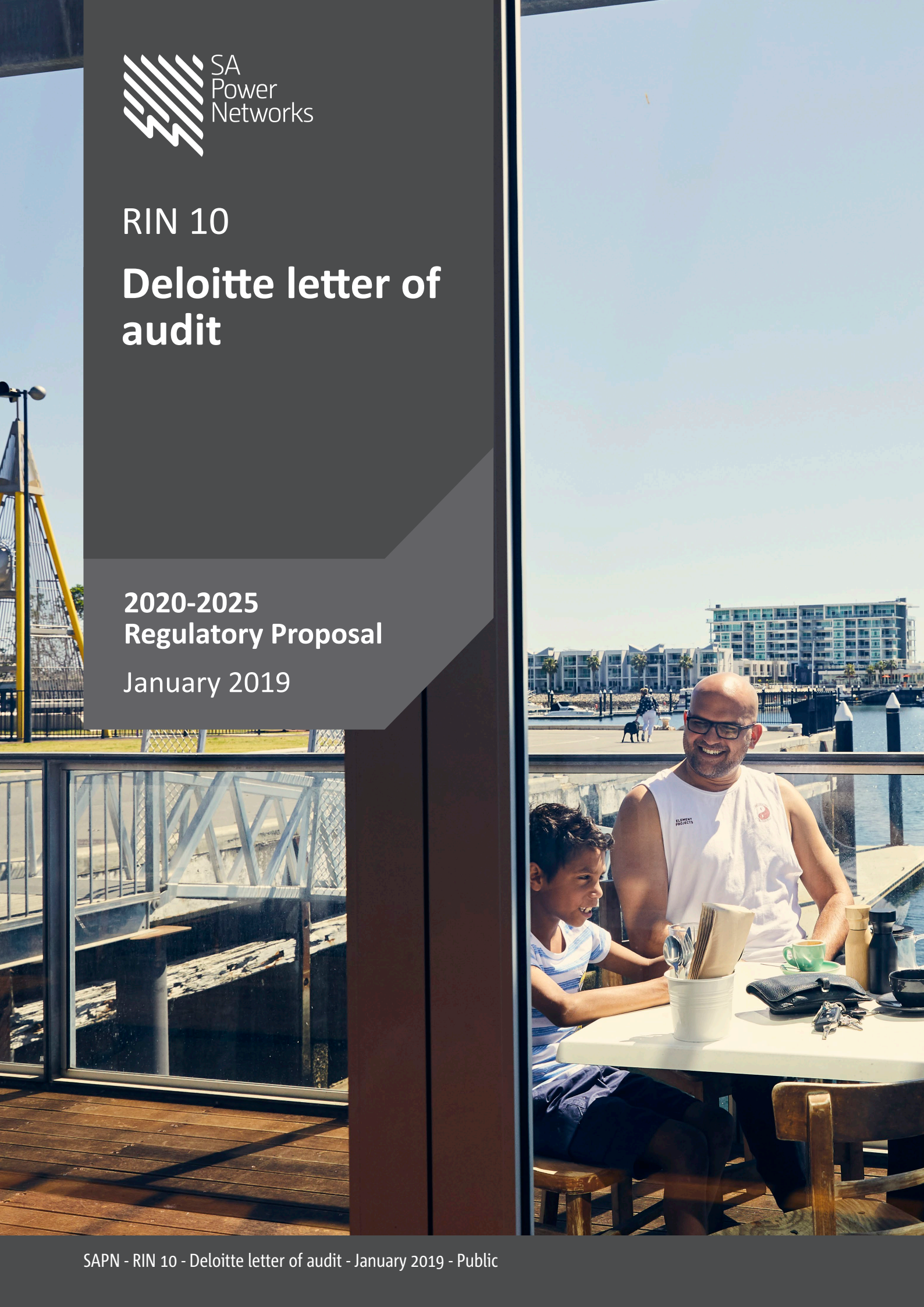




RIN 10

Deloitte letter of audit

2020-2025
Regulatory Proposal
January 2019



Independent Auditor's Review Report to the Partners of SA Power Networks and the Australian Energy Regulator

