

Agreed Upon Procedures Report in Report in Relation to the to the United Energy Distribution Pty Ltd Tariff Submission for 2018

To: The Directors of United Energy Distribution Pty Ltd

Report of Factual Findings

We have performed the procedures agreed with you to report factual findings for the purpose of assisting you and the Australian Energy Regulator ("AER") with your submission of data contained within Tariff Data Templates ("TDT's") to the AER. The procedures performed are detailed in the terms of the engagement on the 25 September 2017 and described below with respect to the Tariff Submission of United Energy Distribution Pty Ltd ("United Energy") for inclusion in the 2018 Pricing Proposal submitted to the AER.

The Director's Responsibility for the Procedures Agreed

The directors of United Energy are responsible for the adequacy or otherwise of the procedures agreed to be performed by us. You and the AER 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 you and the AER 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.

The agreed-upon procedures do not constitute either a reasonable assurance (audit) or limited assurance (review) engagement in accordance with the Auditing and Assurance Standards Board (AUASB) standards, and as such, we do not express any conclusion and provide no assurance on the data contained within Tariff Data Templates ("TDT's") for inclusion in the 2018 Pricing Proposal submitted to the AER. Had we performed additional procedures or had we performed a reasonable or limited assurance engagement 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 solely for the Purpose as specified above. The procedures performed and the factual findings obtained are as follows:

Procedures Performed	Factual Findings																			
<p>1. We will check that the Revenue from DUOS charges reported in Attachment A of the 2018 Tariff Submission agree with those included in Annual RIN Financial Information Template 8.1 (Table 1 Income Statement) of the 31 December 2016 United Energy RIN Reporting Templates (and include an explanation of any reconciling items between current and previously reported revenue from DUOS charges).</p>	<table border="1" data-bbox="669 281 1515 401"> <thead> <tr> <th data-bbox="669 281 948 342">Item</th> <th data-bbox="948 281 1138 342">Tariff Submission</th> <th data-bbox="1138 281 1328 342">Per RIN</th> <th data-bbox="1328 281 1515 342">Difference</th> </tr> </thead> <tbody> <tr> <td data-bbox="669 342 948 401">Revenue from DUOS charges</td> <td data-bbox="948 342 1138 401">370,195,702</td> <td data-bbox="1138 342 1328 401">373,292,500</td> <td data-bbox="1328 342 1515 401">(3,096,798)</td> </tr> </tbody> </table> <p data-bbox="669 449 1528 562">The total Revenue from DUOS Charges for t-2 listed in Attachment A of the 2018 Tariff Submission is \$3,096,798 lower than the amount of revenue included in United Energy's RIN Financial Information Template 8.1 (Table 1 Income Statement) for 31 December 2016.</p> <p data-bbox="669 581 1089 609">The difference primarily relates to:</p> <ul data-bbox="716 625 1528 842" style="list-style-type: none"> - \$2,590,924 of revenue included in the RIN, but not included in the Tariff Submission as it relates to prior period consumption - \$586,989 of revenue included in the RIN from unmetered activities, but not included in the Tariff Submission as these amounts are manual adjustments made in the accounting system based on estimated consumption (not billed based on consumption read by the meters) 				Item	Tariff Submission	Per RIN	Difference	Revenue from DUOS charges	370,195,702	373,292,500	(3,096,798)								
Item	Tariff Submission	Per RIN	Difference																	
Revenue from DUOS charges	370,195,702	373,292,500	(3,096,798)																	
<p>2. We will check that the TUOS charges, Transmission connection fees and Cross boundary network charges listed in Attachment A of the 2018 Tariff Submission agree with those included in Annual RIN Financial Information Template 9.5 (Table 1 TUOS charges AEMO – Table 3 Cross Boundary Network Charges) of the 31 December 2016 United Energy RIN Reporting Templates (and include an explanation of any reconciling items between current and previously reported charges).</p>	<table border="1" data-bbox="669 886 1515 1104"> <thead> <tr> <th data-bbox="669 886 948 947">Item</th> <th data-bbox="948 886 1138 947">Tariff Submission</th> <th data-bbox="1138 886 1328 947">Per RIN</th> <th data-bbox="1328 886 1515 947">Difference</th> </tr> </thead> <tbody> <tr> <td data-bbox="669 947 948 987">TUOS charges</td> <td data-bbox="948 947 1138 987">96,488,880</td> <td data-bbox="1138 947 1328 987">96,488,880</td> <td data-bbox="1328 947 1515 987">-</td> </tr> <tr> <td data-bbox="669 987 948 1047">Transmission connection fees</td> <td data-bbox="948 987 1138 1047">13,094,346</td> <td data-bbox="1138 987 1328 1047">13,094,346</td> <td data-bbox="1328 987 1515 1047">-</td> </tr> <tr> <td data-bbox="669 1047 948 1104">Cross boundary network charges</td> <td data-bbox="948 1047 1138 1104">(1,294,459)</td> <td data-bbox="1138 1047 1328 1104">(184,688)</td> <td data-bbox="1328 1047 1515 1104">(1,109,771)</td> </tr> </tbody> </table> <p data-bbox="669 1167 1528 1339">There is no difference between the TUOS charges and Transmission connection fees listed in Attachment A of the 2018 Tariff Submission from those included in the Annual RIN Financial Information Template 9.5 (Table 1 TUOS charges AEMO and Table 2 Transmission Connection Fees) of the 31 December 2016 United Energy RIN Reporting Templates.</p> <p data-bbox="669 1358 1528 1501">The amount of Cross Boundary Network charges reported in Attachment A of the Tariff Submission is \$1,109,771 more than that reported in the RIN Financial Information Template 9.5 (Table 3 Cross Boundary Network Charges) of the 31 December 2016 United Energy RIN Reporting Template.</p> <p data-bbox="669 1520 1528 1722">Cross Boundary Network Charges are only recognised when the amount has been finalised and billed to/from United Energy. The difference is attributable to \$1,479,147 of net credit notes issued to AusNet in September 2017, relating to the 12 month period ended 30 June 2015. As this information was not available at the time the 31 December 2016 United Energy RIN Reporting Templates were prepared, the full charges were previously not recognised.</p> <p data-bbox="669 1740 1528 1822">This is partially offset by a correction of the amount reported in the 2016 RIN, where \$184,688 was reported as a negative (payable), when it represented a positive (receivable) amount.</p>				Item	Tariff Submission	Per RIN	Difference	TUOS charges	96,488,880	96,488,880	-	Transmission connection fees	13,094,346	13,094,346	-	Cross boundary network charges	(1,294,459)	(184,688)	(1,109,771)
Item	Tariff Submission	Per RIN	Difference																	
TUOS charges	96,488,880	96,488,880	-																	
Transmission connection fees	13,094,346	13,094,346	-																	
Cross boundary network charges	(1,294,459)	(184,688)	(1,109,771)																	

