

New Zealand Gazette

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HAWKE'S BAY POWER DISTRIBUTION LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

HAWKE'S BAY POWER

PO Box 555, Hastings

Telephone (06) 878-7119 Fax (06) 876-3009

**HAWKE'S BAY POWER DISTRIBUTION LTD
1996 INFORMATION DISCLOSURE (GAZETTED)**

	Regulation
Certification by Directors of Financial Statements Performance Measures and Statistics	26(2)
Certification by Auditor in Relation to Financial Statements	25(2)
Financial Statements	6(2) and (3)
Certification by Auditor of Performance Measures	25(3)
Financial Performance and Efficiency Performance	13, 14 and First Schedule, Part II
ODV Valuation	14 (A)
Energy Delivery Efficiency Performance	14 and First Schedule, Part III
Reliability Performance	16 and First Schedule, Part IV

HAWKE'S BAY POWER

PO Box 555, Hastings

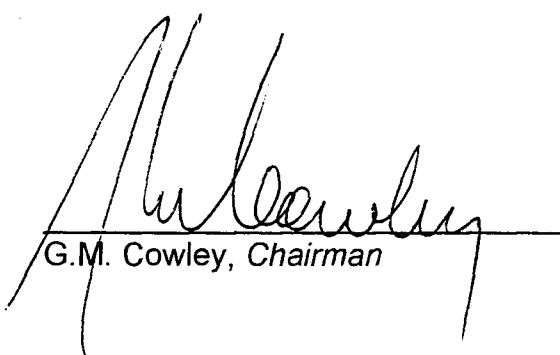
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**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER**

We, Graham Mitchell Cowley and Alan Vernon Berry, directors of Hawke's Bay Power Distribution Ltd certify that, having made all reasonable enquiry, to the best of our knowledge -

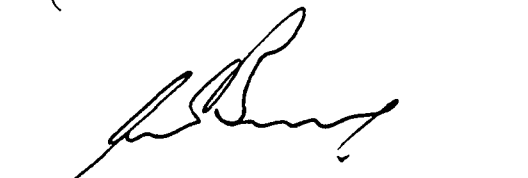
- a) The attached audited financial statements of Hawke's Bay Power Distribution Ltd, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; 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 Hawke's Bay Power Distribution Ltd, 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, 1994.



G.M. Cowley, *Chairman*

9 August, 1996



A.V. Berry, *Director*

9 August, 1996



Audit New Zealand

REPORT OF THE AUDIT OFFICE

We have examined the attached financial statements prepared by Hawke's Bay Power Distribution Limited dated 9 August 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.

A handwritten signature in black ink, appearing to read 'B J Smith'.

B J Smith
Audit New Zealand
On behalf of the Controller and Auditor-General
9 August 1996
Napier, New Zealand

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

IMPORTANT NOTE

The information disclosed in these financial statements has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1994.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purpose other than the intended under the Regulations.

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 Lines Business \$000	1995 Lines Business \$000	1996 Other Businesses \$000	1995 Other Businesses \$000
REVENUE					
Energy		-	-	38,092	36,603
Distribution		15,291	13,750	-	-
Transmission		12,526	12,395	-	-
Other		68	153	9,696	9,840
		<u>27,885</u>	<u>26,298</u>	<u>47,788</u>	<u>46,443</u>
EXPENSES					
Energy		-	-	36,361	35,799
Transmission		12,782	12,785	-	-
Operations		11,700	11,148	9,248	9,324
Depreciation		3,280	4,747	73	52
		<u>27,762</u>	<u>28,680</u>	<u>45,682</u>	<u>45,175</u>
OPERATING SURPLUS (LOSS) BEFORE INTEREST & TAX					
		123	(2,382)	2,106	1,268
LESS: Interest Expense		701	835	-	-
		<u></u>	<u></u>	<u></u>	<u></u>
OPERATING SURPLUS (LOSS) BEFORE TAXATION					
	4	(578)	(3,217)	2,106	1,268
Taxation Expense (Benefit)	3	(85)	(928)	695	414
		<u></u>	<u></u>	<u></u>	<u></u>
NET OPERATING SURPLUS (LOSS) AFTER TAXATION					
		(493)	(2,289)	1,411	854
		<u></u>	<u></u>	<u></u>	<u></u>