We have reviewed the accompanying Australian Energy Regulator ("AER") Distribution Network Service Provider Reset Regulatory Reporting Templates (the "Regulatory Reporting Statement") of SA Power Networks ("SAPN") for the regulatory period commencing 1 July 2020 and ending on 30 June 2025, which comprises the estimated financial information in:

- Workbook 1 regulatory template 7.4 Shared Assets;
- Workbook 2 regulatory template 2.4 Connections;
- Workbook 2 regulatory template 2.6 Non-Network;
- Workbook 2 regulatory template 2.10 Network Overheads;
- Workbook 3 regulatory template 2.1 Expenditure Summary;
- Workbook 3 regulatory template 2.2 Repex;
- Workbook 3 regulatory template 2.8 Maintenance;
- Workbook 3 regulatory template 2.12 Input Tables;
- Workbook 3 regulatory template 4.1 Public Lighting;
- Workbook 3 regulatory template 4.3 Fee-Based Services;
- Workbook 3 regulatory template 4.4 Quoted Services;
- Workbook 4 regulatory template 3.2 Operating Expenditure; and
- Workbook 4 regulatory template 3.3 Asset RAB.

All relevant terms above are as defined in the Regulatory Information Notice issued to SAPN on 31 October 2018 under Division 4 of Part 3 of the *National Electricity (South Australia) Act 1996* (the "Notice").

Management's Responsibility for the Regulatory Reporting Statement

Management are responsible for the preparation and fair presentation of the Regulatory Reporting Statement for submission to the AER in accordance with the requirements of the Notice and SAPN's Basis of Preparation and have determined that the Regulatory Reporting Statement is appropriate to meet the needs of the Partners and the AER. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the Regulatory Reporting Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Regulatory Reporting Statement

Our responsibility is to express a conclusion on the Regulatory Reporting Statement based on our review. We have conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*. ASRE 2405 requires us to conclude whether anything has come to our attention that causes us to believe that the Regulatory Reporting Statement is not presented fairly, in all material respects, in accordance with the Notice and SAPN's Basis of Preparation. This Standard also requires us to comply with relevant ethical requirements.

A review in accordance with ASRE 2405 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Australian Auditing Standards. Accordingly, we do not express an audit opinion on the Regulatory Reporting Statement.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Regulatory Reporting Statement of SAPN for regulatory period commencing 1 July 2020 and ending on 30 June 2025 does not present fairly, in all material respects, in accordance with the requirements of the Notice and SAPN's Basis of Preparation, which comprises the estimated financial information in:

- Workbook 1 regulatory template 7.4 Shared Assets;
- Workbook 2 regulatory template 2.4 Connections;
- Workbook 2 regulatory template 2.6 Non-Network;
- Workbook 2 regulatory template 2.10 Network Overheads;
- Workbook 3 regulatory template 2.1 Expenditure Summary;
- Workbook 3 regulatory template 2.2 Repex;
- Workbook 3 regulatory template 2.8 Maintenance;
- Workbook 3 regulatory template 2.12 Input Tables;
- Workbook 3 regulatory template 4.1 Public Lighting;
- Workbook 3 regulatory template 4.3 Fee-Based Services;
- Workbook 3 regulatory template 4.4 Quoted Services;
- Workbook 4 regulatory template 3.2 Operating Expenditure; and
- Workbook 4 regulatory template 3.3 Asset RAB.

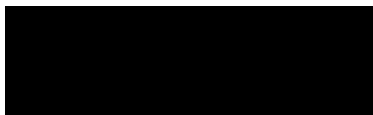
Basis of Accounting and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to "Management's Responsibility for the Regulatory Reporting Statement" paragraph above which states that the Regulatory Reporting Statement has been prepared in accordance with the requirements of the Notice and SAPN's Basis of Preparation for the purpose of its submission to the AER. The Regulatory Reporting Statement has been prepared to assist SAPN to meet the financial reporting requirements of Division 4 of Part 3 of the *National Electricity (South Australia) Act 1996*.

