

## Schedule 14a: Mandatory Explanatory Notes (ID-only regulated provider)

Company name: Enable Networks Limited

For disclosure year ended: 30 June 2024

*In this Schedule, clause references are to clauses in the body of the Fibre Information Disclosure Determination 2021.*

1. This Schedule requires each **ID-only regulated provider** to provide explanatory notes to information provided in accordance with clauses 2.4.2, 2.6.1, 2.6.2, and 2.6.3.
2. This Schedule is mandatory: each **ID-only regulated provider** must provide the explanatory comments specified below, in accordance with clause 2.6.1.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for **ID-only regulated providers** to give additional explanation of disclosed information if they wish.

### *Return on Investment (Schedule 1)*

4. In the box below, comment on **ROI** as disclosed in Schedule 1. This comment must include information on reclassified items in accordance with clause 2.6.3.

#### **Box 1: Explanatory comment on return on investment**

**ROI** uses an Internal Rate of Return (**IRR**) based on estimated cashflows and timing throughout the disclosure year and net movement in the RAB.

There were no reclassified items during the disclosure year 2024.

DY24 8.94% vanilla WACC (8.42% post-tax WACC) versus the Commerce Commission cost of capital determination of 7.87% (7.36% post-tax WACC) on 1 August 2023.

The key driver of the higher WACC is the indexation (revaluation) of the RAB at actual CPI of 3.33%.

### *Regulatory Profit (Schedule 2)*

5. In the box below, comment on regulatory profit for the **disclosure year** as disclosed in Schedule 2. This comment must include-
  - 5.1 a description of material items included in **other regulated income (other than gains / (losses) on asset disposals)**, as disclosed in 2(i) of Schedule 2; and
  - 5.2 information on reclassified items in accordance with clause 2.6.3.

**Box 2: Explanatory comment on regulatory profit**

There were no reclassified items during disclosure year 2024.

Regulatory profit for the year ended 30 June 2024 was \$57.2m:

- Total FFLAS revenue of \$113.9m consists of:
  - Operating revenue - \$113.4m, 100% of the Enable Comparative Contracts for 2024; and
  - Other regulated income – revenue from network services (faults and maintenance cost recovery) of \$0.5m.
- Operating expenditure (including pass-through costs) was \$26.2m
- Depreciation of \$37.1m
- Revaluations of \$21.4m with a CPI (Revaluation rate) of 3.33%
- Term credit spread differential allowance \$0.5m
- Regulatory tax allowance of \$14.3m

*Merger and acquisition expenses (2(iii) of Schedule 2)*

6. If the regulated provider incurred **merger and acquisitions expenditure** during the **disclosure year**, provide the following information in the box below-

6.1 information on reclassified items in accordance with clause 2.6.3; and

6.2 any other commentary on the benefits of the **merger and acquisition expenditure** to the **ID-only regulated provider**.

**Box 3: Explanatory comment on merger and acquisition expenditure**

Enable had no merger and acquisition expenditure for disclosure year 2024.

*Value of the Regulatory Asset Base (Schedule 4)*

7. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with clause 2.6.3.

8. Describe any alternative method of depreciation adopted by the **ID-only regulated provider**, and the reason(s) for adopting alternative method.

9. Describe the methodology used for the allocation of **works under construction**.

**Box 4: Explanatory comment on the value of the regulatory asset base (rolled forward)**

*Regulatory Asset Base (RAB)*

The closing ID RAB as at 30 June 2024 was \$660.5m. This shows an increase of \$19.4m from the opening RAB, due to:

- Revaluations (indexation) of + \$21.4m (based on actual CPI of 3.33%); and
- Commissioned assets of + \$35.1m; less
- Depreciation of - \$37.1m.

*Reclassified items*

There were no reclassified items during disclosure year 2024.

*Depreciation methodology*

Enable continues to use an alternative depreciation methodology for the Financial Loss Asset (FLA), as per the approach used by Chorus and Tuatahi First Fibre.

Enable uses a -13% tilted annuity (DY23: -13%) for the calculation of FLA depreciation to reflect the risk of asset stranding. This is based on Enable's current assessment of the risks faced by Enable, that is therefore subject to ongoing analysis and change.

*Works under construction methodology*

Works under construction are extracted from Enable's financial systems at a general ledger or project ID level.

The cost of network and non-network assets are recognised only when it is probable that the future benefits or service potential associated with the asset will flow to Enable, otherwise the cost is retained as works under construction.

