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## MARLBOROUGH ELECTRIC LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994



# MARLBOROUGH ELECTRIC

Reg. 26(2)

## Form 5

### CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER

We, Peter Joseph Radich and Kenneth John Forrest, directors of Marlborough Electric Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Marlborough Electric Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- (b) The attached information, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Marlborough Electric Limited, and having been prepared for the purposes of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those financial performance measures are based are as at 31 March 1996.

P J Radich

K J Forrest

*(Signatures of directors)*

*(Date)*

3 August 1996

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Christchurch, New Zealand  
PO Box 13-250

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*Price Waterhouse*



**MARLBOROUGH ELECTRIC LIMITED**

**CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS**

We have examined the attached financial statements prepared by Marlborough Electric Limited and dated 31 March 1996 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

*Price Waterhouse*

Chartered Accountants

Christchurch  
9 August 1996

MARLBOROUGH ELECTRIC LIMITED  
FINANCIAL STATEMENTS PREPARED IN ACCORD WITH THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

PROFIT AND LOSS STATEMENT  
Year Ended 31 March 1996

	1995/1996				1994/1995			
	Monopoly Business (Network) \$	Generation Business \$	Competitive Business (Energy Trader) \$	TOTAL BUSINESS \$	Monopoly Business (Network) \$	Generation Business \$	Competitive Business (Energy Trader) \$	TOTAL BUSINESS \$
<b>NOTES</b>								
<b>INCOME</b>	2							
Electricity Sales	11,378,059	4,281,464	13,132,119	28,791,642	9,707,943	4,286,147	12,457,309	26,451,399
Other Income External	218,096	89,193	5,012,882	5,320,171	135,846	50,291	3,807,479	3,993,616
Other Income Internal					911,028		1,370,638	2,281,666
Internals Transfers	84,770	(83,197)	(1,573)	0	228,772	(93,300)	(135,472)	0
<b>TOTAL INCOME</b>	<b>11,680,925</b>	<b>4,287,460</b>	<b>18,143,428</b>	<b>34,111,813</b>	<b>10,983,589</b>	<b>4,243,138</b>	<b>17,499,954</b>	<b>32,726,681</b>
<b>EXPENDITURE</b>	2							
Electricity Purchases from ECNZ	2,226,131		8,573,558	10,799,689	2,039,386		7,954,129	9,993,515
Electricity Purchases from ME Generation	1,259,162		3,016,577	4,275,739	1,259,162		3,026,985	4,286,147
Operation and Maintenance	3,111,124	787,791	3,565,617	7,464,532	3,546,900	271,339	4,110,674	7,928,913
Administration and General	1,529,706	197,846	1,664,379	3,391,931	1,445,152	136,819	1,197,656	2,779,627
Depreciation	1,199,238	526,588	185,831	1,911,657	1,132,398	544,799	165,580	1,842,777
Interest	753,166		90,352	843,516	648,391	44,443	73,681	766,515
<b>TOTAL EXPENDITURE</b>	<b>10,078,527</b>	<b>1,512,225</b>	<b>17,096,314</b>	<b>28,687,066</b>	<b>10,071,389</b>	<b>997,400</b>	<b>16,528,705</b>	<b>27,597,494</b>
<b>NET PROFIT PRIOR TO TAX</b>	<b>1,602,398</b>	<b>2,775,235</b>	<b>1,047,114</b>	<b>5,424,747</b>	<b>912,200</b>	<b>3,245,738</b>	<b>971,249</b>	<b>5,129,187</b>
Taxation Expense	4 580,038	947,526	334,841	1,862,405	314,060	1,071,093	316,788	1,701,941
<b>NET PROFIT AFTER TAX</b>	<b>1,022,360</b>	<b>1,827,709</b>	<b>712,273</b>	<b>3,562,342</b>	<b>598,140</b>	<b>2,174,645</b>	<b>654,461</b>	<b>3,427,246</b>
Dividend Provision	92,979	801,288	530,733	1,425,000		(1,200,000)		(1,200,000)
<b>TRANSFERRED TO RETAINED EARNINGS</b>	<b>929,381</b>	<b>1,026,421</b>	<b>181,540</b>	<b>2,137,342</b>	<b>598,140</b>	<b>974,645</b>	<b>654,461</b>	<b>2,227,246</b>

The accompanying notes form an integral part of these financial statements.

