the subject matter.

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

Because the agreed upon procedures do not constitute either a reasonable or limited assurance engagement in accordance with Auditing and Assurance standards issued by the Australian Auditing and Assurance Standards Board (AUASB), we do not express any conclusion and provide no assurance on the asset age profile at 30 June 2015 and 30 June 2010. Had we performed additional procedures or had we performed an audit or review in accordance with AUASB Standards, other matters might have come to our attention that would have been reported to you.

Factual findings

The procedures were performed to solely assist you in determining the accuracy of the adjustments made to the asset age profile at 30 June 2015 and 30 June 2010. The procedures performed and the factual findings are as follows:

Procedures performed	Factual findings	Errors or exceptions identified
Through discussion with Powerlink personnel, obtain an understanding of the process undertaken to identify and make the adjustments to the asset age profile.	We held discussions with Powerlink personnel to understand the processes involved to identify and make the adjustments.	None
Obtain a copy of asset age profile schedule as at 30 June 2015 from the final CA RIN submission.	We obtained a copy of the asset age profile at 30 June 2015 from the Category Analysis RIN.	None
Agree the 're-created' asset age profile schedule as at 30 June 2010 to the SAP reports, understanding the processes undertaken to 'roll-back' the data and any adjustments for use in the calibration model.	We agreed the 30 June 2010 age profile to the underlying SAP reports, and obtained an understanding of the adjustments made by management.	None
Agree the replacement quantities over the 1 July 2010 to 30 June 2015 period to supporting documentation.	We agreed the replacement quantities for the period to supporting documentation and obtained an understanding of the adjustments made by management.	None
Agree the adjustments made to the 30 June 2015 asset age profile schedule to appropriate supporting documentation (SAP extracts), noting any differences, and confirm all adjustments are reflected in the forecasting model used as part of Powerlink's Revenue proposal.	We agreed the adjustments made by Powerlink to supporting documentation.	None



Distribution and use of report

This report is intended solely for the use of Powerlink and the Regulator for the purpose set out above. As the intended users of our report, it is for you 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, use of this report is restricted to Powerlink and the Regulator, the intended users, who have agreed the procedures to be performed with us, since others, unaware of the reasons for the procedures, may misinterpret the results. This report should not be distributed to parties other than the intended users. Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than Powerlink and the Regulator for any consequence of distribution of or reliance on our report for any purpose.

Yours faithfully

A handwritten signature in black ink that reads 'Scott Guse'.

Scott Guse
Partner