Procedures Performed	Factual Findings															
<p>3. We will check that the Payments to embedded generators listed in Attachment A of the 2018 Tariff Submission agree with those included in the Annual RIN Financial Information Template 9.5 (Table 4 Payments To Embedded Generators) of the 31 December 2016 United Energy RIN Reporting Templates (and include an explanation of any reconciling items between current and previously reported charges).</p>	<table border="1" data-bbox="667 285 1516 436"> <thead> <tr> <th data-bbox="667 285 948 348">Item</th> <th data-bbox="948 285 1138 348">Tariff Submission</th> <th data-bbox="1138 285 1326 348">Per RIN</th> <th data-bbox="1326 285 1516 348">Difference</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 348 948 436">Payments to embedded generators</td> <td data-bbox="948 348 1138 436">367,249</td> <td data-bbox="1138 348 1326 436">367,249</td> <td data-bbox="1326 348 1516 436">-</td> </tr> </tbody> </table> <p data-bbox="667 453 1516 569">The Payments to embedded generators listed in Attachment A of the 2018 Tariff Submission agree to those included in RIN Financial Information Template 9.5 (Table 4 Payments To Embedded Generators) of the 31 December 2016 United Energy RIN Reporting Templates.</p>				Item	Tariff Submission	Per RIN	Difference	Payments to embedded generators	367,249	367,249	-				
Item	Tariff Submission	Per RIN	Difference													
Payments to embedded generators	367,249	367,249	-													
<p>4. We will check that the total submitted count of public lights listed in Attachment A of the 2018 Tariff Submission agree with those included in Annual RIN Information Template 4.1 (Table 4 Public Lighting Metrics By Tariff) of the 31 December 2016 United Energy RIN Reporting Templates (and include an explanation of any reconciling items between current and previously reported count of public lighting).</p>	<table border="1" data-bbox="667 695 1516 814"> <thead> <tr> <th data-bbox="667 695 948 758">Item</th> <th data-bbox="948 695 1138 758">Tariff Submission</th> <th data-bbox="1138 695 1326 758">Per RIN</th> <th data-bbox="1326 695 1516 758">Difference</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 758 948 814">Count of public lights</td> <td data-bbox="948 758 1138 814">120,358</td> <td data-bbox="1138 758 1326 814">120,358</td> <td data-bbox="1326 758 1516 814">-</td> </tr> </tbody> </table> <p data-bbox="667 831 1516 947">The count of public lighting per Attachment A of the 2018 Tariff Submission agrees to that included in the Annual RIN Non-Financial Information Template 4.1 (Table 4 Public Lighting Metrics By Tariff) of the 31 December 2016 United Energy RIN Reporting Templates.</p>				Item	Tariff Submission	Per RIN	Difference	Count of public lights	120,358	120,358	-				
Item	Tariff Submission	Per RIN	Difference													
Count of public lights	120,358	120,358	-													
<p>5. We will check that the Premium Feed-in Tariff ("PFIT") and Transitional Feed-in Tariff ("TFIT") rebate costs listed in Attachment A of the 2018 Tariff Submission agree with those included in Annual RIN Financial Information Template 7.10 (Table 1 Jurisdictional Scheme payments) of the 31 December 2016 United Energy RIN Reporting Templates (and include an explanation of any reconciling items between current and previously reported rebates).</p>	<table border="1" data-bbox="667 1104 1516 1236"> <thead> <tr> <th data-bbox="667 1104 948 1167">Item</th> <th data-bbox="948 1104 1138 1167">Tariff Submission</th> <th data-bbox="1138 1104 1326 1167">Per RIN</th> <th data-bbox="1326 1104 1516 1167">Difference</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 1167 948 1203">PFIT</td> <td data-bbox="948 1167 1138 1203">12,466,347</td> <td data-bbox="1138 1167 1326 1203">12,466,347</td> <td data-bbox="1326 1167 1516 1203">-</td> </tr> <tr> <td data-bbox="667 1203 948 1236">TFIT</td> <td data-bbox="948 1203 1138 1236">4,858,419</td> <td data-bbox="1138 1203 1326 1236">4,858,419</td> <td data-bbox="1326 1203 1516 1236">-</td> </tr> </tbody> </table> <p data-bbox="667 1253 1516 1369">The PFIT and TFIT rebate costs reported in Attachment A of the 2018 Tariff Submission agree to those included in the RIN Financial Information Template 7.10 (Table 1 Jurisdictional Scheme payments) of the 31 December 2016 United Energy RIN Reporting Templates.</p>				Item	Tariff Submission	Per RIN	Difference	PFIT	12,466,347	12,466,347	-	TFIT	4,858,419	4,858,419	-
Item	Tariff Submission	Per RIN	Difference													
PFIT	12,466,347	12,466,347	-													
TFIT	4,858,419	4,858,419	-													