MARLBOROUGH ELECTRIC LIMITED  
FINANCIAL STATEMENTS PREPARED IN ACCORD WITH THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

BALANCE SHEET AS AT 31 MARCH 1996

		As at 31 March 1996				As at 31 March 1995				
		Monopoly Business (Network) \$	Generation Business \$	Competitive Business (Energy Trader) \$	TOTAL BUSINESS \$	Monopoly Business (Network) \$	Generation Business \$	Competitive Business (Energy Trader) \$	TOTAL BUSINESS \$	
NOTES										
<b>CURRENT ASSETS</b>										
		Cash and Bank Balances	627,104	2,251,903	2,965,109	5,844,116	714,122	918,157	2,312,371	3,944,650
	6	Accounts Receivable	598,227	5,513	2,552,880	3,156,620	230,902	57,914	3,034,116	3,322,932
	7	Inventories	1,049,007		618,974	1,667,981	1,137,843		689,984	1,827,827
<b>TOTAL CURRENT ASSETS</b>			<b>2,274,338</b>	<b>2,257,416</b>	<b>6,136,963</b>	<b>10,668,717</b>	<b>2,082,867</b>	<b>976,071</b>	<b>6,036,471</b>	<b>9,095,409</b>
<b>CURRENT LIABILITIES</b>										
	8	Creditors and Accruals	1,210,982	(248,951)	1,349,777	2,311,808	1,037,238	(126,382)	1,246,567	2,157,423
		Provision for Tax	(2,825)	2,975	(9,459)	(9,309)		(24,380)	215,561	191,181
		Provision for Dividend	92,979	801,288	530,733	1,425,000	1,200,000			1,200,000
		Customer Deposits			236,835	236,835			246,585	246,585
<b>TOTAL CURRENT LIABILITIES</b>			<b>1,301,136</b>	<b>555,312</b>	<b>2,107,886</b>	<b>3,964,334</b>	<b>1,037,238</b>	<b>1,049,238</b>	<b>1,708,713</b>	<b>3,795,189</b>
<b>WORKING CAPITAL</b>			<b>973,202</b>	<b>1,702,104</b>	<b>4,029,077</b>	<b>6,704,383</b>	<b>1,045,629</b>	<b>(73,167)</b>	<b>4,327,758</b>	<b>5,300,220</b>
<b>NON CURRENT ASSETS (at cost)</b>										
	10	Less Depreciation	25,901,543	26,716,341	1,888,811	54,506,695	24,744,760	26,456,183	1,721,664	52,922,607
	10		8,592,422	8,135,916	1,196,045	17,924,383	7,413,175	7,612,140	1,048,159	16,073,474
<b>TOTAL NON CURRENT ASSETS</b>			<b>17,309,121</b>	<b>18,580,425</b>	<b>692,766</b>	<b>36,582,312</b>	<b>17,331,585</b>	<b>18,844,043</b>	<b>673,505</b>	<b>36,849,133</b>
<b>NON CURRENT LIABILITIES</b>		9	<b>7,800,000</b>		<b>1,000,000</b>	<b>8,800,000</b>	<b>8,800,000</b>		<b>1,000,000</b>	<b>9,800,000</b>
<b>NET ASSETS</b>			<b>10,482,323</b>	<b>20,282,529</b>	<b>3,721,843</b>	<b>34,486,695</b>	<b>9,577,214</b>	<b>18,770,876</b>	<b>4,001,263</b>	<b>32,349,353</b>
<b>REPRESENTED BY SHAREHOLDERS EQUITY:</b>										
	5	Issued and Paid Up Capital	8,736,142	16,047,638	3,216,220	28,000,000	8,736,142	16,047,638	3,216,220	28,000,000
		Share Premium Reserve		1,025,894		1,025,894		1,025,894		1,025,894
		Retained Earnings	1,746,181	3,208,997	505,623	5,460,801	841,073	1,697,343	785,043	3,323,459
<b>TOTAL SHAREHOLDERS EQUITY</b>			<b>10,482,323</b>	<b>20,282,529</b>	<b>3,721,843</b>	<b>34,486,695</b>	<b>9,577,215</b>	<b>18,770,875</b>	<b>4,001,263</b>	<b>32,349,353</b>

The accompanying notes form an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 1996

### 1. STATEMENT OF ACCOUNTING POLICIES

These financial statements are for the reporting entity Marlborough Electric Limited, a public company registered under the Companies Act 1955 and established pursuant to the Energy Companies Act 1992.