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 1996

	1996 Lines Business \$000	1995 Lines Business \$000	1996 Other Businesses \$000	1995 Other Businesses \$000
Equity at 1 April	57,756	60,045	7,599	6,745
Net Operating Surplus (Loss) for the year	(493)	(2,289)	1,411	854
	<u>57,263</u>	<u>57,756</u>	<u>9,010</u>	<u>7,599</u>
EQUITY AT 31 MARCH				

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1996

	Notes	1996 Lines Business \$000	1995 Lines Business \$000	1996 Other Businesses \$000	1995 Other Businesses \$000
SHAREHOLDERS' FUNDS					
Share Capital	7	58,000	58,000	6,000	6,000
Share Premium Reserve		2,661	2,661	-	-
Retained Earnings		(3,398)	(2,905)	3,010	1,599
		<u>57,263</u>	<u>57,756</u>	<u>9,010</u>	<u>7,599</u>
<i>Represented by:</i>					
NON CURRENT ASSETS					
Fixed Assets	8	62,483	62,248	235	208
Future Taxation Benefits	3	466	562	7	-
Other Investments		6	8	-	-
		<u>62,955</u>	<u>62,818</u>	<u>242</u>	<u>208</u>
CURRENT ASSETS					
Cash		(663)	1,497	2,903	4,877
Receivables and Prepayments	9	3,528	3,428	5,628	5,167
Inventories		1,720	1,870	983	987
Work in Progress		152	155	10	3
Taxation Refund Due		-	-	105	105
Inter-Company Advance		-	-	3,000	-
		<u>4,737</u>	<u>6,950</u>	<u>12,629</u>	<u>11,139</u>
TOTAL ASSETS		<u>67,692</u>	<u>69,768</u>	<u>12,871</u>	<u>11,347</u>
NON CURRENT LIABILITIES					
Term Debt	10	4,100	6,100	-	-
Deferred Taxation	3	527	-	-	6
Inter-Company Advance		3,000	-	-	-
		<u>7,627</u>	<u>6,100</u>	<u>-</u>	<u>6</u>
CURRENT LIABILITIES					
Accounts Payable and Accruals		2,003	2,044	3,796	3,681
Taxation Payable	3	122	122	-	-
Current Portion of Term Liabilities		-	3,050	-	-
Employee Entitlements		677	696	65	61
		<u>2,802</u>	<u>5,912</u>	<u>3,861</u>	<u>3,742</u>
TOTAL LIABILITIES		<u>10,429</u>	<u>12,012</u>	<u>3,861</u>	<u>3,748</u>
NET ASSETS EMPLOYED		<u>57,263</u>	<u>57,756</u>	<u>9,010</u>	<u>7,599</u>

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

1 ACCOUNTING ENTITY

These financial statements have been derived from the consolidated financial statements of Hawke's Bay Power Distribution Limited and Subsidiary as required by Regulation 6(5) of the Electricity (Information Disclosure) Regulations 1994. The statements reflect the financial performance and financial position of the "lines business" and "other businesses" as defined and required by the Regulations for the year ended 31 March 1996.

These financial statements have been prepared in accordance with the Electricity Disclosure Guidelines as issued by the Ministry of Commerce dated 23 June 1994 and are presented solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994. They have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

2 STATEMENT OF ACCOUNTING POLICIES
Measurement System

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Company.

Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of profit and the financial position have been applied.

a) Fixed Assets

All fixed assets are initially recorded at cost.

b) Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets other than freehold land, at rates calculated to allocate the assets' cost or valuation less any residual value, over their estimated useful lives.

Major depreciation periods are -

Distribution system	50 years
Transformers	40 years
Freehold Buildings	60-100 years
Motor Vehicles	5-10 years
Plant and Equipment	5-10 years
Office Furniture and Equipment	4-20 years

c) Receivables

Receivables are stated at their estimated realisable value.

d) Inventories

Inventories are stated at the lower of average cost and net realisable value.