*Regulatory tax allowance: disclosure of permanent differences (3a(i) of Schedule 3)*

10. In the box below, provide descriptions and workings of the material permanent differences included in the following items, as recorded in the asterisked categories in paragraph 3a(i) of Schedule 3:

- 10.1 **income not included in regulatory profit / (loss) before tax but taxable;**
- 10.2 **expenditure or loss in regulatory profit / (loss) before tax but not deductible;**
- 10.3 **income included in regulatory profit / (loss) before tax but not taxable; and**
- 10.4 **expenditure or loss deductible but not in regulatory profit / (loss) before tax.**

**Box 5: Regulatory tax allowance: permanent differences**

*Expenditure included but not deductible*

- Includes adjusted entertainment expenses.

*Regulatory tax allowance: disclosure of temporary differences (3a(i) of Schedule 3)*

11. In the box below, provide descriptions and workings of the material temporary differences included in the following items, as recorded in the asterisked categories in 3a(i) of Schedule 3:

- 11.1 **income not included in regulatory profit / (loss) before tax but taxable;**
- 11.2 **expenditure or loss in regulatory profit / (loss) before tax but not deductible;**
- 11.3 **income included in regulatory profit / (loss) before tax but not taxable; and**
- 11.4 **expenditure or loss deductible but not in regulatory profit / (loss) before tax.**

**Box 6: Temporary differences**

*Income not included but taxable*

- \$4.8m of capital contributions from customers which are assessable for tax purposes but are offset against Capital Expenditure in Schedule 6(ii).

*Expenditure included but not deductible*

- \$1.0m movement in provisions (employee, doubtful debts etc), recognised through profit and loss.

*Expenditure not included but deductible*

- \$0.03m deduction for lease payments (NZ IFRS 16 Leases) as leases are treated as operating leases for tax purposes, with lease payments claimed as a tax deduction.

*Cost allocation (Schedule 5a)*

12. In the box below, comment on cost allocation as disclosed in Schedule 5a. This comment must include information on reclassified items in accordance with clause 2.6.3.

**Box 7: Cost allocation**

As per Enable's S221 Notice submission for the Initial FLA determination, no cost allocations are required as Enable is exclusively involved in the provision of FFLAS.

*Asset allocation (Schedule 4a)*

13. In the box below, comment on asset allocation as disclosed in Schedule 4a. This comment must include information on reclassified items in accordance with clause 2.6.3.

**Box 8: Commentary on asset allocation**

As per Enable's S221 Notice submission for the Initial FLA determination, no asset allocations are required as Enable is exclusively involved in the provision of FFLAS.

*Operating Expenditure (Schedule 5)*

14. In the boxes below, comment on **operational expenditure** for the **disclosure year**, as disclosed in Schedule 5. This comment must include-

- 14.1 commentary on assets replaced or renewed with **network opex**, as reported in 5(i) of Schedule 5;
- 14.2 information on reclassified items in accordance with clause 2.6.3;
- 14.3 commentary on any material atypical expenditure included in **operational expenditure** disclosed in Schedule 5, including the value and the purpose of the expenditure, and the categories the **operational expenditure** relates to;
- 14.4 innovations made with **research and development** that have deferred the need for asset replacement;
- 14.5 details of any insurance cover for the assets used to provide **FFLAS**, including-
  - 14.5.1 the **ID-only regulated provider's** approaches and practices in regard to the insurance of assets used to provide **FFLAS**, including the level of insurance; and
  - 14.5.2 in respect of any self-insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

**Box 9: Explanation of operational expenditure for the disclosure year**

Enable capitalises costs in accordance with Generally Accepted Accounting Practice (**GAAP**) and the relevant Inland Revenue requirements. There is no material network OPEX for replacing or renewing assets.

There were no reclassified items during disclosure year 2024.

There is no material atypical expenditure reported as part of operational expenditure.

There are no innovations made with research and development, that have deferred asset replacements.

**Box 10: Explanation of insurance cover**

Enable maintains a comprehensive insurance programme to minimise business risk.

The insurance programme includes:

- Material damage and business interruption cover (**MDBI**), for Enable's office and contents, and above ground assets (central office buildings and contents) back to replacement value, and consequential loss of revenue due to an insurable event;
- Other non-liability policies (including cover for motor vehicles, marine cargo, and corporate travel); and
- A full suite of liability policies (including Cyber, Technology Liability, Directors & Officers Liability, Fidelity, Statutory Liability, and Employers Liability).

Underground assets are not insured.

The programme is assessed annually, including updated valuations (where appropriate), supported by Enable's insurance broker, Aon.

Enable does not have a captive insurance programme.

*Capital Expenditure (Schedule 6)*

15. In the box below, comment on **capital expenditure** for the **disclosure year**, as disclosed in Schedule 6. This comment must include-

- 15.1 information on reclassified items in accordance with clause 2.6.3;
- 15.2 information on how the **capital expenditure** has tracked to plan;
- 15.3 descriptions of strategies to correct course in areas where delivery is not going to plan;
- 15.4 information on the link between the **capital expenditure**, **operating costs**, and **fibre network** quality performance (availability and **port utilisation**); and
- 15.5 a description of innovations made with **capital expenditure** in the **disclosure year** that have deferred the need for asset replacement.