These financial statements have been prepared in accordance with the requirements of Regulation 6 of Electricity (Information Disclosure) Regulations 1994.

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

The financial statements comprise separate profit and loss statements and balance sheets for the Monopoly Business (Network operator), the Generation Business and the Competitive Business (Energy Trading, Appliance Trading and Contracting).

#### (a) GOODS AND SERVICES TAX (GST)

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables which include GST invoiced.

#### (b) INCOME TAX

The taxation charge is the estimated liability payable in respect of the accounting profit for the year adjusted for non assessable income and non deductible costs and including any adjustment in respect of prior years. Deferred taxation is not recognised as the timing differences are not expected to reverse within the foreseeable future. This is the partial basis of accounting for deferred taxation.

#### (c) RECEIVABLES

Receivables are stated at the amount they are expected to realise. An estimate for doubtful debts is made and bad debts are written off during the year in which they are identified.

#### (d) INVENTORIES

Inventories are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with chargeable overheads.

#### (e) FIXED ASSETS AND DEPRECIATION

The cost of purchased fixed assets is the consideration given to acquire the asset and any other directly attributable costs incurred in bringing the asset into service.

The cost of assets constructed by the Company includes all materials used in construction, direct labour and a proportion of related overheads.

Decisions relating to the expensing or capitalising of reticulation expenditure are made in accordance with the rules provided by the Inland Revenue Department. Expenditure incurred on existing reticulation assets is capitalised to the extent that the system is enhanced. Full depreciation accounting is used.

Capital contributions are credited against the value of the reticulation assets.

Depreciation rates used are:

Generation system:	Powerhouses and buildings	1% on cost price
	Dams, headworks etc	1% on cost price
	Transmission lines	5% on diminishing value
Other assets:	Generating equipment and plant	10% on diminishing value
	Buildings (concrete)	1% on cost price
	Buildings (wooden)	2% on cost price
	Reticulation system (global)	5% on cost price
	Reticulation system (from 1.4.87)	5% on diminishing value
	Substation equipment	7.5% on diminishing value
	Metering equipment	10% on diminishing value
	Plant	10% on diminishing value
Motor Vehicles, office, communications	20% on diminishing value	

Note: These rates apply to the larger portion of Marlborough Electrics assets. Assets purchased after 31 March 1993 have been depreciated in accord with the new determinations issued by the Inland Revenue Department.

(f) RESEARCH AND INVESTIGATION EXPENDITURE

Research and investigation costs are charged to expense in the year in which they are incurred. Development expenditure is capitalised to the extent that future benefits are expected to accrue.

(g) EMPLOYEE ENTITLEMENTS

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees.

(h) FINANCIAL INSTRUMENTS

Financial instruments carried in the statement of financial position include cash and bank balances, receivables trade creditors and borrowings. These instruments are generally carried at their estimated fair value. For example receivables are carried net of the related provision for doubtful debts. The particular recognition methods are disclosed in the notes for each item.

(i) CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year.  
All policies have been applied on bases consistent with those used in the prior year.

2. NET PROFIT BEFORE TAXATION

	1995/1996				1995/1995			
	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS
	\$	\$	\$	\$	\$	\$	\$	\$
The operating surplus before taxation has been determined after:								
Charging as expense								
Audit Fees Paid to Principal Auditor	23,500			23,500	14,500	1,000	8,000	23,500
Fees Paid for Other Services Provided by the Principal Auditor	75,698			75,698	13,338			13,338
Directors Fees	86,199			86,199	49,089	3,699	18,355	71,143
Other Remuneration to Directors	176,668			176,668	150,971			150,971
Depreciation	1,199,238	526,588	185,831	1,911,657	1,132,398	544,799	165,580	1,842,777
Interest on Term Debt	753,166		90,352	843,518	648,391	44,443	73,681	766,515
Research Expenditure		456,445		456,445		28,537		28,537
Bad Debts Written Off			25,977	25,977			28,454	28,454
Increase in Estimated Bad Debts			4,800	4,800			4,800	4,800
Donations (Educational Grants)	13,980			13,980	12,000			12,000
Rental Expense on Operating Leases	7,933		12,576	20,509	2,600		11,844	14,444
Loss on Sale of Fixed Assets			437	437			(1,364)	(1,364)
Crediting								
Interest on Investments	53,053	89,193	147,384	289,630	58,092	50,291	87,996	196,379