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 1996 *(Continued)*

- e) **Work in Progress**
 Work in progress includes the cost of materials and other direct and indirect costs incurred as at balance date.
- f) **Recognition of Income**
 Sales of electricity are determined on the basis of actual and interim amounts billed during the year, together with an accrual for unbilled sales as at balance date.
- g) **Income Tax**
 The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting has been applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

Changes in Accounting Policies

From 1 April 1995 the Company changed its depreciation policy to that described in b) above. Previously fixed assets had been depreciated on the following basis -

Distribution System -	
- Pre 31 March 1987	4% of cost price
- Post 1 April 1987	5-10% diminishing value
Buildings	1% of cost price
Motor Vehicles	20% diminishing value
Plant & Equipment	10-20% diminishing value

The reason for the change was to allocate more accurately the depreciation charge on assets over the period of their useful lives.

The effect of the change has reduced the depreciation charge in the Lines Business Statement of Financial Performance by \$1,735,000 and increased depreciation in the Other Businesses Statement of Financial Performance by \$18,000. Respective fixed asset book values have increased accordingly.

There were no other changes in accounting policies during the period.

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 1996 (Continued)
3 INCOME TAX

	1996 Lines Business \$000	1995 Lines Business \$000	1996 Other Businesses \$000	1995 Other Businesses \$000
a) Taxation				
Operating Surplus (Loss) before Taxation(578)	(578)	(3,217)	2,106	1,268
Prima Facie Taxation @ 33%	(191)	(1,061)	695	418
PLUS: Permanent differences	106	133	-	-
Taxation Expense (Benefit) PLUS (LESS): Timing Differences	(85) (557)	(928) (18)	695 13	418 (4)
Current Year Charge (Tax Loss carried forward)	(642)	(946)	708	414
Taxation Payable brought forward	122	122	(105)	(105)
LESS: Taxation Paid	-	-	-	-
PLUS: Payment for Intra Group Tax Offset	-	-	708	414
Taxation Payable	122	122	(105)	(105)
b) Taxation Expense (Benefit) is represented by:				
Current Taxation Payable (Tax loss)	(642)	(946)	708	414
Deferred Taxation Benefit	557	18	(13)	4
	(85)	(928)	695	418
c) Movement in Future Tax Benefits (Tax Losses Carried Forward)				
Opening Balance	532	-	-	-
LESS: Current Year Change	642	946	-	-
LESS: Payment for Intra Group Tax Offset	(708)	(414)	-	-
	466	532	-	-

The subsequent realisation of this income tax benefit is subject to the requirements of the Income Tax Legislation being met.

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 1996 (Continued)

	1996 Lines Business \$000	1995 Lines Business \$000	1996 Other Businesses \$000	1995 Other Businesses \$000
d) Movement in Deferred Taxation (Timing Differences)				
Opening Balance	(30)	(48)	6	2
PLUS: Net Movement in Timing Differences	557	18	(13)	4
	<u>527</u>	<u>30</u>	<u>(7)</u>	<u>6</u>
e) Imputation Credit Account				
Opening Balance	-	-	345	345
	<u>-</u>	<u>-</u>	<u>345</u>	<u>345</u>
4 OPERATING SURPLUS BEFORE TAXATION				
After charging:				
Bad Debts Written Off	108	177	176	296
Change in Provision for Doubtful Debts	12	3	16	(3)
After Crediting:				
Interest Revenue from Cash Management	68	153	322	311
Recovery of Debt previously written off as bad	11	14	13	13
5 AUDITORS REMUNERATION				
Accounts payable or due and payable to the Auditors for:				
Auditing Financial Statements	16	16	8	11
Other Services:				
Lines Entity Auditor	3	6	-	-
6 DIRECTORS REMUNERATION				
Remuneration Paid to Directors	90	86	-	-
In addition to the above remuneration, Directors receive a discount of up to 25% on the purchase of goods and services from the Appliance Sales and Servicing activities within the Group.				
7 SHARE CAPITAL				
	1996 Lines Business \$000	1995 Lines Business \$000	1996 Other Businesses \$000	1995 Other Businesses \$000
Authorised Capital				
100,000,000 ordinary shares of \$1 each	100,000,000	100,000,000	-	-
10,000,000 ordinary shares of \$1 each			10,000,000	10,000,000
Issued and Paid up Capital				
58,000,000 ordinary shares of \$1 each	58,000,000	58,000,000		
6,000,000 ordinary shares of \$1 each			6,000,000	6,000,000

