

New Zealand Gazette

OF THURSDAY, 14 AUGUST 1997

WELLINGTON: MONDAY, 18 AUGUST 1997 — ISSUE NO. 90

ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

ALPINE ENERGY LIMITED

FINANCIAL STATEMENTS

For the Separated Line and Energy Businesses

For the Year Ended 31 March 1997

Prepared for the Purposes of the
Electricity (Information Disclosure) Regulations 1994

IMPORTANT NOTE

The information disclosed in this 1997 Information Disclosure package issued by Alpine Energy Limited 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 purposes than that intended under the Regulations.

The financial information presented is for the line business and "other" business activities. "Other" activities represent the Electricians' business, as described within section 6(3) of the Electricity (Information Disclosure) Regulations 1994. There are also additional activities of the Company that are not required to be reported under the Regulations.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997		1996	
		Lines \$'000	Other \$'000	Lines \$'000	Other \$'000
OPERATING REVENUE	2	11,856	624	10,245	648
LESS					
Operating Costs		5,042	499	3,982	601
Audit Fees		54	0	40	0
Directors' Fees		114	0	113	0
Depreciation		2,415	10	2,021	5
Goodwill		141	0	141	0
		<u>7,766</u>	<u>509</u>	<u>6,297</u>	<u>606</u>
NET PROFIT BEFORE TAXATION		4,090	115	3,948	42
Provision for Taxation	3	(1,053)	(32)	(1,027)	(15)
NET PROFIT AFTER TAXATION		3,037	83	2,921	27
RETAINED EARNINGS BROUGHT FORWARD		1,529	16	653	8
Interim Dividend		(701)	(17)	(651)	(6)
Proposed Final Dividend		(1,521)	(42)	(1,394)	(13)
		<u>(2,222)</u>	<u>(59)</u>	<u>(2,045)</u>	<u>(19)</u>
Total Dividends		<u>(2,222)</u>	<u>(59)</u>	<u>(2,045)</u>	<u>(19)</u>
Retained Earnings Carried Forward		<u>2,344</u>	<u>40</u>	<u>1,529</u>	<u>16</u>

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1997

	Notes	1997		1996	
		Lines \$'000	Other \$'000	Lines \$'000	Other \$'000
SHAREHOLDERS EQUITY					
Issued and Paid Up Capital		26,596	124	26,596	124
Revaluation Reserve	4	39,889	0	39,889	0
Retained Earnings		2,344	40	1,529	16
TOTAL SHAREHOLDERS EQUITY		68,829	164	68,014	140
Represented by:					
CURRENT ASSETS					
Cash and Bank Balances		1,512	(343)	1,876	101
Accounts Receivable	5	627	513	245	91
Deferred Tax		135	0	0	0
Inventories		0	0	498	0
Tax Refund		84	4	0	0
TOTAL CURRENT ASSETS		2,358	174	2,619	192
Less					
CURRENT LIABILITIES					
Accounts Payable	6	616	19	393	68
Provision for Dividend		1,521	42	1,394	13
TOTAL CURRENT LIABILITIES		2,137	61	1,787	81
WORKING CAPITAL		221	113	832	111
NON CURRENT ASSETS					
Goodwill	7	283	0	424	0
Fixed Assets	8	68,325	51	66,758	29
		68,608	51	67,182	29
NET ASSETS		68,829	164	68,014	140

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

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.

The financial information presented is for the line business and "other" business activities. "Other" activities represent the Electricians' business, as described within section 6(3) of the Electricity (Information Disclosure) Regulations 1994. There are also additional activities of the Company that are not required to be reported under the Regulations.

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.

(a) Customer Contributions

Contributions from customers, in relation to the construction of new lines for the network, and contributions from district councils, towards the costs of replacing overhead lines with underground cables, are accounted for as income in the year in which they are received.

(b) Capital and Operating Expenditure

Capital expenditure relates to expenditure incurred in the creation of a new asset and expenditure incurred on existing reticulation system assets to the extent the system is enhanced.

Operating expenditure relates to expenditure which restores an asset closer to its original condition and includes expenditure incurred in maintaining and operating the fixed assets of the Company.