Research expenditure includes an amount of \$275,252 relating to hydro investigation expenditure previously capitalised in respect of projects which will now not be proceeded with.

### 3. GENERATION OPERATIONS

Marlborough Electric's own generation provided 70 GWh (1995 69 GWh)

### 4. TAXATION

4.1 Taxation Charge	1995/1996				1994/1995			
	MONOPOLY BUSINESS (Network) \$	GENERATION \$	COMPETITIVE BUSINESS (Energy Trader) \$	TOTAL BUSINESS \$	MONOPOLY BUSINESS (Network) \$	GENERATION \$	COMPETITIVE BUSINESS (Energy Trader) \$	TOTAL BUSINESS \$
Net Surplus Before Tax	1,602,399	2,775,235	1,047,113	5,424,747	912,200	3,245,738	971,249	5,129,187
Add/(Deduct)								
Non Deductible Costs	129,453	96,056		225,509	20,476		4,816	25,292
Non Assessable Income	(395)	(494)		(889)	1,544		(16,105)	(14,561)
Taxable Income	1,731,457	2,870,797	1,047,113	5,649,367	934,220	3,245,738	959,960	5,139,918
Taxation Charge @ 33%	581,924	947,526	334,841	1,864,291	308,292	1,071,093	316,788	1,696,173
Prior Year Under/(Over) Provision	(1,886)			(1,886)	5,768			5,768
Tax Expense	580,038	947,526	334,841	1,862,405	314,060	1,071,093	316,788	1,701,941

#### 4.2 Tax Effect of Timing Differences

Deferred Tax is not recognised in the financial statements as timing differences are not expected to reverse in the foreseeable future. The main timing difference relates to holiday pay accrued for accounting purposes but not deductible. If deferred tax was established on this item there would be a deferred tax asset of \$90,000.

#### 4.3 Imputation Credit Account

(Marlborough Electric Ltd, Total Company)

	Year Ended 31 March 1996 \$	Year Ended 31 March 1995 \$
Balance at Beginning of Year	2,080,021	993,439
Less: Imputation credits attached to dividends paid in the year	(591,045)	(394,030)
Add: Income tax payments during the year	2,062,895	1,480,612
Balance at End of Year	3,551,871	2,080,021

### 5. SHAREHOLDERS EQUITY

5.1 Marlborough Electric's shares are held by the trustees to the Marlborough Electric Power Trust.

#### 5.2 Share Capital.

Authorised	28,000,000 ordinary shares of \$1 each	\$28,000,000
Issued and Paid Up	28,000,000 ordinary shares of \$1 each	\$28,000,000

	NETWORK	GENERATION	ENERGY	TOTAL BUSINESS
Issued and Paid Up	8,736,142	16,047,638	3,216,220	8,000,000

There have been no changes to issued and paid up capital during the 1995/96 financial year.



## 6. ACCOUNTS RECEIVABLE

	As at 31 March 1996				As at 31 March 1995			
	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS
The balance of accounts receivable comprises	\$	\$	\$	\$	\$	\$	\$	\$
Electricity and other trade debtors	598,227	5,513	1,769,608	2,373,348	230,902	57,914	2,064,517	2,353,333
Hire Purchase Debtors			853,846	853,846			1,035,373	1,035,373
Less Estimated Doubtful Debts			(70,574)	(70,574)			(65,774)	(65,774)
<b>Total</b>	<b>598,227</b>	<b>5,513</b>	<b>2,552,880</b>	<b>3,156,620</b>	<b>230,902</b>	<b>57,914</b>	<b>3,034,116</b>	<b>3,322,932</b>

The majority of hire purchase contracts are written on an interest free basis. The fair value of hire purchase debts is considered not materially different to the carrying value.

