



# New Zealand Gazette

OF THURSDAY, 31 OCTOBER 1996

---

WELLINGTON: MONDAY, 4 NOVEMBER 1996 — ISSUE NO. 161

---

## BAY OF PLENTY ELECTRICITY LIMITED

### INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Business Unit Statements of Financial Performance**  
**for the 12 Months ended 31 March 1996**

	Notes	Network Business Unit		Generation Business Unit		Energy Trading Business Unit	
		1996	1995	1996	1995	1996	1995
		\$000	\$000	\$000	\$000	\$000	\$000
Revenue	3	20,065	20,282	12,464	9,944	23,716	21,996
Operating Expenses Before Depreciation	4	(15,973)	(15,810)	(3,233)	(2,847)	(23,399)	(23,659)
Operating Surplus(Deficit) Before Depreciation		4,092	4,472	9,231	7,097	317	(1,663)
Depreciation		(1,393)	(1,449)	(1,055)	(903)	(67)	(28)
Net Operating Surplus(Deficit)		2,699	3,023	8,176	6,194	250	(1,691)
Net Interest Expense	5	(550)	(671)	(118)	(144)	(118)	(143)
Net Surplus(Deficit) Before Abnormal Items		2,149	2,352	8,058	6,050	132	(1,834)
Abnormal Items	6	(165)	(1,017)	-	(218)	(165)	(218)
Net Surplus(Deficit) Before Taxation		1,984	1,335	8,058	5,832	(33)	(2,052)
Taxation Expense	7	(665)	(546)	(2,702)	(2,386)	11	839
Net Surplus(Deficit) after Taxation		1,319	789	5,356	3,446	(22)	(1,213)

*The accompanying notes form part of and are to be read in conjunction with these financial statements.*

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Business Unit Statements of Financial Position**  
**As At 31 March 1996**

	Notes	Network Business Unit		Generation Business Unit		Energy Trading Business Unit	
		1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<b>Shareholders' Equity</b>							
Paid up Capital	8	8,197	8,196	11,395	11,395	400	400
Reserves	9	43,728	4,613	60,959	6,414	225	225
Retained Earnings	10	963	555	2,653	999	(592)	(585)
<i>Total Shareholders' Equity</i>		<u>52,888</u>	<u>13,364</u>	<u>75,007</u>	<u>18,808</u>	<u>33</u>	<u>40</u>
<b>Non Current Liabilities</b>							
Term Loans	11	6,000	3,500	6,750	750	750	750
Deferred Taxation	12	160	167	1,043	734	(252)	(257)
<i>Total Non Current Liabilities</i>		<u>6,160</u>	<u>3,667</u>	<u>7,793</u>	<u>1,484</u>	<u>498</u>	<u>493</u>
<b>Current Liabilities</b>							
Accounts payable and Accruals		2,364	2,538	1,231	353	2,378	1,607
Current Portion of Term Loans	11	500	3,500	4,250	1,750	250	750
Dividends Payable	13	594	338	2,414	1,481	(10)	(520)
<i>Total Current Liabilities</i>		<u>3,458</u>	<u>6,376</u>	<u>7,895</u>	<u>3,584</u>	<u>2,618</u>	<u>1,837</u>
<b>Total Shareholders' Equity and Liabilities</b>		<u><b>62,506</b></u>	<u><b>23,407</b></u>	<u><b>90,695</b></u>	<u><b>23,876</b></u>	<u><b>3,149</b></u>	<u><b>2,370</b></u>
<b>Non Current Assets</b>							
Fixed Assets	14	59,272	19,182	89,647	23,497	395	364
Investments		-	-	-	-	307	26
<i>Total Non Current Assets</i>		<u>59,272</u>	<u>19,182</u>	<u>89,647</u>	<u>23,497</u>	<u>702</u>	<u>390</u>
<b>Current Assets</b>							
Cash at Bank		(270)	96	198	20	(54)	20
Short Term Deposits		300	140	150	30	150	30
Taxation Receivable	15	55	66	223	293	(1)	(102)
Accounts Receivable		2,111	2,956	477	36	2,352	2,032
Inventory		1,038	967	-	-	-	-
<i>Total Current Assets</i>		<u>3,234</u>	<u>4,225</u>	<u>1,048</u>	<u>379</u>	<u>2,447</u>	<u>1,980</u>
<b>Total Assets</b>		<u><b>62,506</b></u>	<u><b>23,407</b></u>	<u><b>90,695</b></u>	<u><b>23,876</b></u>	<u><b>3,149</b></u>	<u><b>2,370</b></u>

*The accompanying notes form part of and are to read in conjunction with these financial statements.*

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 months ended 31 March 1996**

**1 Statement of Accounting Policies**

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 and are intended for no other purpose.