Procedures Performed	Factual Findings										
<p>6. We will check that the F Factor rebate costs "unders and overs account" included in the 2018 Tariff Submission agrees with the AER approved F Factor pass through tariff for CY2016 and the F Factor included in Benchmarking RIN Financial Information Template 3.1 (Table 3 Revenue/penalties allowed/deducted through incentive schemes) of the 31 December 2016 United Energy RIN Reporting Templates (and include an explanation of any reconciling items between current and previously reported rebates).</p>	<table border="1"> <thead> <tr> <th data-bbox="667 289 948 348">Item</th> <th data-bbox="948 289 1138 348">Tariff Submission</th> <th data-bbox="1138 289 1328 348">Per RIN</th> <th data-bbox="1328 289 1518 348">Difference</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 348 948 386">F-Factor</td> <td data-bbox="948 348 1138 386">(2,289,171)</td> <td data-bbox="1138 348 1328 386">(2,308,582)</td> <td data-bbox="1328 348 1518 386">19,410</td> </tr> </tbody> </table>			Item	Tariff Submission	Per RIN	Difference	F-Factor	(2,289,171)	(2,308,582)	19,410
	Item	Tariff Submission	Per RIN	Difference							
	F-Factor	(2,289,171)	(2,308,582)	19,410							
<p>There is a \$19,410 difference between the F Factor rebate costs "unders and overs account" included in the 2018 Tariff Submission and the F Factor included in the Benchmarking RIN Template 3.1 (Table 3 Revenue/penalties allowed/deducted through incentive schemes) of the 31 December 2016 United Energy Benchmarking RIN Reporting Templates.</p>											
<p>As the F Factor rebate costs "unders and overs account" is recovered through DUOS, this F Factor amount has been adjusted proportionately for the difference in the DUOS revenue reported in the Tariff submission compared to the Benchmarking RIN.</p>											

Restriction on Distribution and Use of the Report

This report is intended solely for the use of United Energy and the AER for the purpose set out above. As the intended user of our report, it is for you and the other intended users to assess both the procedures and our factual findings to determine whether they provide, in combination with any other information you and the AER have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter. As required by ASRS 4400, distribution of this report is restricted to those parties that have agreed the procedures to be performed with us and have been identified in the terms of the engagement (since others, unaware of the reasons for the procedures, may misinterpret the results).

Our report may be relied upon by United Energy for the purpose set out above only pursuant to the terms of our engagement letter dated 25 September 2017.

Accordingly, we expressly disclaim and do not accept any responsibility or liability to any other party for any consequences of reliance on this report for any purpose.

DELOITTE TOUCHE TOHMATSU

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Samuel Vorwerg
 Partner
 Chartered Accountants
 Melbourne, 28 September 2017