

1 October 2018

Peter Neilson
City Vision

By Email

Dear Mr Neilson,

RE: INFORMATION REQUEST

We refer to our letter of 11 September 2018. A number of the questions you have asked are requests for Trust Information governed by the Guidelines for Access to Information. The trustees have taken the Guidelines into account when preparing this response.

Dividend sustainability

- a. Has Entrust sought or received any independent advice on the sustainability of the current Vector \$350 annual dividend given the expected transformation of the energy sector providing opportunities for current customers to move off the grid, use their own solar power and that while customer numbers are increasing consumption per customer is declining?
- b. If Entrust has received such advice what actions were recommended to sustain or grow the level of the dividend.
- c. Can Entrust provide copies of any such advice received?

Answers to a, b, c above: Entrust has not received any independent advice regarding the sustainability of the dividend. The amount of the annual dividend directly correlates to Vector's profitability and the Trust's beneficiary growth rate. Trustees cannot comment on the sustainability of Vector's future dividend given commercial sensitivity. However Vector's latest comment on their performance can be found on their website along with their recently published [Annual Report](#).

Electricity supply resilience

- a. Following the April 2018 storms which cut power for 183,000 customers and some had no power for a week or more, has the Trust sought advice from Vector or elsewhere to ensure fewer customers would be affected by a similar event in the future and how to make the return to full service again faster?

- b. Does Entrust consider the current \$50 payment for a loss of electricity service is appropriate or adequate compensation for a business of home without power for a week or more?
- c. If such advice has been sought or provided can Entrust provide copies of any such advice received?
- d. Entrust says that in practice, the Trustees "Take a proactive role in ensuring security of supply for our customers". Can Entrust provide an explanation as to why it made no media statement following the April 2018 storm events that cut power to 183,000 Aucklanders?
- e. Can Entrust outline what proactive steps it has taken to ensure the future security of supply for Vector's customers?
- f. Can Entrust provide a copy of the State of the Network Report for 2018?

Answers to a-f above: Trustees discussed the effects of the April 2018 storm with Vector and were advised that the storm was unexpected, with wind gusts of up to 213km/h. Damage to the network was extensive, with a large portion of the damage caused by uprooted trees and trees planted too close to power lines. Many of these trees were on Council property and Vector is liaising with Council regarding a tree management strategy to manage this risk, however the issue is very complex given the negative public perception around cutting back mature trees. The attached presentation provides background information.

Vector's arrangements with any customer payments are a matter for the company.

The distribution of media releases during the storm was an operational matter for Vector. It would have created confusion if Entrust provided media updates, however Entrust made resource available to assist Vector with its communications response during the storm.

Trustees support Vector's view that an informed discussion with Aucklanders regarding the best way to deliver a more resilient network and the trade-offs between costs and quality is necessary. Vector has published a paper ["Working Together on Resilience"](#) which may be of interest.

The State of the Network Report for 2018 is still being prepared. It will be published on the Entrust website once it is received.

Undergrounding

- a. When did Entrust agree that the previously agreed \$10.5m budget with Vector, would not all be spent on undergrounding power poles and lines during the last 12 months?
- b. Did Entrust consult with the community before they made the decision to cut the amount to be spent on undergrounding.

- c. What if any reports have Entrust commissioned or received on how it might accelerate the undergrounding of power lines which at the current rate of progress will take some 1000 years to be completed.
- d. If such reports exist can they be provided?

Answers to a-d above: As outlined in the [Entrust 2015 Annual Report](#) and subsequent Annual Reports, a change to the DREOR was agreed with Vector in August 2015 to enable funds to be spent on new technology initiatives as well as undergrounding. This change was made because Chorus advised they would be reducing funding to underground their telephone lines and would only participate in undergrounding on a small number of projects.

Without Chorus support for projects there was no consumer or visual benefit to undergrounding as telephone poles and wires would remain in place even if electricity lines were underground. As much undergrounding as possible has been done since 2015, with other new technology initiatives using the remainder of the annual budget.

Trustees are strong supporters of undergrounding and have been working with Vector to fully reinstate the undergrounding programme and are pleased to advise that Chorus have committed to a full programme of undergrounding going forward.

Beneficiaries are updated on undergrounding progress every year at the annual meeting of beneficiaries.

Possible Vector share sell-down and decisions to not extend the Vector board terms of Chairman Michael Stiasny and board member James Carmichael?