**Box 11: Explanation of capital expenditure for the disclosure year**

There were no reclassified items during disclosure year 2024.

Overall capital expenditure has tracked below plan for 2024. There has been additional investment in extending the network, increased costs of construction and increasing volume of complex installations. This has been offset by delays in Network Capacity, with our Layer 2 refresh timing being pushed back resulting in a lower-than-expected capital expenditure.

**Quality performance***Availability*

Enable actively monitors and assesses the effects on overall availability resulting from both scheduled and unscheduled downtime, the remediation of which typically results in increased operating costs. When availability monitoring detects heightened fault rates or deterioration in a network element or a segment of the network, consideration is given to capital expenditure investments for the purpose of renewal or replacement.

No such occurrences were reported during the disclosure year 2024.

*Performance*

Enable constantly monitors network capacity and port utilisation to optimise access splitter port usage. This involves mixing higher bandwidth services on lower utilised ports to gain optimal performance across the network, resulting in potential Capex spend.

*Innovations with capital expenditure*

Enable's capital expenditure across the disclosure year has been focussed across the following points:

- Aligning to regulatory reporting obligations:
  - Upgrade to our Layer 2 traffic performance monitoring solution (Accedian phase I) – this was completed at the end of June 2023 allowing Enable to be compliant with ID obligations Schedule 20 (iv): performance.
- Existing network equipment being unsupported along with Capacity constraints of the existing network:
  - Due to the end of support and some core network capacity/utilisation inflexibilities, Enable are replacing our Huawei Layer 2 network assets to new equipment and vendors, Nokia for Access equipment and Cisco (L2X) for Aggregation equipment.
  - Changeover has been phased and will be seen across this DY's Capex and the following.
- Interoperability issues with new network management systems:
  - Enable will be upgrading our Port Utilisation monitoring and reporting system (Accedian phase II) in FY25 which will improve our ability to optimise port utilisation on access PON ports as well as core aggregation network ports. This is needed because new access system is not compatible with the existing data processing system (Cacti).

*Variance between forecast and actual expenditure (Schedule 7)*

16. In the box below, comment on variance in actual to forecast expenditure for the **disclosure year**, as reported in Schedule 7. This comment must include information on reclassified items in accordance with clause 2.6.3.

**Box 12: Explanatory comment on variance in actual to forecast expenditure**

Operating expenditure was (\$1.7m) unfavourable to forecast:

- \$1.8m favourable customer Opex due to a lower product, sales & marketing expenditure
- (\$1.0m) unfavourable network Opex for maintenance and operations due to price increases and increased activity
- (\$2.5m) unfavourable of support Opex with a lower than anticipated labour capitalisation and higher contractor wages

There were no reclassified items during disclosure year 2024.

17. In the boxes below provide-

- 17.1 an explanatory comment on the reason(s) for any material differences between **target operating revenue** and total actual operating revenue; and
- 17.2 an explanatory comment on the reason(s) for any material differences between target connection volumes and actual connection volumes.



**Box 13: Explanatory comment relating to variances between target and actual operating revenue for the disclosure year**

Enable applied an annual CPI price increase of 5.0% in July 2023.

Operating revenue was (\$0.2m) unfavourable to the Comparative Contracts Disclosure driven by:

- Unfavourable overall connection volumes due to challenging economic conditions.

**Box 14: Explanatory comment relating to variances between target and actual connection volumes for the disclosure year**

The challenging economic conditions as above contributed to a lower connection volume than anticipated, with customers trading down to entry level products.

*Regulated FFLAS and regulated FFLAS provided with an incentive (Schedule 25)*

18. In the boxes below, comment on any changes from month to month or between **disclosure years** in the list of **regulated FFLAS**, as reported in Schedule 25(i) and (iii) and **regulated FFLAS** provided with an **incentive**, as reported in Schedule 25(ii). These comments must include:
  - 18.1 any changes to the names and/or **service descriptions**;
  - 18.2 any changes to the aggregation at which services are reported – eg, a service being reported separately that was previously grouped with other services or a service being moved to a different group;
  - 18.3 any new services that are being reported for the first time, including whether they are grouped with other services when completing Schedule 25; and
  - 18.4 any services that have been discontinued and are no longer reported.
19. For each of the above changes:
  - 19.1 detail the month and calendar year in which the relevant change took place; and
  - 19.2 include sufficient details to enable names and/or **service descriptions** and aggregations to be tracked from month to month. This could take the form of attaching a change schedule showing the current names and/or **service descriptions** and aggregations mapped to previous names and/or **service descriptions** and aggregations, including all the information required under paragraph 18.