**A General Accounting Policies**

The general accounting policies recognised as appropriate for the measurement and reporting of results and financial position have been followed in the preparation of these financial statements. The historical cost method, as modified by the revaluation of certain assets, has been followed. Reliance has been placed on the fact that the business and undertakings of Bay of Plenty Electricity Limited are a going concern.

**B Particular Accounting Policies**

The following particular accounting policies, which significantly affect the measurement of financial performance and/or financial position have been applied:

**(i) Revenue**

Revenue shown in the statements of financial performance comprises amounts received and receivable for electricity, goods and services supplied to customers in the ordinary course of business. Energy Trading and Network revenues are based on actual and assessed readings plus an allowance for unread meters at balance date.

**(ii) Capital Contributions**

Capital contributions received are recognised in the statements of financial performance as soon as any obligations attached to the contributions have been fulfilled.

**(iii) Investments**

Investments in associate entities are stated at the fair value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves. Other investments are stated at the lower of cost or net realisable value. Interest income is accounted for as earned.

**(iv) Fixed Assets**

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Company includes the cost of all materials used in constructions, direct labour on the project, financing costs that are directly attributable to the project and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Generation and distribution assets are valued using modified historical cost. These assets will be revalued on a cyclical basis at least every three years, by independent valuers.

**(v) Depreciation**

Depreciation is charged so as to write off the cost of the fixed assets to their estimated residual value over their expected useful lives.

**(vi) Inventories**

Inventories are stated at the lower of average cost and net realisable value, with obsolete stock written off.

**(vii) Accounts Receivable**

Accounts receivable are stated at estimated realisable value after providing for debts where collection is considered doubtful.

**(viii) Taxation**

The liability method of accounting for deferred taxation has been applied.

The taxation charge against the profit for the twelve months is the estimated liability in respect of that profit after allowance for all permanent differences. This is the comprehensive basis for the calculation of deferred taxation.

Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences or will be utilised.

**(ix) Financial Instruments**

Financial instruments entered into as hedges of an underlying exposure are accounted for on the same basis as the underlying exposure. Financial instruments entered into with no underlying exposure are accounted for on a mark to market basis.

**(x) Research & Development**

Costs incurred on all research and development projects are written off as incurred, except that Development Costs are capitalised to the extent that such costs are expected, beyond any reasonable doubt, to be recovered.

**(xi) Foreign Currency**

Foreign currency transactions are recorded at exchange rates in effect at the date of settlement, except where forward contracts have been taken out to cover future commitments. Where forward contracts have been taken out, the transaction is translated at the rate contained in the contract.

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 months ended 31 March 1996**

**C Changes in Accounting Policies**

This is the first year that any assets have been recorded at valuation rather than cost. The effect of this change in accounting policy is to increase fixed assets and shareholder reserves by \$93,661,964. This change in the valuation basis has had no effect on the reported profit. There have been no other material changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

**2 Compliance with Electricity Disclosure Guidelines**

The Ministry of Commerce (the Ministry) has produced guidelines to assist electricity distributors in complying with the various requirements of the Regulations. In particular, the Ministry provided guidelines for the methodologies to be used to separate and allocate revenues, costs, assets and liabilities of the Company into separate business units and resulting financial statements required by Regulation 6 of the Regulations.

The company has followed the guidelines in all instances except as follows.

**Assumptions for Direct Allocations:**

*Transmission charges*

Transmission charges, although completely absorbed by the Network business, as the guidelines recommend, have not been passed on to the Energy business.

*Line Losses*

Line Losses are not settled between the energy business and the generators, as the guidelines recommend. The cost of line losses have instead been charged to the Network business by the Energy business.

*Transmission Assets*

Generation does not own transmission assets. The Company defines the point of injection as the point of exit from the Generation facilities.

All transmission assets are owned by the Network business.

*Interface with Electricity Customers*

The guidelines assume that the Energy business is the only interface with electricity consumers. The Company assumes that both the Network and Energy businesses interface directly with all consumers. Accordingly, line fees and energy sales are charged to customers as separate components and have been allocated directly to the respective business units.

The above assumptions have affected the following allocations.

*Revenue*

Connection fees for new customers have been allocated directly to the Network business.