- a. Has Entrust commissioned, sought or received from Vector or elsewhere any advice on whether there should be a further sell-down of Entrust shares held in Vector, whether the dividend recipients or the Auckland Council would or should receive the proceeds of the sale and what impact it would have on the dividend currently paid to Entrust voters?
- b. Can copies of any such reports or advice be provided?
- c. Did Michael Stiasny and/or James Carmichael indicate a wish to have their terms on the Vector board extended?
- d. Did Entrust make the decision not to extend the terms of Michael Stiasny and James Carmichael in full compliance with the procedures outlined in its Protocol on the Appointment of Directors?
- e. Did Entrust seek independent advice on the suitability of these two directors to have their terms extended and if so, could they provide copies of any such advice?

Answers to a-e above: Entrust has not commissioned, received or sought any reports regarding a sell-down of Entrust shares or assets.

Trustees sought and received advice on the procedure to be followed under the relevant Protocols.

Advice on the suitability of the two directors was sought pursuant to the requirements of the applicable Protocols. These reports are confidential.

- f. Has Entrust sought legal advice as to whether Paul Hutchison was a qualified person by residence when he was elected to the Trust?
- g. If so, can a copy of any such advice be provided?

Answers to f-g above: The issue concerning Dr Hutchison's eligibility is currently before the High Court and it is not appropriate to comment further.

Entrust fees, expenses, gifts, minutes, attendance, potential conflicts and advisor expenditure

- a. How many Trust meetings has Entrust held over the last year, and which members attended each meeting?
- b. Can copies of the minutes for each meeting be provided?

Answers to a-b above: Details of attendance at meetings is provided at each year's Annual Meeting of Beneficiaries.

Minutes of any meeting of the Trust are likely to contain information of a confidential nature and information which is not Trust Information as defined in the Guidelines. Please refer to paragraphs 6.4(a) and 6.4(k) of the Guidelines.

For those reasons, the Trustees decline your request for copies of all Minutes of meetings, however if you were to specify the actual information sought Trustees may be prepared to consider the matter further.

- c. What was the amount of fees paid to each Entrust member over the past year?

Answer to c above: The total amount of fees paid to Trustees is available in the Entrust Annual Report.

- d. What expenses were reimbursed for each member of the Trust over the past year?

Answer to d above: James Carmichael was reimbursed \$521.96 and William Cairns was reimbursed \$231.11 in the past year.

- e. What gifts or other things of value were received by Trust members over the past year?

Answer to e above: Trustees did not receive any gifts or items of value over the past year.

- f. Which Entrust members also received director's fees from Vector or its subsidiaries or elsewhere as a consequence of being Entrust members over the past year and what was the dollar amount they received from each source?

Answer to f above: This information is available in the [Vector Annual Report](#).

- g. Does Entrust maintain a register of Trustee's potential conflicts and if so can a copy of the potential conflicts that were declared and registered for each Trustee be provided.

Answer to g above: The Trust does not have a conflict register in place.

- h. Can Entrust provide a listing of the total expenditure paid to consultants and advisors during the current three-year term of Trustees and provide a breakdown of the dollar amount paid to each advisor or consultant over three years including estimates for any work that has been commissioned but not yet paid for?

Answer to h above: This request is very broad and could include details of amounts which do not have a material impact on the Trust's financial position. Are you able to refine your request in respect of the identity of consultants and/or a minimum dollar value threshold e.g. consultants paid over \$50,000 in a given financial year?

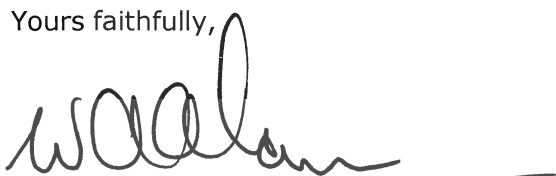
Polling

- a. Has Entrust undertaken, committed or received any polling that outlines the expectations or experience of Vector customers, Entrust beneficiaries or the wider public on the performance of Vector, Entrust or the electricity lines or electricity retail industry?
- b. If so can copies of any such polling be provided?

Answers to a-b above: [Survey information](#) is available on our website.

In as much as your request for information is Trust Information and falls within the Guidelines for Access to Information you may seek a review of the trustees' decision by an independent Reviewer. Please refer to clauses 7.6, 7.7 and clause 8 of the [Guidelines](#).

Yours faithfully,



William Cairns
Chairman