

STOCK EXCHANGE ANNOUNCEMENT**22 August 2024****Commerce Commission releases final expenditure decision for PQP2**

The Commerce Commission has released its final decision on Chorus' capital and operating expenditure allowances for fibre for the next four-year regulatory period from January 2025.

The total capital expenditure allowance is \$1,140 million (nominal), up from \$1,126 million in the 18 April draft decision. The total operating expenditure allowance is \$790 million (nominal), up from \$691 million in the draft decision.

Chorus Chief Corporate & Regulatory Officer Julian Kersey welcomed improvements to the draft decision that will benefit customers who rely on Chorus' world-class fibre services.

"As requested by the Commission, we provided more information to support our proposal and this has resulted in an uplift of both capital and operating allowances against the Commission's draft decision. We appreciate the Commission's engagement through this process and its careful consideration of the further evidence we provided. This recognises the importance of essential fibre infrastructure in so many New Zealanders' lives, both today and in the future. We look forward to the final Price Quality decision due in Q4 2024, which will reflect today's decision."

Chorus is still reviewing the details of today's decision, but notes that key movements, relative to the draft decision, include:

- A cost allocation methodology that applies more shared costs to fibre than the draft decision, reflecting the declining share of copper in Chorus' operations
- Smaller efficiency-related adjustments to network and non-network opex and IT optimisation
- Approval of additional operating expenditure for self-insurance, advertising and compliance
- Approval of additional capital expenditure for slotted core fibre replacement, customer incentives, resilience and customer connections.

The Commission's final expenditure decision is available [here](#).

Following today's decision, Chorus expects to provide an update on its capital management review at its full year results on Monday 26 August 2024.

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