



The Directors
Australian Gas Networks Limited
Level 6
400 King William Street
ADELAIDE SA 5000

28 October 2016

Report on the limited assurance procedures performed over actual gas volumes reported for the period 1 January 2015 to 31 December 2015 on the proposed 2017 distribution tariffs schedule for Australian Gas Networks (Vic) Limited (formerly Vic Gas Distribution Pty Ltd)

Scope

In accordance with the terms of engagement letter dated 18 October 2016, we were engaged by Australian Gas Networks Limited (“the Company”) to perform an independent limited assurance engagement in respect of the actual gas volumes reported for the period 1 January 2015 to 31 December 2015 (the “Period”) on the attached 2017 proposed distribution tariffs schedule for Australian Gas Networks (“Vic Gas”) Limited (“Vic Gas”). The criteria (the “Criteria”) against which we assessed Vic Gas is Section 4.4.1 of the Access Arrangement for Australian Gas Networks Vic Gas Distribution System for the period 2013 – 2017 (the “Access Arrangement”).

The Company’s responsibilities

The Company is responsible for the preparation of the proposed tariffs schedule for Vic Gas in accordance with the Criteria.

Our Independence and Quality control

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

In accordance with 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* the firm 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.

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Our responsibilities

Our responsibility is to perform limited assurance procedures over the reported actual gas volumes included on the 2017 tariffs schedule for Vic Gas as measured by the Access Arrangement.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the 2017 proposed distribution tariffs schedule for Vic Gas has not been prepared, in all material respects, in accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

- agreeing gas volumes for the period reported on the 2017 proposed distribution tariffs schedule to information from the APA billing system;
- comparing 2015 gas volumes to 2014 gas volumes and obtaining explanations for material variances;
- tracing a sample of invoices for the billing period to the underlying source data that is used to compile the 2017 proposed distribution tariffs schedule; and
- testing of mathematical accuracy of the 2017 proposed distribution tariffs schedule.

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 and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

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

Use of report

This report was prepared for the Directors of Australian Gas Networks Limited in accordance with their requirement to lodge a proposed distribution tariffs schedule for Vic Gas with the Australian Energy Regulator (“AER”). We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Australian Gas Networks Limited, or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations of any work planned and executed under ASAE 3000, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance with the preparation of the proposed tariffs schedule for Vic Gas as measured against the Criteria, as it is limited primarily to making enquiries, of the Company, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.



Conclusion

Based on our completion of limited assurance procedures, which is not an audit, nothing has come to our attention that causes us to believe that the reported actual gas volumes for the period 1 January 2015 to 31 December 2015 on the proposed tariffs schedule have not been prepared in accordance with Section 4.4.1 of the Access Arrangement for Australian Gas Networks Vic Gas Distribution System for the period 2013-2017.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink that appears to read 'Andrew Forman' in a cursive style.