As a result, the Regulatory Reporting Statement may not be suitable for another purpose. Our report is intended solely for the Partners and the AER and should not be distributed to or used by parties other than the Partners and the AER.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Darren Hall

Partner

Chartered Accountants

Adelaide, 30 January 2019

Independent Auditor's Report to the Partners of SA Power Networks and the Australian Energy Regulator

Opinion

We have audited the accompanying Australian Energy Regulator ("AER") Distribution Network Service Provider Reset Regulatory Reporting Templates (the "Regulatory Reporting Statement") of SA Power Networks ("SAPN") for the regulatory period commencing 1 July 2020 and ending on 30 June 2025, which comprises the actual financial information in:

- Workbook 1 regulatory template 7.4 Shared Assets;
- Workbook 2 regulatory template 2.6 Non-Network;
- Workbook 2 regulatory template 2.10 Network Overheads;
- Workbook 2 regulatory template 2.11 Labour;
- Workbook 3 regulatory template 2.1 Expenditure Summary;
- Workbook 3 regulatory template 2.6 Non-Network;
- Workbook 3 regulatory template 2.8 Maintenance;
- Workbook 3 regulatory template 4.1 Public Lighting;
- Workbook 4 regulatory template 3.1 Revenue; and
- Workbook 4 regulatory template 3.2 Operating Expenditure.

All relevant terms above are as defined in the Regulatory Information Notice issued to SAPN on 31 October 2018 under Division 4 of Part 3 of the *National Electricity (South Australia) Act 1996* (the "Notice").

We have not audited the forecast data included Workbook 1 and as a result, we do not provide any opinion with respect to the forecast data.

In our opinion, the Regulatory Reporting Statement of SAPN for the regulatory period commencing 1 July 2020 and ending on 30 June 2025 is presented fairly, in all material respects, in accordance with the requirements of the Notice and SAPN's Basis of Preparation. The Regulatory Reporting Statement comprises the actual financial information in:

- Workbook 1 regulatory template 7.4 Shared Assets;
- Workbook 2 regulatory template 2.6 Non-Network;
- Workbook 2 regulatory template 2.10 Network Overheads;
- Workbook 2 regulatory template 2.11 Labour;

- Workbook 3 regulatory template 2.1 Expenditure Summary;
- Workbook 3 regulatory template 2.6 Non-Network;
- Workbook 3 regulatory template 2.8 Maintenance;
- Workbook 3 regulatory template 4.1 Public Lighting;
- Workbook 4 regulatory template 3.1 Revenue; and
- Workbook 4 regulatory template 3.2 Operating Expenditure.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Regulatory Reporting Statement* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the Regulatory Reporting Statement in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to "Management's Responsibility for the Regulatory Reporting Statement" paragraph below, which states that the Regulatory Reporting Statement has been prepared in accordance with the requirements of the Notice and SAPN's Basis of Preparation for the purpose of its submission with the AER. The Regulatory Reporting Statement has been prepared to assist SAPN to meet the financial reporting requirements of Division 4 of Part 3 of the *National Electricity (South Australia) Act 1996*. As a result, the Regulatory Reporting Statement may not be suitable for another purpose. Our report is intended solely for the Partners and the AER and should not be distributed or used by parties other than the Partners and the AER. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Regulatory Reporting Statement

Management are responsible for the preparation and fair presentation of the Regulatory Reporting Statement for submission to the AER in accordance with the requirements of the Notice and SAPN's Basis of Preparation and have determined that the Regulatory Reporting Statement is appropriate to meet the needs of the Partners and the AER. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the Regulatory Reporting Statement that is free from material misstatement, whether due to fraud or error.

In preparing the Regulatory Reporting Statement, management are responsible for assessing the ability of the SAPN to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the SAPN or to cease operations, or has no realistic alternative but to do so.

Management are responsible for overseeing the SAPN's financial reporting process.

