



Report to the Auckland Energy Consumer Trust

Overhead Improvement Programme

Financial Year 2004/05

October 2005

## 1 Introduction

Under the terms of the New Deed Recording Essential Operating Requirements, Clause 4.3 requires the Company to provide a written report to the Trust on the operation of the Overhead Improvement Programme. This report sets out to detail the operation of the undergrounding programme in compliance with the terms of the deed.

## 2 The Overhead Improvement Programme

The Overhead Improvement Programme commenced in 2001. The Minimum Undergrounding Investment was set at \$10M each year, plus a PPI adjustment amount.

As a result the Minimum Undergrounding Investment amounts for each year we set as:

Year ending March 2002	\$5M (part year)
Year ending June 2003	\$12.5M (15 month year)
Year ending June 2004	\$10M
Year ending June 2005	\$10M
Year ending June 2006	\$10.5M

## 3 Expenditure of the Undergrounding Investment

The actual expenditure in undergrounding throughout each year of this programme is summarised in the table below:

	Minimum Undergrounding Investment	Actual Expenditure	Difference	Cumulative Notional Balance
2001/02	\$5M	\$1.239M	(\$3.761M)	(\$3.761M)
2002/03	\$12.5M	\$9.201M	(\$3.299M)	(\$7.060M)
2003/04	\$10M	\$12.509M	\$2.509M	(\$4.551M)
2004/05	\$10M	\$14.551M	\$4.551M	\$0M

The amount of expenditure on undergrounding for FY 2004/05 was \$14.551M.

With this, the actual expenditure over the past four years, \$37.5M, matches the sum if the Minimum Undergrounding Investments required for those periods.

#### **4 Achievements of the Overhead Improvement Programme**

Through implementing this programme, priority has been given to developing large scale projects where whole suburbs can be undergrounded at a time. Significant efficiencies are gained through the scale provided by this approach. To date four such large scale projects have been completed. These have been in Papatoetoe, Rosebank, Glen Innes, and Weymouth. Such projects have been structured with Vector, the relevant Council, Telecom, and other utilities partnering together to achieve a total revitalisation of the area while the undergrounding is implemented. Through this Vector led "dig once" concept additional investment is attracted by others so that the suburbs not only benefit from the undergrounding of the power lines, but also the undergrounding of telephone lines, installation of new streetlighting, new footpaths, gas and water infrastructure reinforcements, and new berms etc. Approximately 80% of the total expenditure has been dedicated to the large scale projects.

The remaining expenditure has been used in developing a high number of relatively small scale projects where and when very good opportunities have arisen. Such opportunities have included capturing synergies with Council footpath replacement programmes, local town centre precinct upgrades, road realignments, and with other Vector initiated projects – such as underground feeder cable reinforcements and pole replacements.

The projects completed, or substantially completed, through FY 2004/05 were: Glen Innes, Weymouth, Crescent Road, Glanville Terrace, Long Drive, Mahoe Ave, Railway Street West, St Stephens Ave, Wood Street, Carbine Road, Woodley Ave, Blockhouse Bay Road, Beatty Ave, Te Hana Road, Gollan Road, Tirohange Ave, Prosford and Blake Streets, Fern Glen Road, Cameron Street, and Mt Roskill township.

The location of all completed projects within this programme is shown on the map following.

## **5 Summary**

Vector is now in a position where it has caught up with the expenditure requirement of the Overhead Improvement Programme and has complied with its obligations for Undergrounding as set out in Clause 4 of the Deed.

The budget for the 2005/06 year will be \$10.5M and there are specific projects identified for this target to be achieved.

Mark Franklin  
Chief Executive Officer

The Esplanade, Eastern Beach



Green Lane East, Remuera



Sandringham Road, Sandringham



Weymouth Road, Weymouth