## 7. INVENTORIES

	1995/1996				1994/1995			
	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS
	\$	\$	\$	\$	\$	\$	\$	\$
Reticulation Stock	1,049,007		10,631	1,059,638	1,137,842			1,137,842
Work in Progress (at cost)			69,593	69,593			185,604	185,604
Retail trading Stock			538,750	538,750			504,381	504,381
<b>Total</b>	<b>1,049,007</b>		<b>618,975</b>	<b>1,667,981</b>	<b>1,137,842</b>		<b>689,985</b>	<b>1,827,827</b>

Some inventories are subject to retention of title clauses.

## 8. CREDITORS AND ACCRUALS

	As at 31 March 1996				As at 31 March 1995			
	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS
Balance of creditors, accruals etc comprises:	\$	\$	\$	\$	\$	\$	\$	\$
Trade Creditors and Accruals	1,092,970	(248,951)	1,211,275	2,055,300	904,693	(126,382)	1,076,696	1,855,007
Employee Entitlements	118,006		138,502	256,508	132,545		169,871	302,416
Customer deposits			236,835	236,835			246,585	246,585
<b>Total</b>	<b>1,210,982</b>	<b>(248,951)</b>	<b>1,586,612</b>	<b>2,548,643</b>	<b>1,037,238</b>	<b>(126,382)</b>	<b>1,493,152</b>	<b>2,404,008</b>

The debit balance under Generation originates from the internal costing of local generation to energy Trading as at 31 March 1996.

## 9. TERM LOANS

	As at 31 March 1996				As at 31 March 1995			
	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS
	\$	\$	\$	\$	\$	\$	\$	\$
Term Debt Facility	7,800,000		1,000,000	8,800,000	8,800,000		1,000,000	9,800,000
Maturity Date	30 April 1997							

No security has been issued in respect of Marlborough Electric's term loans. Interest Rate linked to the 90 Day Bank Bill Rate (National Bank buy rate). The effective rate at 31 March 1996 was 9.38% (1995 9.56%)

## 10. DIVIDEND PAYMENTS

As at 31 March 1995 the provision for dividend in the Generation business unit totalled \$1,200,000. When the dividend was paid to the Company's shareholders in July 1995, cash flow requirements dictated that the payment be sourced as follows:

	\$
Network Operator	24,275
Generation business unit	714,767
Energy Trader	460,958
	<hr/>
Total	1,200,000

The retained earnings balances brought forward for each business were adjusted for these payments.

## 11. NON CURRENT ASSETS

11.1 Table of Fixed Assets	1995/96				1994/1995			
	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS	MONOPOLY BUSINESS (Network)	GENERATION	COMPETITIVE BUSINESS (Energy Trader)	TOTAL BUSINESS
	\$	\$	\$	\$	\$	\$	\$	\$
Land	477,678	67,205		544,883	477,677	40,205		517,882
Buildings	3,955,163			3,955,163	3,799,511			3,799,511
Less Depreciation	(675,349)			(675,349)	(721,175)			(721,175)
	3,279,814			3,279,814	3,078,336			3,078,336
Generation Assets		26,093,180		26,093,180		26,375,890		26,375,890
Less Depreciation		(8,117,647)		(8,117,647)		(7,601,056)		(7,601,056)
		17,975,533		17,975,533		18,774,834		18,774,834
Reticulation System	19,822,103			19,822,103	19,106,728			19,106,728
Less Depreciation	(6,859,113)			(6,859,113)	(5,869,205)			(5,869,205)
	12,962,990			12,962,990	13,237,523			13,237,523