**Box 15: Explanatory comment relating to the list of regulated FFLAS**

There is no change to the names and/or service descriptions.

There was no change to the aggregation at which services are reported.

*Services reported for the first time*

The following services were added during DY24:

Service Description	Availability
ENNI Backhaul ICO - A or B Step	August 2023
E-NNI Backhaul DFAS/ICO - A Step	August 2023
E-NNI Backhaul DFAS	August 2023
BS2a 50/10 CIR 2.5/2.5	September 2023
E-NNI 100G - LAG Primary (Active)	October 2023
E-NNI 100G - LAG Member (Standby)	October 2023
SCADA BS2a 10/100 CIR 2.5/2.5	November 2023
SCADA BS2a 0/0 CIR 2.5/2.5	November 2023

*Services discontinued*

Discontinued services which are no longer reported during DY24:

Service Description	Discontinued
TP 100/20 CIR 2.5/2.5	June 2023
TP 100/50 CIR 10/2.5	June 2023
TP 200/20 CIR 2.5/2.5	June 2023
TP 30/10 CIR 2.5/2.5	June 2023
GPON Ethernet Port 0/0 CIR 2.5/2.5	November 2023
GPON Ethernet Port 10/10 CIR 2.5/2.5	November 2023
GPON Ethernet Port 30/10 CIR 2.5/2.5	November 2023
GPON Ethernet Port 100/20 CIR 2.5/2.5	November 2023
GPON Ethernet Port 100/50 CIR 2.5/2.5	November 2023
GPON Ethernet Port 100/100 CIR 2.5/2.5	November 2023
GPON Ethernet Port 200/20 CIR 2.5/2.5	November 2023
GPON Ethernet Port 200/100 CIR 2.5/2.5	November 2023
GPON Ethernet Port 200/200 CIR 2.5/2.5	November 2023

TP – Triple Play

**Box 16: Explanatory comment relating to the list of regulated FFLAS provided with an incentive**  
 Enable continues to support the education of students in need via the Ministry of Education (**MOE**) support offer (50% subsidy).

Aug-22 “Residential Wholesale Incentive – Welcome to Fibre Offer”

- Participating RSPs will receive a credit of \$75 (GST excl.) upon connection and an ongoing monthly credit of \$8.82 (GST excl.) for any qualifying order using the BS2a 50/20 CIR 2.5/2.5 (E02040) residential wholesale input service, where it is used for the purposes of providing a retail service at \$60 (GST incl.) or less to residential customers at qualifying addresses. For the period 1 September 2022 to 30 June 2024.

Sep-23 “Residential Wholesale Incentive – Targeted Address Campaign”

- Participating RSPs will receive a credit of \$173.91 (GST excl.) upon connection. For the period 1 October 2023 to 30 November 2023.

20. In respect of **disclosure year 2023** only, comment in the box below on progress achieved, work planned, and outstanding steps to be taken to enable the **ID-only regulated provider** to complete and **publicly disclose** Schedule 25(iii) to an individual-**central office** level of geographical aggregation by **disclosure year 2024**.

**Box 17: Disclosure on progress towards reporting of service availability on an individual-central office level**

All services are available at all Central Offices except for our Hyperfibre service, which is only available on a limited basis from our Christchurch Central CO.

*Amendments to previously disclosed information*

21. In the box below, provide information about amendments to previously disclosed information disclosed in accordance with clause 2.11.1 in the last 7 years, including:

21.1 a description of each error; and

**Box 18: Disclosure of amendment to previously disclosed information**

There are no material amendments made in 2024 relating to previously disclosed information.

21.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.11.1 is **publicly disclosed**

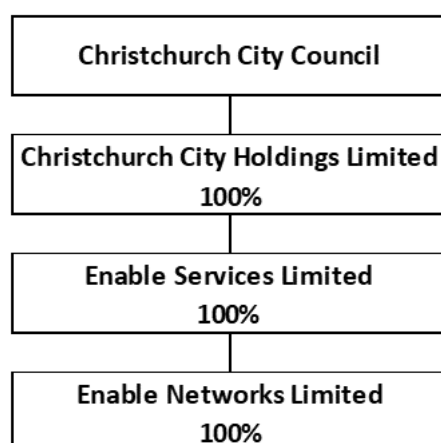
## Appendix A:

In accordance with clause 2.5.4, we outline below information regarding related party transactions.

### Schedule 9

#### Related party transactions

Summarised below are related party procurement transactions entered into by Enable during disclosure year 2024.



Enable Networks Limited is a wholly owned subsidiary of Enable Services Limited. Enable Services Limited is a wholly owned subsidiary of Christchurch City Holdings Limited (CCHL).

CCHL is owned 100% by the Christchurch City Council (CCC).