Line fees charged to customers have been allocated directly to the Network business rather than the Energy business. The Network business has not charged the Energy business for services provided to it in respect of transmission charges incurred or the maintenance of the transmission facilities.

Line losses have been charged to the Network business by the Energy business.

*Expenses*

The costs of meter reading have been charged directly to the Network business as a cost necessarily related to the ownership of the meters. As line fees are allocated directly to the Network business, no charge for meter reading is made by it to the Energy business.

All marketing costs have been allocated in the same manner as other indirect costs and not to Energy business as recommended in the guidelines.

Bad and Doubtful debt expenses have been allocated on to the Network and Energy businesses in the proportion that Line fees and Energy sales represent of the sum of those two items.

*Assets and Liabilities*

Cash and Bank, Term Liabilities and Accrued Interest, where not directly allocated have been allocated on the basis described under the heading "Assumptions for Indirect Allocations". These assumptions have also been applied to the related profit and loss statement items.

*Assumptions for Indirect Allocations*

Where direct allocations of revenues, costs, assets and liabilities are not possible the Company has used as its basis of allocation the relative effort required to maintain the service each business unit provides to the consumer. The relative effort has been calculated on the basis of the number of staff directly employed by each business unit. The methodology is not considered a divergence from the guidelines.

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 Months ended 31 March 1996**

	Network		Generation		Energy Trading	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<b>3 Revenue</b>						
External Income	20,065	20,282	9,658	583	23,125	21,305
Internal Notional Income	-	-	2,806	9,361	591	691
<b>Total Revenue</b>	<b>20,065</b>	<b>20,282</b>	<b>12,464</b>	<b>9,944</b>	<b>23,716</b>	<b>21,996</b>
<b>4 Operating Expenses</b>						
Operating Expenses Comprise:						
Transmission Charges						
External	6,204	5,964	-	-	-	-
Avoided	2,806	2,202	-	-	-	-
Energy Charges						
External	-	-	-	-	21,979	15,145
Internal	-	-	-	-	-	7,159
Distribution Maintenance	2,066	2,894	-	-	-	-
Line Losses						
Internal	591	691	-	-	-	-
Personnel	1,775	1,789	635	529	530	540
Plant, Equipment & Property	407	440	541	745	84	71
Audit Costs	18	31	4	6	4	7
Directors Costs	102	73	22	15	22	16
Research & Investigations	-	-	809	315	-	-
Other Operating Costs	2,004	1,726	1,222	1,237	780	721
<b>Total Operating Expenses</b>	<b>15,973</b>	<b>15,810</b>	<b>3,233</b>	<b>2,847</b>	<b>23,399</b>	<b>23,659</b>
<b>5 Interest</b>						
Comprising:						
Gross interest	550	671	433	144	118	143
Less Capitalised Interest	-	-	(317)	-	-	-
<b>Net Interest</b>	<b>550</b>	<b>671</b>	<b>118</b>	<b>144</b>	<b>118</b>	<b>143</b>

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 Months ended 31 March 1996**

	Network		Generation		Energy Trading	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<b>6 Abnormal Items</b>						
Abnormal Expenses Comprise:						
Company Incorporation	-	49	-	11	-	11
Merger Proposal	-	797	-	170	-	170
Restructuring	165	107	-	23	165	23
Listing Costs	-	64	-	14	-	14
<b>Total Abnormal Expenses</b>	<b>165</b>	<b>1,017</b>	<b>-</b>	<b>218</b>	<b>165</b>	<b>218</b>
<b>7 Taxation Expense</b>						
Taxation expense has been calculated as follows:						
Surplus(Deficit) before taxation	1,984	1,335	8,058	5,832	(33)	(2,052)
Income tax on surplus(deficit) at 33%	654	440	2,659	1,925	(11)	(677)
Plus/(Less):						
Permanent Differences	11	115	43	504	-	(177)
Prior Period Adjustments	-	(9)	-	(43)	-	15
<b>Taxation Expense</b>	<b>665</b>	<b>546</b>	<b>2,702</b>	<b>2,386</b>	<b>(11)</b>	<b>(839)</b>
Taxation Expense Comprises:						
Current Taxation	672	518	2,393	2,269	(16)	(796)
Deferred Taxation	(7)	28	309	117	5	(43)
<b>Taxation Expense</b>	<b>665</b>	<b>546</b>	<b>2,702</b>	<b>2,386</b>	<b>(11)</b>	<b>(839)</b>
<b>8 Paid Up Capital</b>						
Issued and paid up Capital						
Ordinary Shares @ \$1.00	8,197	8,196	11,395	11,395	400	400
<b>Balance as at 31 March</b>	<b>8,197</b>	<b>8,196</b>	<b>11,395</b>	<b>11,395</b>	<b>400</b>	<b>400</b>

Bay of Plenty Electricity Limited has 19,991,507 Ordinary Shares @ \$1.00 issued and fully paid as at 31 March 1996. The company has authorised capital of \$50 million.