Andrew Forman
Partner

Adelaide
28 October 2016

Tariff Approval - Aust. Gas Networks VIC**PROPOSED 2017 DISTRIBUTION TARIFFS**

Proposed tariff name	Prop 2017 Tariff	Exist 2016 Tariff	Actual 2015 Volumes	Prop Tar Revenue	Exist Tar Revenue
Tariff V - AGN Central - Residential					
Fixed Charge	0.1959	0.1823	186,819,784	36,597,996	34,057,247
GJ 0 - 0.0274	11.2810	10.411	4,557,394	51,411,965	47,448,400
GJ 0.0274 - 0.0493	6.9358	6.8694	2,958,021	20,516,245	20,319,833
GJ > 0.0493	3.8076	3.7707	18,448,338	70,243,891	69,563,147
Tariff V - AGN Central - Non Residential			25,963,753		
Fixed Charge	0.1959	0.1823	7,225,384	1,415,453	1,317,188
GJ 0 - 0.05	8.1289	7.5633	270,528	2,199,097	2,046,087
GJ 0.05 - 0.55	3.9951	3.9547	1,397,622	5,583,639	5,527,175
GJ 0.55 - 1.37	2.9856	2.9545	1,071,121	3,197,938	3,164,626
GJ > 1.37	1.2107	1.1980	3,898,508	4,719,924	4,670,413
Tariff V - AGN North - Residential			6,637,779		
Fixed Charge	0.1959	0.1823	26,158,608	5,124,471	4,768,714
GJ 0 - 0.0274	9.9255	9.0601	606,893	6,023,716	5,498,511
GJ 0.0274 - 0.0493	6.2129	5.9774	367,144	2,281,031	2,194,568
GJ > 0.0493	3.4111	3.2814	2,401,973	8,193,369	7,881,833
Tariff V - AGN North - Non Residential			3,376,010		
Fixed Charge	0.1959	0.1823	1,172,799	229,751	213,801
GJ 0 - 0.05	7.2916	6.6558	37,742	275,200	251,204
GJ 0.05 - 0.55	3.6106	3.4802	180,636	652,206	628,651
GJ 0.55 - 1.37	2.6981	2.5998	121,896	328,889	316,906
GJ > 1.37	1.0941	1.0542	473,677	518,250	499,350
Tariff V - Murray Valley - Residential			813,952		
Fixed Charge	0.2493	0.2528	2,688,256	670,182	679,591
GJ 0 - 0.0274	8.6413	7.8943	52,551	454,113	414,857
GJ 0.0274 - 0.0493	5.5901	5.2088	28,641	160,104	149,183
GJ > 0.0493	3.4968	3.3872	187,808	656,728	636,145
Tariff V - Murray Valley - Non Residential			269,001		
Fixed Charge	0.2493	0.2528	122,341	30,500	30,928
GJ 0 - 0.05	6.5196	5.9531	4,349	28,352	25,888
GJ 0.05 - 0.55	4.0097	3.9727	20,168	80,868	80,122
GJ 0.55 - 1.37	2.9983	2.9679	12,415	37,225	36,847
GJ > 1.37	1.4837	1.4057	29,590	43,903	41,595
Tariff V - Bairnsdale - Residential			66,522		
Fixed Charge	0.3223	0.2999	1,331,971	429,294	399,458
GJ 0 - 0.0274	18.4181	17.139	26,810	493,788	459,488
GJ 0.0274 - 0.0493	11.4552	11.309	13,774	157,787	155,768
GJ > 0.0493	6.2888	6.2083	68,646	431,703	426,177
Tariff V - Bairnsdale - Non Residential			109,231		
Fixed Charge	0.3223	0.2999	36,027	11,612	10,804
GJ 0 - 0.05	13.3670	12.812	1,455	19,455	18,647
GJ 0.05 - 0.55	6.7859	6.6991	10,892	73,914	72,969
GJ 0.55 - 1.37	5.0694	5.0045	9,210	46,692	46,094
GJ > 1.37	2.0557	2.0294	58,636	120,539	118,997
Tariff D - AGN Central			80,195		
0 - 10	1,453.5348	1,393.1396	1,435	2,085,740	1,999,077
10 - 50	888.5981	851.6764	1,252	1,112,768	1,066,532
> 50	162.2763	155.5336	1,251	202,930	194,498
Tariff D - AGN North					
0 - 10	1,453.5348	1,393.1396	367	534,048	511,858
10 - 50	888.5981	851.6764	616	546,957	524,231
> 50	162.2763	155.5336	409	66,411	63,652
Tariff D - Murray Valley					
0 - 10	1,694.2694	1,623.8716	65	109,690	105,132
10 - 50	1,045.4711	1,002.0312	102	106,348	101,929
> 50	178.0621	170.6635	118	21,087	20,210
Tariff D - Bairnsdale					
0 - 10	2,404.3415	2,304.4398	13	31,073	29,782
10 - 50	1,489.4996	1,427.6101	3	4,190	4,016
> 50	271.6509	260.3637	-	-	-
Total Revenue				228,281,032	218,792,127