CCC have subsidiary companies and other related parties with which Enable also transacts business.

These material related parties include:

- Christchurch International Airport Limited (CCHL 75%)
- Lyttelton Port Company Limited (CCHL 100%)
- Orion (CCHL 100%)
- City Care Limited (CCHL 100%)
- EcoCentral Limited (CCHL 100%)
- Development Christchurch Limited (CCHL 100%)
- Venues Otautahi Ltd (CCC 100%)
- Civic Building Ltd (CCC 100%)
- ChristchurchNZ Holdings Ltd (CCC 100%)
- Transwaste Canterbury Ltd (CCC 38.9%)
- CMUA Project Delivery Limited known as Te Kaha Project Delivery Limited (CCC 100%)

Related Party	Principal Activity of Related Party	DY23 Expenditure with Related Party
Christchurch City Council	Christchurch City Council is a Territorial Authority.	<ul style="list-style-type: none"> <li>• Other related party transactions of \$1,915k are Rates for COs and underground infrastructure assets.</li> <li>• Installation expenditure \$25k</li> <li>• Network operations \$3k</li> <li>• Network sustain &amp; enhance \$4k</li> <li>• Corporate opex \$1k</li> </ul>
Christchurch City Holdings Limited	CCHL is the wholly owned commercial arm of CCC.	<ul style="list-style-type: none"> <li>• Corporate opex \$14k</li> </ul>
City Care	The group's activities are: <ul style="list-style-type: none"> <li>• maintenance of amenity assets including water and wastewater, parks and trees</li> <li>• facilities management</li> <li>• construction of vertical and horizontal assets</li> <li>• provision of asset management services</li> </ul>	<ul style="list-style-type: none"> <li>• Network sustain &amp; enhance \$52k</li> </ul>
Orion Limited	Operates the electricity distribution network in Christchurch and Central Canterbury.	<ul style="list-style-type: none"> <li>• Network sustain &amp; enhance \$2k</li> </ul>
Connectics Limited	A subsidiary of Orion Limited.	<ul style="list-style-type: none"> <li>• Network sustain &amp; enhance \$55k</li> </ul>

## Schedule 14b: Mandatory Explanatory Notes on Forecast Information

Company name: Enable Networks  
Limited For disclosure year  
 ended: 30 June 2024

*In this Schedule, clause references are to the Fibre Information Disclosure Determination 2021.*

1. This Schedule requires each **ID-regulated provider** to provide explanatory notes on reports prepared in accordance with clause 2.6.4.
2. This Schedule is mandatory: each **ID-regulated provider** must provide the explanatory comment specified below, in accordance with clause 2.6.4.

*Commentary on difference between nominal and constant price capital expenditure forecasts (Schedule 11)*

3. In the box below, comment on the difference between nominal and constant price **capital expenditure** for the current **disclosure year** and applicable planning period, as disclosed in Schedule 11.

### Box 1: Commentary on difference between nominal and constant price capital expenditure forecasts

As 2024 is the base year, there is no difference between nominal and constant prices in Current Year (CY) Actuals.

The cost increases have been based on the following assumptions:

	CY	CY+1	CY+2	CY+3
Incremental difference	0.0%	3.7%	2.8%	2.6%

*Commentary on difference between nominal and constant price operational expenditure forecasts (Schedule 11a)*

4. In the box below, comment on the difference between nominal and constant price **operational expenditure** for the current **disclosure year** and applicable planning period, as disclosed in Schedule 11a.

**Box 2: Commentary on difference between nominal and constant price operational expenditure forecasts**

	<b>CY</b>	<b>CY+1</b>	<b>CY+2</b>	<b>CY+3</b>
General	0.0%	3.5%	2.5%	2.0%
Wage	0.0%	4.0%	3.0%	3.0%

General inflation is based on an average of trading banks, RBNZ and Treasury forecasts. Wage inflation has been assessed after a review of market surveys.

5. In the boxes below provide information on the link between the forecast expenditure in Schedule 11 and—
  - 5.1. forecast **operational expenditure** in Schedule 11a, and;
  - 5.2. network quality performance (availability and **port utilisation**).

**Box 3a: Commentary on link between the forecast expenditure in Schedule 11 and forecast operational expenditure in Schedule 11a**

Estimated demand forms the basis of operational and establishment capital (Extending the Network / Installations) forecasts.

**Box 3b: Commentary on link between the forecast expenditure in Schedule 11a and network quality performance**

Recurring capital expenditure (Network Sustain & Enhance, Network Capacity, IT and Support) is forecast to ensure network quality performance measures are maintained or enhanced, manage network risk, meet demand growth and evolve products and services.

6. In the box below, provide information on the extent to which forecast expenditure is in respect of innovations that will improve efficiencies within the **fibre network**.