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 Months ended 31 March 1996**

	Network		Generation		Energy Trading	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<b>9 Reserves</b>						
Reserves Comprises:						
<b>Share Premium Reserve</b>						
Opening Share Premium Reserve	4,613	-	6,414	-	225	-
Transfer from Retained Earnings	-	4,613	-	6,414	-	225
	<u>4,613</u>	<u>4,613</u>	<u>6,414</u>	<u>6,414</u>	<u>225</u>	<u>225</u>
<b>Asset Revaluation Reserve</b>						
Opening Asset Revaluation Reserve	-	-	-	-	-	-
Revaluation during the year	39,115	-	54,545	-	-	-
	<u>39,115</u>	<u>-</u>	<u>54,545</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reserves as at 31 March	<u>43,728</u>	<u>4,613</u>	<u>60,959</u>	<u>6,414</u>	<u>225</u>	<u>225</u>
<b>10 Retained Earnings</b>						
Movement in Retained Earnings						
Balance of Retained Earnings as at 1 April	555	12,909	999	16,837	(585)	733
Transferred from Loan Redemption Reserve	-	4	-	6	-	-
Transferred to Issued and Paid up Capital	-	(8,092)	-	(12,361)	-	(292)
Transfer to Share Premium Account	-	(4,717)	-	(5,448)	-	(333)
Net Surplus(Deficit) for the period	1,319	789	5,356	3,446	(146)	(1,213)
Transfer to Dividends Payable	(911)	(338)	(3,702)	(1,481)	15	520
Balance as at 31 March	<u>963</u>	<u>555</u>	<u>2,653</u>	<u>999</u>	<u>(716)</u>	<u>(585)</u>
Share of Associate Retained Earnings						
Opening Retained Earnings	-	-	-	-	-	-
Share of Retained Earning	-	-	-	-	124	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>-</u>
Balance as at 31 March	<u>963</u>	<u>555</u>	<u>2,653</u>	<u>999</u>	<u>(592)</u>	<u>(585)</u>
<b>11 Term Loans</b>						
Term loans fall due for repayment in the following periods:						
Within one year	500	3,500	4,250	1,750	250	750
Within one to two years	3,000	3,500	750	750	750	750
Within two to three years	1,000	-	1,000	-	-	-
Within three to four years	1,000	-	3,000	-	-	-
Within four to five years	1,000	-	2,000	-	-	-
	<u>6,500</u>	<u>7,000</u>	<u>11,000</u>	<u>2,500</u>	<u>1,000</u>	<u>1,500</u>



**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 Months ended 31 March 1996**

	Network		Generation		Energy Trading	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<b>11 Term Loans (continued)</b>						
Disclosed in Balance Sheet as:						
Current Portion of Term Loans	500	3,500	4,250	1,750	250	750
Term Loans	6,000	3,500	6,750	750	750	750
	<u>6,500</u>	<u>7,000</u>	<u>11,000</u>	<u>2,500</u>	<u>1,000</u>	<u>1,500</u>
All term loans are unsecured and are subject to a negative pledge agreement. The weighted average interest rate on term loans is 7.8%.						
<b>12 Deferred Taxation</b>						
Opening Balance	167	96	734	427	(257)	(147)
Movement for Year (refer note 7)	(7)	28	309	117	5	(43)
Prior Year Adjustment	-	43	-	190	-	(67)
Balance as at 31 March	<u>160</u>	<u>167</u>	<u>1,043</u>	<u>734</u>	<u>(252)</u>	<u>(257)</u>
<b>13 Dividends Payable</b>						
Dividend Paid and Proposed	911	338	3,702	1,481	(15)	(520)
Less Interim Dividend Paid	(317)	-	(1,288)	-	5	-
Balance as at 31 March	<u>594</u>	<u>338</u>	<u>2,414</u>	<u>1,481</u>	<u>(10)</u>	<u>(520)</u>
<b>14 Fixed Assets</b>						
<i>Fixed Assets At 31 March Comprise:</i>						
Land						
Cost	236	223	241	241	12	12
Accumulated Depreciation	(1)	-	-	-	-	-
Book Value	<u>235</u>	<u>223</u>	<u>241</u>	<u>241</u>	<u>12</u>	<u>12</u>
Generating Structures						
Valuation (Cost in 1995)	-	-	12,232	4,230	-	-
Accumulated Depreciation	-	-	-	(922)	-	-
Book Value	<u>-</u>	<u>-</u>	<u>12,232</u>	<u>3,308</u>	<u>-</u>	<u>-</u>
Other Buildings						
Cost	1,444	1,314	95	86	170	154
Accumulated Depreciation	(305)	(287)	(21)	(20)	(38)	(36)
Book Value	<u>1,139</u>	<u>1,027</u>	<u>74</u>	<u>66</u>	<u>132</u>	<u>118</u>

