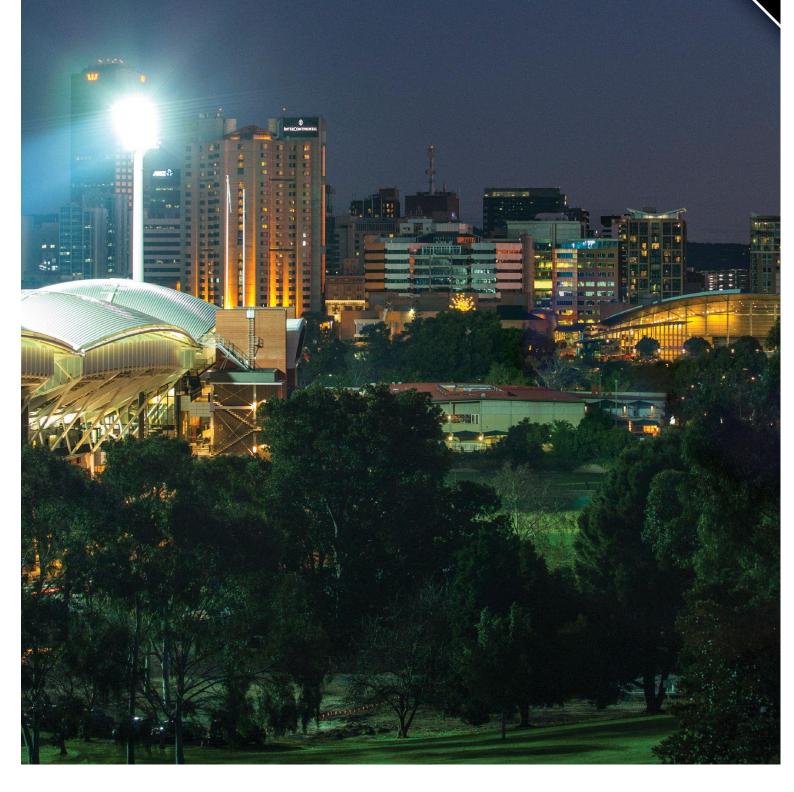
Attachment A.2

SAPN_RRP Director's Certification & Key Expenditure Assumptions

SA Power Networks

26 June, 2015



SA Power Networks - Directors' Certifications and Key Expenditure Assumptions

The Directors certify that:

- In accordance with clause S6.1.1(5) of the *Rules*, the key assumptions that underlie the capital expenditure forecast, set out below, are reasonable.
- In accordance with clause S6.1.2(6) of the *Rules*, the key assumptions that underlie the operating expenditure forecast, set out below, are reasonable.

Signed in accordance with a resolution of Directors: Name: PETER ULLOCH Director Name: **Rick Francis** Director

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Dated: 26-6-15

Assumptions applicable to the capital expenditure forecast and the operating expenditure forecast

- Expenditure forecasts consistent with strategic review undertaken
- Legal review of compliance with the requirements of the Rules has been completed
- Forecast expenditure incorporates stakeholder engagement feedback
- Past expenditures provide a reasonable indication of likely future expenditures, except where otherwise noted in the Proposal
- Benchmarking confirms that we are acting as an efficient distributor
- Labour escalation as forecast (includes internal and supplementary labour resources)
- Contracted construction and labour services as forecast by independent consultant
- Labour and contracted methodology supported by independent consultant reports
- Output growth as forecast
- Superannuation liabilities as forecast
- Proposed pass-throughs are accepted by the AER
- Expenditure and revenue models are accurate

Assumptions applicable to the capital expenditure forecast only

Dated: 26/6/15

- Unit costs of work will remain consistent with historical costs, with the exception of labour, materials and services cost escalation
- Equity raising costs as forecast
- Replacement asset management strategies and the scope of works selected for each asset category are appropriate to meet the capital expenditure objectives of the Rules
- Spatial peak demand growth as forecast
- Capacity asset management strategies and the scope of works selected for each asset category are appropriate to meet the capital expenditure objectives of the Rules
- Customer connect expenditure as forecast
- Increased IT capital expenditure as forecast
- Fleet capital expenditure as forecast
- Property capital expenditure as forecast

Assumptions applicable to the operating expenditure forecast only

- Debt raising costs as forecast
- 2013/14 accepted as efficient revealed cost year
- Changes in scope (Step changes) are appropriate to meet the operating expenditure objectives of the Rules