11.1 Table of Fixed Assets	1995/96				1994/1995			
	MONOPOLY BUSINESS (Network) \$	GENERATION \$	COMPETITIVE BUSINESS (Energy Trader) \$	TOTAL BUSINESS \$	MONOPOLY BUSINESS (Network) \$	GENERATION \$	COMPETITIVE BUSINESS (Energy Trader) \$	TOTAL BUSINESS \$
Plant and Equipment Less Depreciation	1,108,988 (804,777)	78,412 (18,269)	943,567 (549,298)	2,130,967 (1,372,344)	997,535 (587,832)	40,088 (11,084)	817,102 (461,319)	1,854,725 (1,060,235)
	304,211	60,143	394,269	758,623	409,703	29,004	355,783	794,490
Motor Vehicles Less Depreciation	372,245 (253,183)		945,244 (646,747)	1,317,489 (899,930)	363,309 (234,963)		904,563 (586,841)	1,267,872 (821,804)
	119,062		298,497	417,559	128,346		317,722	446,068
Capital Work in Progress	165,366	477,544		642,910				
<b>Total</b>	<b>17,309,121</b>	<b>18,580,425</b>	<b>692,766</b>	<b>36,582,312</b>	<b>17,331,585</b>	<b>18,844,043</b>	<b>673,505</b>	<b>36,849,133</b>

## 11.2 Valuation

The most recent Government valuation of land and improvements was undertaken as at September 1993 and resulted in the following values being ascribed to properties owned by Marlborough Electric. The table has been adjusted for the purchase and disposal of property since September 1993.

	Land \$	Improvements \$
Hydro Electric Stations	277,500	15,037,500
Other properties	1,129,650	4,150,800
<b>Total</b>	<b>1,407,150</b>	<b>19,188,300</b>

## 12. CAPITAL CONTRIBUTIONS

Customer capital contributions totalling \$91,207 (1995 \$59,324) were credited against the cost of reticulation assets during the year. As at 31 March 1996 the accumulated value of such contributions credited to fixed assets was \$1,939,122. (1995 \$1,847,915).

## 13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments as at 31 March 1996 total \$2,794,000. (1995 \$59,324)

Included in this total are commitments to purchase turbine, generator and transformer equipment in Sweden and Australia as at 31 March 1996. This equipment is part of an upgrade in progress at the Waihopai Power Station. The value of forward exchange commitments in respect of these contracts is detailed in Note 14.

The Company has an obligation to meet retirement gratuities for some of its employees. Actual payment is consequential upon retirement. These payments are expensed as they fall due. The cost in any one year is not considered material. Apart from this there are no other contingent liabilities. (1995 nil)

## 14. FINANCIAL INSTRUMENTS

### 14.1 Fair Value

The carrying value of cash and bank balance is equivalent to their fair value.

Information on the fair values of other financial instruments recognised in the financial statements is included in the relevant notes to the financial statements.

**14.2 Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits, short term investments and debtors. The maximum credit risk is the book value of these financial instruments however, the Company considers the risk of non recovery of these amounts to be minimal.

The Company places its cash deposits with high credit quality financial institutions. Concentration of credit risk with respect to accounts receivable is limited due to the large number of customers. The Company holds hire purchase contracts over home appliances sold on the basis of time payment.

**14.3 Forward Exchange Contracts**

The following contracts were in place at balance date in respect of turbine, generator and transformer equipment being sourced in Sweden and Australia for the Waihopai Power Station Upgrade.

	Due Date	Rate Fixed Forward	Commitment \$NZ	Rate at 31.3.96
Waihopai Power Scheme upgrade				
Turbines and Generators No1	28 June 1996	SEK4.7029/\$NZ	684,259	SEK4.4632/\$NZ
No2 (final)	1 Nov 1996	SEK4.7085/\$NZ	113,817	SEK4.4632/\$NZ
Transformers No 1(final)	26 Aug 1996	AUD .8939/\$NZ	71,295	AUD .8621/\$NZ

**15. RELATED PARTIES**

Related party transactions involve the advance of short term funds to (and the subsequent repayment from) the Marlborough Electric Power Trust. The Company dividend is also paid to the same Trust. The Company paid dividends totalling \$1,200,000 to the trust and the company charged the trust \$6,750 for secretarial services. As at 31 March 1996 the Trust owed \$19,475 to the Company.

The Company contracted with parties associated with certain Directors of Marlborough Electric Ltd. These transactions involve the provision of legal and consulting services at normal commercial rates.