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 Months ended 31 March 1996**

	Network		Generation		Energy Trading	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<b>14 Fixed Assets (continued)</b>						
<b>Distribution System</b>						
Valuation (Cost in 1995)	56,834	25,988	-	-	-	-
Accumulated Depreciation	-	(9,589)	-	-	-	-
Book Value	56,834	16,399	-	-	-	-
<b>Generation Plant</b>						
Valuation (Cost in 1995)	-	-	76,792	31,707	-	-
Accumulated Depreciation	-	-	-	(12,110)	-	-
Book Value	-	-	76,792	19,597	-	-
<b>Plant and Equipment</b>						
Cost	2,286	2,978	485	402	373	310
Accumulated Depreciation	(1,531)	(1,735)	(278)	(211)	(207)	(156)
Book Value	755	1,243	207	191	166	154
<b>Motor Vehicles</b>						
Cost	438	471	179	193	85	91
Accumulated Depreciation	(231)	(263)	(107)	(122)	(31)	(36)
Book Value	207	208	72	71	54	55
<b>Furniture and Fittings</b>						
Cost	318	273	91	78	96	82
Accumulated Depreciation	(216)	(191)	(62)	(55)	(65)	(57)
Book Value	102	82	29	23	31	25
<b>Total Fixed Assets</b>						
Cost or Valuation	61,556	31,247	90,115	36,937	736	649
Accumulated Depreciation	(2,284)	(12,065)	(458)	(13,440)	(341)	(285)
Book Value	59,272	19,182	89,647	23,497	395	364

Current Government Valuations for Non-Generation Land and Buildings are \$4.3million. Valuation dated 1/9/1995.

**Valuation of Generation and Distribution Assets.**

Valuation reports have been obtained for the generation and distribution assets as at 31 March 1996. The Distribution valuation was prepared by Worley Consultants Limited in conjunction with Coopers and Lybrand and the Generation assets were valued by Coopers and Lybrand and independently verified by Leyland Consulting Limited. All valuations were performed in accordance with generally accepted valuation techniques.

The Distribution System, previously recorded at historical cost, has been revalued to Optimised Deprival Value as stated in the above mentioned valuation report. The Optimised Deprival Value is considered to be equivalent to net current value. The revaluation was performed as at 31 March 1996, and future revaluations will be prepared on a cyclical basis at least every three years.

Generation assets, previously recorded at historical cost, have been revalued to economic value stated in the above mentioned valuation report. The revaluation was performed as at 31 March 1996, and future revaluations will be performed on a cyclical basis at least every three years. The valuation established reflects the lower of net realisable value or net current value. The valuation has been calculated using net present values of predicted future cash flows, allowing for the benefit of avoided Trans Power transmission charges.

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 Months ended 31 March 1996**

**14 Fixed Assets (continued)**

	Valuation	Depreciated Historic Cost
Valuations as at 31 March 1996	\$000	\$000
Generation Assets	89,024	35,475
Distribution Assets	56,834	16,722

**Change in Classification**

Communication and system supervisory equipment have been reclassified as distribution system assets. These assets were previously classed as plant and equipment. The items have been reclassified so that asset classification is consistent with the classification of assets in the Optimised Deprival Value conventions. Comparative figures have been restated.

<i>Asset value reclassified:</i>	Cost or Valuation	Accumulated Depreciation	Book Value
As at 31 March 1996	\$000	\$000	\$000
Communication Equipment	226	160	66
System Supervisory Equipment	834	554	280
<b>As at 31 March 1995</b>			
Communication Equipment	190	144	46
System Supervisory Equipment	834	471	363

**Depreciation Rates and Methods**

Land Improvements	Rate 2.5% - 33%
Generation Structures	1% - 4%
Other Buildings	1% - 2.5%
Distribution System	2% - 10%
Generation Plant	1% - 4%
Plant and Equipment	7.5% - 50%
Motor Vehicles	10% - 20%
Furniture and Fittings	10%

All assets are depreciated on a straight line basis.