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31 MARCH 1996 *(Continued)*
8 FIXED ASSETS

	At Cost \$000	Accumulated Depreciation \$000	Net Carrying Value \$000
Lines Business 31 March 1996			
Distribution System	86,644	37,305	49,339
Land	1,005	-	1,005
Buildings	10,036	1,239	8,797
Vehicles, Plant & Equipment	11,266	7,924	3,342
Capital Work in Progress	-	-	-
	<hr/>	<hr/>	<hr/>
	108,951	46,468	62,483
	<hr/>	<hr/>	<hr/>
Lines Business 31 March 1995			
Distribution System	84,422	35,652	48,770
Land	943	-	943
Buildings	9,601	1,084	8,517
Vehicles, Plant & Equipment	10,638	6,788	3,850
Capital Work in Progress	168	-	168
	<hr/>	<hr/>	<hr/>
	105,772	43,524	62,248
	<hr/>	<hr/>	<hr/>
Other Businesses 31 March 1996			
Vehicles, Plant and Equipment	448	213	235
	<hr/>	<hr/>	<hr/>
Other Businesses 31 March 1995			
Vehicles, Plant and Equipment	348	140	208
	<hr/>	<hr/>	<hr/>

The Optimised Deprival Valuation for the Distribution System assets owned by Hawke's Bay Power Distribution Limited as at 31 March, 1994 independently carried out in accordance with the Electricity (Information Disclosure) Regulations and accompanying handbook and guidelines was \$98,850,000.

9. RECEIVABLES

	1996 Lines Business \$000	1995 Lines Business \$000	1996 Other Businesses \$000	1995 Other Businesses \$000
Trade Debtors	3,547	3,434	5,736	5,259
Provision for Doubtful Debts	(72)	(60)	(108)	(92)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,475	3,374	5,628	5,167
Prepayments	53	54	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,528	3,428	5,628	5,167
	<hr/>	<hr/>	<hr/>	<hr/>

HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY

10. TERM DEBT	1996 Lines Business \$000		1995 Lines Business \$000	
Due for Repayment				
1996/1997 (Renewable)	3,000	Unsecured	5,000	Unsecured
1997/1998	100	Secured - General Rate	100	General Rate
2003	1,000	Unsecured	1,000	Unsecured
	<hr/>		<hr/>	
	4,100		6,100	

Interest rates on loans range from 6.0% to 10.5%.

11. COMMITMENTS AND CONTINGENT LIABILITIES

At balance date the Lines Business had entered into contractual commitments of \$10,000 and Other Businesses \$950,000 (1995 - \$0).

There were no contingent liabilities existing at balance date (1995 - \$0).

12. REINSTATEMENTS

The 1995 Statement of Financial Performance has been reinstated to reflect the effect of transferring profit margins on contracting activities from the Lines Business to Other Businesses. The effect on the reinstated result is the transfer of \$273,000 operating profit (after tax) between the two entities. The 1996 figures reflect this change in accounting for contracting.



Audit New Zealand

REPORT OF THE AUDIT OFFICE

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 that Schedule,

and having been prepared by Hawke's Bay Power Distribution Limited and dated 9 August 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.

A handwritten signature in cursive script, appearing to read 'B. J. Smith'.

B J Smith
Audit New Zealand
On behalf of the Controller and Auditor-General
9 August 1996
Napier, New Zealand

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

PART II

Regulation 13

- ~ Disclosure by line owners of financial and efficiency performance measures.