**Box 4: Commentary on the extent to which forecast expenditure is in respect of innovations that will improve efficiencies within the network**

Investment in our network falls into three key areas.

These and the efficiencies they will deliver are:

- **Aggregation:** The investment in new aggregation switch hardware along with accompanying topology and configuration delivers significant improvement in resiliency and traffic capacity along with flexible location of points of interconnection.
- **Access:** Replacement of our OLT equipment provides significant increase in data capacity to customers along with management capability of the network.
- **OSS:** Replacement of our OSS moves us to a modern platform with support for various hardware vendors and notable improvements in our fault detection and service management capabilities.

7. In the boxes below, provide information on the forecasting methodology used for each of **disclosure years** 2022 to 2024, and the progress in developing capability todo 5-year forecasting for,—

7.1 in the case of each **ID-only regulated provider**,—

- (a) the Report on Forecast Capital Expenditure set out in Schedule 11;
- (b) the Report on Forecast Operating Expenditure set out in Schedule 11a;
- (c) the Report on Forecast Capacity and Utilisation set out in Schedule 12;and
- (d) the Report on Forecast Network Demand set out in Schedule 12a;

7.2 in the case of **Chorus**,—

- (a) the Report on Forecast Capacity and Utilisation set out in Schedule 12;and
- (b) the Report on Forecast Network Demand set out in Schedule 12a.



**Box 5a: Methodology used and commentary on progress in developing 5-year forecasting capability for capex and opex**

Enable produces a detailed five-year business plan on an annual basis, to establish capital and operational commitments which provide sufficient information to complete Schedule 11 and Schedule 11a, based on estimated demand forecast which form the basis for completing Schedule 12 and Schedule 12a.

The assumptions for completing the business plan are based on:

- Economic commentary on CPI, Interest and Exchange Rates etc.
- Christchurch District and Long-Term Plans
- Market intel

**Box 5b: Methodology used and commentary on progress in developing 5-year forecasting capability for capacity and utilisation**

As per the commentary in **Box 5a**.

**Box 5c: Methodology used and commentary on progress in developing 5-year forecasting capability for demand**

As per the commentary in **Box 5a**. This will be further refined over time as new systems are implemented as part of the Layer 2 refresh that is currently underway.

8. In the boxes below, each **ID-only regulated provider** must provide information for each of **disclosure years** 2022 to 2024 on **ID-only regulated provider's** progress in developing capability to report historical expenditure and forecast expenditure at **level 2 category** for each of the following reports:

- 8.1 the Report on Operating Expenditure set out in Schedule 5;
- 8.2 the Report on Cost Allocations set out in Schedule 5a;
- 8.3 the Report on Capital Expenditure set out in Schedule 6;
- 8.4 the Report on Comparison of Forecast to Actual Expenditure set out in Schedule 7; and
- 8.5 the Report on Related Party Transactions set out in Schedule 9.

**Box 6: Commentary on progress in developing level 2 category reporting of historical and forecast expenditure**

Enable has enhanced the financial systems and forecasting reporting format so that they align with the level 2 category disclosures for Schedules 5, 6 and 7. Disclosures for Schedule 5a is not applicable as per Enable's S221 Notice submission for the Initial FLA determination, no asset allocations are required as Enable is exclusively involved in the provision of FFLAS.

Related party transactions are identified and captured as part of the Annual Statutory Reports preparation, which ensures that there is sufficient information to complete Schedule 9.

## Schedule 15: Voluntary Explanatory Notes

Company name: Enable Networks Limited

For disclosure year ended: 30 June 2024

*In this Schedule, clause references are to clauses in the body of the Fibre Information Disclosure Determination 2021.*

1. Under clause 2.6.5, this Schedule enables **ID-regulated providers** to provide, should they wish to,—
  - 1.1 additional explanatory comment to the reports required under clauses 2.3.1, 2.3.2, 2.3.4, 2.3.5, 2.4.2, 2.4.3, 2.4.5, and 2.4.6 (as applicable); and
  - 1.2 information on any substantial changes to information disclosed in relation to a prior **disclosure year**, as a result of **wash-ups amounts**.
2. Provide additional explanatory comment in the box below.

### Box 1: Voluntary explanatory comment on disclosed information

Cells marked with n/a or N/A in the schedules mean the information is not applicable, not available or is not required.

Information marked “ECI” in the schedules is Enable Confidential Information.

#### Schedule 3

- The Regulatory Tax Asset base aligns to the Tax Fixed Asset Register, which includes lease assets and liabilities.

#### Schedule 4

- Weighted average expected total life – is determined by the Accounting Policy of the particular asset class.
- Weighted average remaining asset life – is the remaining asset life of all assets by register, weighted by opening net book value.
- As per the FLA submission, we are using a regulatory asset register (via an excel workbook) to produce the RAB. We have ten asset classes within the Fixed Asset Registers (**FAR**), which is in line with the FAR maintained in Business Central.
- Other network assets include leased fibre assets (as per *NZ IFRS 16 Leases*).