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Notes to the Financial Statements**  
**for the 12 Months ended 31 March 1996**

	Network		Generation		Energy Trading	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<b>15 Taxation Receivable</b>						
Opening Balance	66	17	293	75	(102)	(26)
Charge on Surplus(Deficit) for the period (refer note 7)	(672)	(518)	(2,393)	(2,269)	16	796
Taxation paid	661	524	2,323	2,297	85	(806)
Prior Year Adjustment		43	-	190	-	(66)
<b>Balance as at 31 March</b>	<b>55</b>	<b>66</b>	<b>223</b>	<b>293</b>	<b>(1)</b>	<b>(102)</b>
<b>16 Operating Leases</b>						
Operating lease commitments fall due for repayment in the following periods:						
Within one year	26	-	6	-	6	-
Within one - two years	20	-	4	-	4	-
Within two - five years	-	-	-	-	-	-
	<b>46</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>-</b>

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Performance Measures**  
**for the 12 Months ended 31 March 1996**

**Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.**

**1. Financial Performance Measures**

(a) Accounting return on total assets, being earnings before interest and tax divided by average total funds employed:

**Accounting return on total assets:**

	<b>1996</b>	<b>1995</b>
	5.43%	5.60%

(b) Accounting return on equity, being net profit after tax, divided by average total shareholders funds:

**Accounting return on equity**

	<b>1996</b>	<b>1995</b>
	3.63%	3.75%

(c) Accounting rate of profit, which shall be calculated in accordance with the following formula:

$$\frac{a - b - c + d}{e}$$

where:

- a earnings before interest and tax; and
- b cash tax; and
- c interest tax shield; and
- d revaluations; and
- e average shareholders funds employed, minus half the amount of revaluations

**Accounting rate of profit:**

	<b>1996</b>	<b>1995</b>
	4.02%	4.25%

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Performance Measures**  
**for the 12 Months ended 31 March 1996**

2. Efficiency Performance Measures

(a) Direct line costs per kilometre, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:

- a is direct expenditure (in dollars); and
- b is system length (in kilometres).

**Direct line costs**

	1996	1995
	2,805	3,204

(b) Indirect line costs per customer, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where

- a is indirect expenditure (in dollars); and
- b is total customers

The average direct cost per kilometre of line is calculated after removing all transmission costs from direct costs of the Network Business unit. Comparative figures have been altered to provide a consistent basis for readers. The Reported cost provided last year was \$2,142 per kilometre.

**Indirect Line costs - as prescribed**

	1996	1995
	\$ 187	\$ 301
	per customer	per customer

Comparative figures have been altered to provide a consistent basis. The Reported cost provided last year was \$ 199 per customer.

**Indirect Line costs - modified**

Total Indirect costs as prescribed in the regulations includes all costs that are not direct costs, after removing Transpower charges. Bay of Plenty Electricity, unlike most distribution companies, maintains its own generation division and has significant avoided charges which are charged to the Network division, and paid to the Generation division. The treatment of the avoided charges for the purposes of the efficiency measures, is to include these costs as indirect costs. The company has provided addition disclosures to allow comparison with companies that do not have generation divisions.

	\$ 59	\$ 199
	per customer	per customer

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Performance Measures**  
**for the 12 Months ended 31 March 1996**

Disclosure of Energy Delivery Efficiency Performance Measures and Statistics pursuant to Regulation 15 and Part III of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

**1. Energy Delivery Efficiency Performance Measures**

(a) Load factor, which shall be calculated in accordance with the following formula:

$$\frac{a \times 100}{b \times c}$$

where -

- a is the amount of electricity (in kilowatt hours) entering the system during the financial year; and
- b is the maximum demand; and
- c is the total number of hours in the financial year

**Load Factor**

<b>1996</b>	<b>1995</b>
67.00%	72.00%

(b) Loss ratio, which shall be calculated in accordance with the following formula:

$$\frac{a \times 100}{b}$$

where -

- a is the losses of electricity (expressed in kilowatt hours); and
- b is the amount of electricity (in kilowatt hours) entering the system during the financial year.

**Loss Ratio = 2.3%**

<b>1996</b>	<b>1995</b>
3.60%	2.30%

(c) Capacity utilisation, which shall be calculated in accordance with the following formula:

$$\frac{a \times 100}{b}$$

where -

- a is the maximum demand; and
- b is transformer capacity (in kilovolt amperes).