Financial Measures

	1996	Adjusted* 1995
~ Accounting Return on Total Assets	1.20%	0.72%
~ Accounting Return on Equity	0.70%	0.86%
~ Accounting Rate of Profit	1.00%	0.48%

Efficiency Measures

~ Direct line cost per kilometre	\$2,216.10	\$2,243.02
~ Indirect line costs per electricity customer	\$79.84	\$71.68

* Financial Statement Note 12.

HAWKE'S BAY POWER

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**ELECTRICITY [Information Disclosure] REGULATIONS 1994****REGULATION 14A**

The total value of the lines business assets of Hawke's Bay Power Distribution Limited calculated using the ODV method, as at 31 March 1994, was \$115,800,000.

ELECTRICITY [Information Disclosure] REGULATIONS 1994

PART III - Energy Delivery Efficiency Performance Measures and Statistics

1. Energy Delivery Efficiency Performance Measures

		1995/96	1994/95
a)	Load Factor	57.13 %	58.29 %
b)	Loss Ratio	5.55 %	5.22 %
c)	Capacity Utilisation	29.08 %	29.02 %

2. Statistics

a)	System length	3,621 km total	3,532 km Total
	33kV line length	246 km	244 km
	11kV line length	2,127 km	2,059 km
	230/400V line length	1,248 km	1,229 km
b)	Overhead	2,682 km Total	2,619 km Total
	33kV	227 km	227 km
	11kV	1,816 km	1,756 km
	230/400V	639 km	636 km
c)	Underground	939 Total	913 km Total
	33kV	19 km	17 km
	11kV	311 km	303 km
	230/400V	609 km	593 km
d)	Transformer capacity	502,791 kVA	495,850 kVA
e)	Maximum Demand	148,823 kW	143,916 kW
f)	Total electricity supplied from system	706,214,060 kWh	696,245,703 kWh
g)		Nil	Nil
h)	Customers	54,907	53,931

PART IV Reliability Performance Measure for 1995/96

The Interruption Disclosure requirements are stated as:

	1995/96	1994/95
Class A Planned shutdown caused by Transpower	0	0
Class B " " " " Distribution system	308	400
Class C Unplanned shutdown caused by Distribution system	222	287
Class D " " " " Transpower	0	0
Class E Unplanned caused by ECNZ as generator	0	0
Class F " " " " Generation not ECNZ	0	0
Class G Planned or unplanned shutdown any other cause	0	0
Total Shutdowns:	530	687

Detailed shutdown analysis:

	UNPLANNED [CLASS C]	1995/96 PLANNED [CLASS B]	UNPLANNED [CLASS C]	1994/95 PLANNED [CLASS B]
1) Total Interruptions	222	308	287	400
33kV Overhead	11	0	12	0
33kV Underground	0	0	0	0
11kV Overhead	161	272	234	343
11kV Underground	50	36	41	57
		1995/96		1994/95
2) Total Faults per 100km of line		6.13		8.13
3) Faults per 100km of Underground Line		5.32		4.50
33kV		0		0
11kV		16.50		13.50
4) Faults per 100km of Overhead Line		6.57		8.93
33kV		4.85		5.29
11kV		9.17		13.32

SYSTEM AVERAGE INTERRUPTION DURATION INDEX [SAIDI]

	1995/96	1994/95
5) Total Interruptions	111.8 min/per year	172 min/per year
6) Class A	0	0
Class B	39.60	49.60
Class C	72.20	122.40
Class D	0	0
Class E	0	0
Class F	0	0
Class G	0	0

SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX [SAIFI]

	1995/96	1994/95
7) Total Interruptions	1.97 per year	3.08 per year
8) Class A	0	0
Class B	0.35	0.53
Class C	1.62	2.55
Class D	0	0
Class E	0	0
Class F	0	0
Class G	0	0

CUSTOMER AVERAGE INTERRUPTION DURATION INDEX [CAIDI]

	1995/96	1994/95
9) Total Interruptions	56.75 min/int	55.8 min/int
10) Class A	0	0
Class B	113.14	93.60
Class C	44.57	48.00
Class D	0	0
Class E	0	0
Class F	0	0
Class G	0	0