Auditor's Responsibilities for the Audit of the Regulatory Reporting Statement

Our objectives are to obtain reasonable assurance about whether the Regulatory Reporting Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Regulatory Reporting Statement.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Regulatory Reporting Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SAPN's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SAPN's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Regulatory Reporting Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SAPN to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the Regulatory Reporting Statement, including the disclosures, and whether the Regulatory Reporting Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants
Adelaide, 30 January 2019

Independent Assurance Practitioner's Limited Assurance Report on the Regulatory Reporting Statement to the Partners of SA Power Networks and the Australian Energy Regulator

We have undertaken a limited assurance engagement relating to the Actual and Estimated Historical Non-Financial Information included in the AER Distribution Network Service Provider Reset Regulatory Reporting Templates (the "Regulatory Reporting Statement") for the regulatory period commencing 1 July 2020 and ending on 30 June 2025, which comprises the non-financial information in:

- Workbook 2 regulatory template 2.5 Connections;
- Workbook 3 regulatory template 2.2 Repex;
- Workbook 3 regulatory template 4.1 Public Lighting;
- Workbook 3 regulatory template 4.3 Fee Based Services; and
- Workbook 3 regulatory template 4.4 Quoted Services.

All relevant terms above are as defined in the Regulatory Information Notice issued to SAPN on 31 October 2018 under Division 4 of Part 3 of the *National Electricity (South Australia) Act 1996* (the "Notice").

Management's Responsibility for the Regulatory Reporting Statement

Management are responsible for:

- ensuring that the Regulatory Reporting Statement is properly prepared in accordance with the requirements of the Notice and SAPN's Basis of Preparation;
- confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information; and
- designing, establishing and maintaining internal controls to ensure that the Regulatory Reporting Statement is properly prepared in accordance with the requirements of the Notice and SAPN's Basis of Preparation.

Assurance Practitioner's Independence and Quality Control

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

The firm applies 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, and accordingly 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.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Regulatory Reporting Statement based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Australian Auditing and Assurance Standards Board, in order to express a conclusion whether, based on the procedures performed and the evidence obtained, anything has come to our attention that causes us to believe that the Regulatory Reporting Statement has not been properly prepared, in all material respects, in accordance with the requirements of the Notice and SAPN's Basis of Preparation. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Regulatory Reporting Statement is free from material misstatement.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of the Regulatory Reporting Statement is likely to arise, addressing the areas identified and considering the process used to prepare the Regulatory Reporting Statement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and consisted primarily of:

- Interviewing key data owners and internal subject matter experts at SAPN responsible for preparing and completing the templates as required by the Notice;
- Performing analytical reviews of the key metrics reported in the templates, including agreeing reported data back to the source (where applicable) on a limited sample basis;
- Reviewing the methodology used by SAPN in preparing the templates, including the appropriateness of using actual and/or estimated information, compliance with the relevant AER definitions in the Notice as appropriate for the template, and sufficiency of detail provided for describing how information was prepared; and
- Identifying and communicate findings and recommendations that have resulted as part of the procedures.

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. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance about whether the Regulatory Reporting Statement has been properly prepared, in all material respects, in accordance with the requirements of the Notice and SAPN's Basis of Preparation.

Limitations of Use

This report is made solely to the Partners of SAPN and the AER in accordance with our engagement letter dated 29 January 2019, for the purpose of assisting SAPN in submitting the AER Regulatory Reporting Statement in accordance with Division 4 of Part 3 of the *National Electricity (South Australia) Act 1996*.

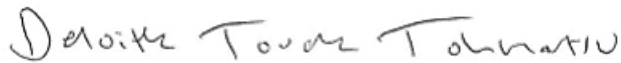
We disclaim any assumption of responsibility for any reliance on this report to any person other than SAPN or for any purpose other than that for which it was prepared.

Conclusion

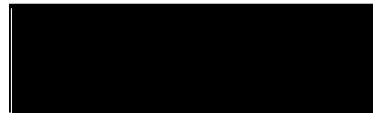
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Regulatory Reporting Statement of SAPN for the regulatory period commencing 1 July 2020 and ending on 30 June 2025, included in:

- Workbook 2 regulatory template 2.5 Connections;
- Workbook 3 regulatory template 2.2 Repex;
- Workbook 3 regulatory template 4.1 Public Lighting;
- Workbook 3 regulatory template 4.3 Fee Based Services; and
- Workbook 3 regulatory template 4.4 Quoted Services

has not been properly prepared, in all material respects, in accordance with the requirements of the Notice and SAPN's Basis of Preparation.



DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants
Adelaide, 30 January 2019