**Capacity utilisation = 54%**

<b>1996</b>	<b>1995</b>
50.00%	54.00%

**2. Statistics**

(a) System length, together with a breakdown of that length according to different nominal line voltages.

	<b>1996</b>	<b>1995</b>
110kV	21.8km	21.8km
33kV	156.3km	137.8km
11kV	1,451.1km	1,518.6km
400 Volt	467.7km	396.9km

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Performance Measures**  
**for the 12 Months ended 31 March 1996**

<b>System Length</b>	<b>2,096.8km</b>	<b>2,075.1km</b>
<p>(b) The total circuit length (in kilometres) of the overhead electric lines that form part of the system (which length shall be calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages;</p>		
	<b>1996</b>	<b>1995</b>
110kV	21.8km	21.8km
33kV	154.2km	137.4km
11kV	1,359.4km	1,432.3km
400Volt	279.4km	207.8km
<b>Total Circuit Length: Overhead</b>	<b>1,814.8km</b>	<b>1,799.3km</b>
<p>(c) The total circuit length (in kilometres) of the underground electric lines that form part of the system (which length shall be calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages:</p>		
	<b>1996</b>	<b>1995</b>
110kV	0.0km	0.0km
33kV	2.1km	0.4km
11kV	91.6km	86.3km
400Volt	188.3km	189.1km
<b>Total Circuit Length: Underground</b>	<b>282.0km</b>	<b>275.8km</b>
<p>(d) Transformer capacity, in kilovolt amperes:</p>		
	<b>1996</b>	<b>1995</b>
	189,555 kVA	169,215 kVA
<p>(e) Maximum demand, in kilowatts:</p>		
	<b>1996</b>	<b>1995</b>
	95,067 kW	90,940 kW
<p>(f) Total electricity supplied from the system, in kilowatt hours:</p>		
	<b>1996</b>	<b>1995</b>
	537,367,315 kWh	563,345,430 kWh
<p>(g) The total amount of electricity (in kilowatt hours) conveyed through the system during the relevant financial year on behalf of other persons that are electricity generators or electricity retailers, or both, not being persons that are in a prescribed business relationship with the line owner.</p>		
	<b>1996</b>	<b>1995</b>
	139,547,315 kWh	89,832,173 kWh
<p>(h) Total customers:</p>		
	<b>1996</b>	<b>1995</b>
	21,867	21,677



**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Performance Measures**  
**for the 12 Months ended 31 March 1996**

**Disclosures of Reliability Performance Measures pursuant to Regulation 16 and Part IV of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.**

1. Total number of interruptions, together with a breakdown of that total according to interruption class.

	1996	1995
Class A	2	4
Class B	206	213
Class C	415	150
Class D	14	5
Class E	0	0
Class F	0	0
Class G	0	2

**Total number of interruptions:**

**367**                      **374**

2. The total number of faults per 100 circuit kilometres of prescribed voltage electric line:

**1996**                      **1995**  
**9**                                **9**

3. The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.

	1996	1995
110 kV	2	0
33 kV	0	0
11 kV	0	3

**Total Underground faults**

**2**                                **3**

4. The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.

	1996	1995
110kV	5	5
33 kV	9	9
11 kV	9	9

**Total Overhead Faults**

**9**                                **9**

5. The SAIDI for the total of interruptions, which shall be calculated in accordance with the following formula:

a  
b

where -

- a is the sum obtained by adding together the interruption duration factors for all interruptions; and  
b is the total customers

**SAIDI Total Interruptions**

**1996**                      **1995**  
**530**                                **372**

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Performance Measures**  
**for the 12 Months ended 31 March 1996**

6. The SAIDI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the interruption duration factors for all interruptions within the particular interruption class; and
- b is the total customers

	1996	1995
Class A	70	33
Class B	151	143
Class C	252	178
Class D	54	17
Class E	0	0
Class F	0	0
Class G	0	0

7. The SAIFI for the total number of interruptions, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the number of electricity customers affected by each of those interruptions; and
- b is the total customers

**SAIFI Total Interruptions**

	1996	1995
	5.60	4.90

8. The SAIFI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the number of electricity customers affected by each of those interruptions within that interruption class; and
- b is the total customers

	1996	1995
Class A	0.30	0.10
Class B	0.90	1.10
Class C	3.60	3.30
Class D	0.90	0.40

**BAY OF PLENTY ELECTRICITY LIMITED**  
**Special Purpose Financial Statements**  
**Electricity (Information Disclosure) Regulations 1994**

**Performance Measures**  
**for the 12 Months ended 31 March 1996**

Class E	0.00	0.00
Class F	0.00	0.00
Class G	0.00	0.00

9. The CAIDI for the total of all interruptions, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

- a is the sum obtained by adding together the number of electricity customers affected by each of those interruptions within that interruption class; and
- b is the sum obtained by adding together the number of electricity customers affected by each of those interruptions.