**Box 1: Voluntary explanatory comment on disclosed information (continued)**

**Schedule 6 – Report on Capital Expenditure**

- As noted in Schedule 14b, in relation to CAPEX, we run our reporting at the level of detail required for level 1 or 2 categorisation.
- Level 1 categorisations and assumptions include:
  - Extending the network – includes all Greenfields (New property developments) and the creation of new addresses within the existing footprint and extensions to extend coverage.
  - Installations – includes all provisioning CAPEX.
  - Network capacity – includes all access and aggregation Layer 2 CAPEX.
  - Network sustain & enhance - includes all Layer 1 CAPEX and all relevant jobs within Brownfields, not associated with Extending the Network.
  - Network & customer IT – Software developments for Layer 2.
  - Non-network IT – includes all computer hardware and software spend, plus all other non-network spend.

**Schedule 7**

- The totals between Schedule 7 and all applicable Schedule 25 files reconcile, with the exception of movements in monthly provisions / accruals (which are mainly linked to accounting for incentives, and are immaterial in the context of total revenue).

**Schedule 9**

- Other related party transactions represent rates paid to the Christchurch City Council (CCC).

**Schedule 10**

- Note: our Geographic Information System (GIS) does not contain complete data in relation to Fibre Service Leads (provisioning / inside boundary duct and fibre). As per historical precedent, we note the caveat that it is excluded in its entirety for any ID reporting.
- The volumes disclosed as Network Spares represent the safety stock levels for the item, the stock on hand should always exceed this volume, and is captured as part inventory.

**Schedules 11 and 11a**

- Projections such as those related to projected revenue and profitability levels are only predictions. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, any projections are based upon a variety of assumptions that may not be realized, and which are highly variable.

**Schedules 12 and 12a**

- The number of CO to FFPs (Fibre Flexibility Point) with percentage fill greater than 85% is based on all cabinets where the percentage of utilised feeder fibres over total available feeder fibres is greater than 85%.
- These schedules materially align with the expenditure forecasts in schedules 11 and 11a.

**Box 1: Voluntary explanatory comment on disclosed information (continued)**

**Schedule 13**

- This schedule records Enable’s progress to date with working toward completing a full Asset Management Plan and reflects our asset management capability to end of DY24.

**Schedule 20**

**Provisioning**

- As confirmed by the Commission, Enable does not provide any Layer 1 Simple New Connection services.
- Median provisioning time doesn’t accurately reflect provisioning performance as it is influenced by both the mix of address type and customers selecting a preferred date and time rather than the next available slot.
- Layer 1 services include DFAS and ICO services (services that include a Layer 1 component only), whereas Layer 2 services include all Bitstream services (services that include Layer 1 and Layer 2 components).

**Faults**

- As per information from Commerce Commission, acknowledge the change by the Commissioner regarding information disclosure exemption for fibre providers in relation to certain quality reporting requirements that rely on the term “outage” in the Fibre ID Determination 2021, as amended (which relies on the term “outage” in the IM Determination).
- Regarding what Enable counts under “Fault Type” as a “Regulated Provider Faults”, we include any fault that results in cessation of service to an end user that has been caused by Enable. For example, any on property faults (within the boundary of the legal title) that were caused by the end-user **and** the installation was completed to standard are not included. Where any issues have been identified with workmanship or deviation from Enable standards on property, these are included. All off-property faults are included, other than Force Majeure faults, of which there were none.
- Regarding what Enable counts under “Fault Type” as a “Non-Regulated Provider Faults”, we count all faults that have been reported that do not relate to our network, for example when the copper cable connecting the ONT to the modem is damaged or the modem itself is not working.
- Faults are recorded from when our NOC is notified by the RSP or other third party, or for serious faults, when we first observe the fault via our system/alarms. This is in accordance with contractual undertakings and industry protocols. It is nonsensical to record faults when cessation of the service occurs, as we cannot tell whether the cessation is simply the customer turning off the ONT, losing power, etc. We therefore do not collect data for the cessation of service for all faults. For instance, if an end-user turns off their ONT or full power for a short or long period of time while they are away or for whatever reason, we do not count this as a fault. This is why we start the count when our NOC is notified by the RSP.
- The IM Determination defines an outage as a cessation of supply but does not define if this can be linked to when the regulated provider is notified of the outage (as is standard industry protocol). After communications with the Commission on this point, we understand that the Commission will amend the term “outage” in relation to certain quality reporting requirements in the Fibre ID Determination 2021.

