



# REGULATORY ACCOUNTING PRINCIPLES AND POLICY

CP ATT 1.03 – PUBLIC  
2026–31 REGULATORY PROPOSAL

## **REGULATORY ACCOUNTING POLICIES**

This special purpose financial report has been prepared for the purpose of fulfilling the Regulatory Information Requirements.

The Regulatory Accounting Statements have been prepared in accordance with the accounting policies described in the Company's 2024 Statutory Financial Statements and Cost Allocation Methodology.

### **Statutory Financial Statements**

The following specific accounting policies have been adopted in the preparation of these Regulatory Financial Statements.

### **Accounting for Customer Contributions**

The accounting policy for customer contributions, adopted in the statutory accounts states, 'Cash contributions are recognised as revenue by applying the stage of completion method where the outcome can be estimated reliably. Non-cash contributions are recognised at their fair value on date of 'tie-in' to the distribution network.'

For AER reporting, customer contributions have been accounted for as a reduction to the carrying value of distribution assets. A regulatory adjustment is used to effect the difference in accounting policies.

### **Asset Values and Depreciation**

Property, plant and equipment are stated as cost less accumulated depreciation and impairment (if any). Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

For regulatory purposes, asset values and depreciation are calculated using the methodology and assumptions consistent with the published AER roll forward model resulting in the following differences to the statutory accounts:

- Alternative Control Activities such as routine new connections and asset damage are treated as operating costs;
- The asset base is revalued for inflation;
- Assets disposed are deducted from the Regulatory Asset Base (RAB) at their sales price; and
- The RAB roll forward model uses an aggregation of asset lives.

### **Accounting for Alternative Control Services costs**

Certain Alternative Control Services (ACS) costs capitalised for statutory reporting purposes are treated as operating expenses for regulatory purposes, in line with ACS price submissions. The difference in policies is effected by a regulatory adjustment.

### **Accounting for transmission revenues and expenses**

Transmission revenues and expenses shown in the Statutory Financial Statements have been excluded from the revenues and expenses of the Distribution business.

**Capitalisation of Overheads**

Direct overheads are attributable to the distribution business and it is the view of the company that a portion of these costs are attributable to the function of preparing an asset ready for use, and should therefore be included in the cost base of the asset. The amount that is capitalised is based on a percentage of the direct costs.

**Accounting for Profit and Loss costs**

Items in the Profit and Loss have been allocated using appropriate allocators as per the CAM and provided work papers.

**Accounting for Taxation**

The additions by tax category have been allocated using the same categories as the relevant price determination.