**CAIDI Total Interruptions**

<b>1996</b>	<b>1995</b>
94	76

10. The CAIDI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the interruption duration factors for all interruptions within the particular interruption class; and
- b is the sum obtained by adding together the number of electricity customers affected by each of those interruptions.

	<b>1996</b>	<b>1995</b>
Class A	266	288
Class B	173	126
Class C	70	54
Class D	62	46
Class E	0	0
Class F	0	0
Class G	0	54

**Definitions of Classes:**

- Class A: Planned Trans Power Interruption
- Class B: Planned interruption by any Line Operator (other than Trans Power)
- Class C: Unplanned interruption originating within the principal Line Owner's works.
- Class D: Unplanned Trans Power interruption
- Class E: Unplanned ECNZ interruption
- Class F: Unplanned interruption originating from a generator other than ECNZ
- Class G: Other.

**Coopers  
& Lybrand**

chartered accountants  
and business advisers

telephone 0-7-578 7133  
fax 0-7-578 0701

PO Box 86  
143 Durham Street  
Tauranga  
New Zealand

*125 years  
of innovation*

## CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

### BAY OF PLENTY ELECTRICITY LIMITED

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 Bay of Plenty Electricity Limited and dated 29 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.

*Coopers & Lybrand*

**Coopers & Lybrand**

**29 August 1996**

Coopers & Lybrand is a member of Coopers & Lybrand International, a limited liability association incorporated in Switzerland

Whangarei Auckland Manukau City Hamilton Tauranga New Plymouth Napier Palmerston North Feilding Wellington Christchurch Dunedin Invercargill

Tauranga partners Graeme H C Fraser John S Gray

**Coopers  
& Lybrand**chartered accountants  
and business adviserstelephone 0-7-578 7133  
fax 0-7-578 0701PO Box 86  
143 Durham Street  
Tauranga  
New Zealand*125 years  
of innovation***CERTIFICATION BY AUDITOR  
IN RELATION TO FINANCIAL STATEMENTS****BAY OF PLENTY ELECTRICITY LIMITED**

We have examined the attached financial statements prepared by Bay of Plenty Electricity Limited and dated 29 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.

*Coopers & Lybrand.*

Coopers &amp; Lybrand

29 August 1996

**Coopers  
& Lybrand**

chartered accountants  
and business advisers

telephone 0-7-578 7133  
fax 0-7-578 0701

PO Box 86  
143 Durham Street  
Tauranga  
New Zealand

*125 years  
of innovation*

27 August 1995

The Directors  
Bay of Plenty Electricity Limited  
P O Box 404  
WHAKATANE

**CERTIFICATE BY AUDITOR IN RELATION TO  
ODV VALUATION OF  
BAY OF PLENTY ELECTRICITY LIMITED**

I have examined the valuation report prepared by Worley Consultants Limited of Auckland and dated 23 May 1996, which report contains valuations as at 31 March 1996.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report have been made in accordance with the ODV Handbook.

*John Stewart Gray*

JOHN STEWART GRAY



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

We, Colin George Houston Holmes, and John Gordon Forsythe, Directors of Bay of Plenty Electricity Limited certify that, having made all reasonable inquiry, to the best of our knowledge.

(a) The attached audited financial statements of Bay of Plenty Electricity 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 Bay of Plenty Electricity 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 as at 31 March 1996

A handwritten signature in dark ink, appearing to be 'C G H', written over a horizontal line.

C G H Holmes (Director)

A handwritten signature in dark ink, appearing to be 'J G Forsythe', written over a horizontal line.

J G Forsythe (Director)

Bay of Plenty Electricity Limited - 52 Commerce Street - PO Box 404 - Whakatane 3080 - New Zealand - PH 07 307 2700 - FX 07 307 0922  
 Auckland Office - Level 1, 15 Putney Way - P O Box 76-500 - Manukau City - Auckland - PH 09 263 9963 - FX 09 262 0925  
 ISO 9001 APPROVED



