



**Dividend Distribution**  
**Lines Trust South Canterbury**  
**Methodology**

14 December 2018

Each year, the Lines Trust South Canterbury (the Trust) organizes an annual dividend. This year the Trust has set a dividend to be distributed of \$3,501,516.

The Trust uses the following method to arrive at a dollar per consumer allocation for the annual dividend Distribution.

Step one. The Trust sets the amount to be distributed as a dividend.

Step two. Each load group's line charge revenue is calculated and expressed it as a percentage of total line charge revenue.

Step three. The dividend for each load group is calculated by applying the proportion to the dividend payment as the load group's revenue is to total revenue, as in step two.

Step four. Each consumer is then allocated a share of the load group's dividend pool using the following methodology:

For Low/015/360/IND consumers, the allocation is a fixed amount, calculated by:

*Load group revenue / consumers in load group.*

For Ass/TOU load groups the allocation is based on a 'demand factor' where the assessed demand (in kW) for each load group is summed.

Then the dividend distribution for the load group is divided by the total kW for the load

group to arrive at a dollar per kW figure. This is then applied to the 'demand multiplier'<sup>1</sup> against ICPs in each of the Ass or TOU load groups.

Step five. For 2015 we were instructed to apply a set distribution to consumers on the 015/Low load groups. The figure was slightly higher than that which was calculated using the method above.

The dividend was allocated as per the Trusts instructions with the residual dividend monies becoming the basis for step one above. Once the allocation was made, the Line charge revenue from the 015/Low load groups deducted from the total line charges.

In detail.

Trust advised dividend	\$3,501,516
Trust advised dividend to 015/Low load group	\$60
Number of 015/ Low load group consumers	29,451
Dividend allocation to 015/Low load group	\$1,767,060 (29,451 x \$60)

Remaining Dividend to be allocated among other load groups:

\$1,734,456 (\$3,501,516 less \$1,767,060)

Table 1 below shows the method to apportion the dividend to each load group

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<sup>1</sup> Consumers on these load groups have a demand factor, expressed in kW, which is maximum capacity that can be used at any given time.

**Table 1 Allocation of residual dividend to each load group.**

Load group	Load group Line charge revenue	Total Line charge revenue <sup>2</sup>	% of remaining dividend to be allocates <sup>3</sup>	Remaining dividend allocation dollars
360	\$4,476,646	\$31,252,659	14.3%	\$248,440.42
Ass	\$15,195,041	\$31,252,659	48.6%	\$843,372.69
TOU400	\$4,202,114	\$31,252,659	13.4%	\$233,135.65
TOU11kv	\$1,302,820	\$31,252,659	4.3%	\$72,301.08
Directly billed 1	\$6,076,038	\$31,252,659	19.4%	\$337,206.16
<b>Totals</b>	<b>\$31,252,659</b>	<b>\$31,252,659</b>	<b>100%</b>	<b>\$1,734,456</b>

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<sup>2</sup> Excludes revenue from 015/Low load groups.

<sup>3</sup> Rounded.

Table 2 below shows how each consumer is allocated a share of the dividend from the dividend pool allocated to each load group.

**Table 2 Allocating load group dividend to individual consumers.**

Load Group	Fixed/demand based	Number of consumers in Load group (fixed) or total Kw (demand)	Dividend allocation from Table 1	\$ per consumer unless otherwise stated
360	Fixed	1,266	\$170,872.80	\$201.82
Ass	Demand	143,290 kW	\$600,636.01	\$5.96 per kW
TOU400	Demand	30,879 kW	\$292,307.37	\$7.63 per kW
TOU11kv	Demand	9,815 kW	\$102,792.31	\$7.22 per kW
Directly billed	Fixed	6	\$222,887.88	\$55,721.97 (average)