	1995/96	1994/95
Radich Dwyer Hardy-Jones Clark (PJ Radich)	\$43,559	\$19,111
E-Dec Limited (EA Hudson)	\$118,126	\$77,380

**16. SEGMENTAL INFORMATION**

The Company operates predominantly in the electricity distribution sector and undertakes generation, purchase, distribution and sale of electricity, the sale of associated electrical appliances and the construction and maintenance of electric lines in the Marlborough region.

**17. COMMITMENT FOR FUTURE ENERGY PURCHASES**

The Company has entered into wholesale electricity contracts for the purchase of a proportion of its energy needs for the six month period ended 30 September 1996. Under these contracts the company buys fixed quantities of electricity forward at fixed prices (hedge prices).

**18. SUBSEQUENT EVENTS**

After balance date the company purchased a 50% holding in Nelson Electricity Limited at a cost of \$15.125m. This purchase has no effect on the financial results for the year to 31 March 1996.

Price Waterhouse Centre  
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*Price Waterhouse*



**MARLBOROUGH ELECTRIC LIMITED**

**CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS**

We have examined the attached information, being :-

- (a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part II of that Schedule,

and having been prepared by Marlborough Electric Limited and dated 31 March 1996 for the purposes of regulation 13 of those regulations.

We certify that, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

Christchurch  
9 August 1996

*Price Waterhouse*  
Chartered Accountants



## MARLBOROUGH ELECTRIC

### PERFORMANCE MEASURES FOR THE LINE BUSINESS PREPARED IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

#### 1. Financial Performance Measures

	1995/96	1994/95
(a) Accounting Return on Total Assets	2.7%	1.4%
(b) Accounting Return on Equity	1.2%	0.2%
(c) Accounting Rate of Profit	1.7%	0.7%

#### 2. Efficiency Performance Measures

(a) Direct Line Costs per Kilometre	\$1,246	\$1,428
(b) Indirect Line Costs per Customer	\$79	\$76

**MARLBOROUGH ELECTRIC LIMITED**

ALFRED STREET, P.O. BOX 144, BLENHEIM, NEW ZEALAND. TELEPHONE 0-3-578 4039. FAX 0-3-578 0771

**Energy Delivery Efficiency Performance Measures**

(Electricity (Information Disclosure) Regulations 1994 First Schedule Part III 1)

	<b>1995/96</b>	<b>1994/95</b>
a) Load Factor	59.574	58.248
Electricity entering the system (kWh)	277,717,881	260,009,825
Maximum demand (kW)	53,071	50,957
Hours Per Year	8,784	8,760
b) Loss Ratio	7.321	6.533
Losses of electricity (kWh)	20,331,692	16,986,908
Electricity entered the system (kWh)	277,717,881	260,009,825
c) Capacity Utilisation	28.6	31.1
Maximum Demand (kW)	53,071	50,957
Transformer Capacity (kVA)	185,842	163,712

### Statistics

(Electricity (Information Disclosure) Regulations 1994 First Schedule Part III 2)

a)	System Length Break Down		
		<b>1995/96</b>	<b>1994/95</b>
	33kV	257.700 km	257.030 km
	11kV	1,910.655 km	1,895.055 km
	6.6kV	51.160 km	51.159 km
	L.V	<u>274.370 km</u>	<u>280.780 km</u>
	Total	<u>2,493,885</u>	<u>2,484.024</u>
b)	Circuit Length of Overhead System		
		<b>1995/96</b>	<b>1994/95</b>
	33kV	256.080 km	255.830 km
	11kV	1,873.585 km	1,886.573 km
	6.6kV	51.160 km	51.159 km
	L.V	<u>217.135 km</u>	<u>215.538 km</u>
	Total	<u>2,397.960</u>	<u>409.100</u>
c)	Circuit Length of Underground System		
		<b>1995/96</b>	<b>1994/95</b>
	33kV	1.620 km	1.200 km
	11kV	37.070 km	8.482 km
	6.6kV	- km	- km
	L.V	<u>57.235 km</u>	<u>65.242 km</u>
	Total	<u>95.925</u>	<u>74.924</u>
d)	Transformer Capacity in kVA As At 31 March		
		<b>1996</b>	<b>1995</b>
		184,970 kVA	163,712 kVA
e)	Maximum Demand		
		<b>1995/96</b>	<b>1994/95</b>
		53,071 kW	50,957 kW
f)	Total Electricity Supplied from the System		
		<b>1995/96</b>	<b>1994/95</b>
		257,386,189 kWh	243,022,917 kWh
g)	Total Electricity Conveyed Through the System on behalf of another person.		
		<b>1995/96</b>	<b>1994/95</b>
		8,687,882 kWh	0 kWh
h)	Total Customer Average		
		<b>1995/96</b>	<b>1994/95</b>
		19,300 Customers	19,031 Customers