**Box 1: Voluntary explanatory comment on disclosed information (continued)**

- For “Percentage of regulated provider faults that met expected restoration time”, we have used the timeframes set out in Enable’s Service Level Terms (on website) as the “expected restoration time”.

**Availability:**

- Enable has updated its reporting to now record actual planned downtime duration, in accordance with the ID Determination.
- “Layer 1” (column D) includes all services that contain a Layer 1 component, and “Layer 2” (column D) includes all services that contain both a Layer 1 component and a Layer 2 component.
  - The split of downtime to either Layer 1 or Layer 2 is not based on the Layer of the impacted product, but rather is based on the type of event that caused the outage, and whether that event that caused the outage took place on a Layer 1 or Layer 2 piece of equipment.
  - Enable’s downtime data is captured in minutes.
  - Unplanned customer outages with high impact.

**Performance:**

- Probes won't collect data if there is a problem with the probe itself, or if there is an outage on the fibre network, or an outage on the Layer 2 network. In both cases, whether an issue with the probe itself, or an outage on the fibre/Layer 2 network, it will be reflected in the reporting. Any additional outage information will be populated within the ‘Textual report on significant changes or network events.’
- In April 2022, Enable wrote to the Commission seeking an exemption from certain quality disclosures in Schedule 20, namely:
  - calculating traffic performance according to some of the requirements for Schedule 22 – namely: 3(a) (in respect of low priority traffic only), 3(b), 3(j), 3(k), 3(o)(ii), and 3(q)-(v).
  - Enable sought an exemption which was then granted by the Commission
  - As of the 22<sup>nd</sup> August 2023, Enable is now compliant against the Performance measure reporting that was in question regarding

**Customer Service:**

- End-user survey results (monthly reporting): End-user survey results: the following outlines the questions asked as part of Enable's Connection Experience survey with end-users.
  1. Installation process satisfaction:
    - When you think about your connection experience, how well did Enable do on making it easy to arrange for fibre broadband to be connected, including the scheduling of any appointments required? (Scale 1-10)
  2. Fibre broadband performance satisfaction:
    - How satisfied are you with the overall performance of your fibre broadband connection? (Scale 1-10)
  3. Installation quality satisfaction:
    - How would you rate Enable on the tidiness and standard of workmanship of the installation? (Scale 1-10)

**Box 1: Voluntary explanatory comment on disclosed information (continued)**

**Customer Service:**

- Results are presented as an average score (out of 10). As only numeric responses are included in the calculation of results, those who respond, 'don't know' are also excluded from the reporting of 'number surveyed'.
- There is a slight variance within numbers surveyed data flow from our 3<sup>rd</sup> party system to Enable's data warehouse which results in +-1-2 surveys out of a collection of 100+ to drop off. This creates an immaterial variance when the survey scores are aggregated up. Reporting processes are currently being updated to reduce variance further.
  - a. Missed provisioning appointments: an appointment is a time booked with the customer for a site visit to undertake a scope or an install. A rescheduling of an appointment to a new date and time creates a new subsequent appointment unless there has already been a reschedule on the same day or the order is going on hold.

**Schedule 25 (i)**

1. Revenue and connection data has been extracted from Enable's financial billing system and monthly reconciliation files. Services have been included where they generated revenue during the disclosure month, based on all connections at the close of the prior month as we bill in advance.
2. Pricing (including connection fees) is left blank when there is either no price or the item has no revenue or new connections for the month. *Note: there are timing differences between connection fees and reported connections for the month.*
3. Where ARPU calculations were generating an "Error" or "#DIV/0!" in the schedule we have amended the formula to denote a "Blank Field" instead.
4. Connection charges are one-off charges that apply when a new customer connects to a FFLAS or other service. Connection charges are not applicable to all products as reflected in the schedule. The calculated Connection ARPU is not accurate in all situations due to timing variances, terminations and activations within the closing volume for the month, and where a reduction in connection volumes occurs (month-on-month).
5. Please refer to our website for a copy of the latest UFB Price List ([Enable Networks Limited – UFB Services Agreement](#)).
6. Historical versions of the price list are available on request.

**Schedule 25 (ii)**

7. Incentives have been included on a cash basis where they have been paid to an RSP within the disclosure month. Incentives are paid in the month(s) following the service becoming active, where the order was placed during the offer eligibility period. Information is taken directly from our billing system.
8. Clawback periods for disconnected or downgraded connections apply for 12 months following their activation under the offer. Accordingly, any offers which have expired will only show clawback amounts from RSPs, where applicable.
9. On the pricing disclosure schedule an 'active incentive' has been treated as active where payment has been made or clawback received in relation to the incentive or clawback, respectively, in the disclosure month.

**Schedule 25 (iii)**

10. In relation to Hyperfibre services, it is important to note that there are some additional geographic restrictions on the service availability within candidate areas noted as a 'Yes' (these res