### Reliability Performance Measures

(Electricity (Information Disclosure) Regulations 1994 First Schedule Part IV)

1. Number of Interruptions by Class

Class	Description	1995/96 Interruptions	1994/95 Interruptions
A	Trans Power Planned	1	0
B	ME Ltd Planned	132	68
C	ME Ltd Unplanned	180	308
D	Trans Power Unplanned	2	5
E	ECNZ Unplanned	0	0
F	Other Generation Unplanned	0	0
G	Other	0	0
	Total	<u>315</u>	<u>381</u>

2. The Total Number of Faults Per 100km of Line Over 3.3kV

	1995/1996 8.2 Faults per 100 km	1994/95 14.2 Faults per 100 km
Faults	182	313
Prescribed Line	2219.515	2203.244

3. The Total Number of Faults Per 100km of Underground Cable Over 3.3kV

	1995/96			1994/95		
	Faults	kM of Cable	Faults per 100kM	Faults	kM of Cable	Faults per 100kM
33kV	-	1.620	nil	-	1.200	nil
11kV	3	37.070	8.1	2	8.482	23.6
Total	3	38.690	7.8	2	9.682	20.7

4. The Total Number of Faults Per 100km of Overhead Line Over 3.3kV

	1995/96			1994/95		
	Faults	kM of Cable	Faults per 100kM	Faults	kM of Cable	Faults per 100kM
33kV	-	256.080	nil	16	255.830	6.3
11kV	177	1,873.585	9.4	295	1,886.573	15.6
6.6kV	-	51.160	nil	-	51.159	nil
Total	177	2,180.825	8.1	311	2,194	14.2

5. The SAIDI For the Total Interruptions  
(SAIDI = System Average Interruption Duration Index)

1995/96	1994/95
226 Customer/Minutes	258 Customer/Minutes

## 6. The SAIDI for the Per Interruption Class

Class	Description	1995/96	1994/95
		Customer/Minutes	Customer/Minutes
A	Trans Power Planned	61	-
B	ME Ltd Planned	88	70
C	ME Ltd Unplanned	62	129
D	Trans Power Unplanned	15	59
E	ECNZ Unplanned	-	-
F	Other Generation Unplanned	-	-
G	Other	-	-
	Total	<u>226</u>	<u>258</u>

7. The SAIFI for the Total Interruptions  
(SAIFI = System Average Interruption Frequency Index)

1995/96	1994/95
4.91	7.12

## 8. The SAIFI for the Per Interruption Class

Class	Description	1995/96	1994/95
		Customer/Minutes	Customer/Minutes
A	Trans Power Planned	1.40	-
B	ME Ltd Planned	1.02	0.37
C	ME Ltd Unplanned	1.26	1.86
D	Trans Power Unplanned	1.23	4.88
E	ECNZ Unplanned	-	-
F	Other Generation Unplanned	-	-
G	Other	-	-
	Total	<u>4.91</u>	<u>7.12</u>

9. The CAIDI for the Total Interruptions  
(Customer Average Interruption Duration Index)

1995/96	1994/95
46.04 Customer Minutes	36.28 Customer/Minutes

## 10. The CAIDI for the Per Interruption class

Class	Description	1995/96	1994/95
		Customer/Minutes	Customer/Minutes
A	Trans Power Planned	60.00	-
B	ME Ltd Planned	62.98	187.63
C	ME Ltd Unplanned	50.47	69.24
D	Trans Power Unplanned	11.98	12.10
E	ECNZ Unplanned	-	-
F	Other Generation Unplanned	-	-
G	Other	-	-

**ODV OF SYSTEMS FIXED ASSETS  
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994  
REGULATION 14(A)**

ODV for the 1995/96 year is                      \$76,004,261