(c) Depreciation

Depreciation is charged as follows:

Network Reticulation System	straight line over useful lives from 10 to 80 years
Buildings	1 to 2.5% of cost
Motor Vehicles	20 to 31.2% on diminishing value
Plant and Office Equipment	8 to 60% on diminishing value

Depreciation for taxation purposes recognises that:

- Additions to the network reticulation system exclude any allocation of indirect costs.
- Only 80% of the book value of the Globo distribution system at 1 April 1987 is depreciable.

Change in Accounting Policy

In previous years the depreciation charge for the network reticulation assets was calculated by applying taxation depreciation rates to the historical book value. Following the revaluation of these assets to net current value, equivalent to their optimised deprival value (ODV), the depreciation charge is calculated on a straight line basis so as to allocate the cost of the assets or the revalued amounts over their useful lives. The effect of this change is to increase the depreciation charge for lines by \$272,000.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

(d) **Taxation**

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 adjustments in respect of prior years.

Change in Accounting Policy

In previous years deferred taxation was not recognised as the timing differences were not expected to reverse within the foreseeable future. The effect of this change is to receive a prior year over-provision of \$142,000 and to have a deferred tax asset of \$135,000 at year end.

(e) **Accounts Receivable**

Accounts receivable are stated at estimated realisable value after making provision for doubtful debts. Bad debts are written off during the period in which they are identified

(f) **Goodwill**

Goodwill representing the excess arising on the issue of shares for the carrying value of net assets transferred from South Canterbury Electric Power Board and Timaru Electricity is being amortised on a straight line basis over five years commencing 1 April 1994.

(g) **Fixed Assets**

All fixed assets are initially recorded at cost. Network reticulation system assets are subsequently revalued to net current value as determined by an independent valuer using the optimised deprival valuation method. Other Fixed assets are stated at cost less an allowance for depreciation.

(h) **Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and bank balances, receivables and trade creditors. 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) **Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis.

(j) **Changes in Accounting Policies**

As described in notes 1 (c) and (d) there has been a change in the accounting policy adopted for depreciation, and for taxation. Apart from this, there have been no other changes in accounting policies, which have been applied on bases consistent with previous years.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

2. OPERATING REVENUE

	1997		1996	
	Lines	Other	Lines	Other
Operating revenue comprises:				
Use of System Charges	10,106	-	9,301	-
Contracting Revenue	1,094	624	-	641
Customer Contributions	590	-	795	-
Sundry - Other	66	-	149	7
	<u>11,856</u>	<u>624</u>	<u>10,245</u>	<u>648</u>

3. TAXATION

Income Tax Expense

	1997		1996	
	Lines	Other	Lines	Other
Operating Surplus before Income Tax	4,090	115	3,948	42
Add/(Deduct):				
Non Deductible Costs	141	-	-	-
Non Assessable Income	(590)	-	(1,266)	-
Utilisation of Group Tax Losses	-	-	-	-
Timing Differences	(20)	(17)	-	(3)
Taxable Income	<u>3,621</u>	<u>98</u>	<u>2,682</u>	<u>45</u>
Taxation Charge @ 33%	1,195	32	885	15
Prior Year Over (Under) Provisions	(142)	-	-	-

Income Tax Expense

The income tax expense is represented by:

Current Taxation	1,046	32	885	15
Deferred Taxation	7	-	-	-
	<u>1,053</u>	<u>32</u>	<u>885</u>	<u>15</u>

Deferrred Income Tax Liability (Asset)

Balance at Beginning of Year	(142)		(142)	
Current Year Timing Differences	7		(142)	
Balance at End of Year	<u>(135)</u>		<u>(142)</u>	

Taxation Liability

Income Tax Expense	1,053	32	885	15
Add/(Deduct):				
Deferred Tax	135	-	142	-
Income Tax Paid	(1,272)	36	(1,027)	(15)
Provision for Tax	(84)	(4)	-	-

Imputation Credit Account

Opening Balance	1,021	12	1,111	-
Imputation Credits Attached to Dividends Paid in the Year	(1,031)	(15)	(1,117)	(3)
Net Income Tax Payments During the Year	1,272	36	1,027	15
Closing Balance	<u>1,262</u>	<u>33</u>	<u>1,021</u>	<u>12</u>

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

4. RESERVES

	1997		1996	
	Lines	Other	Lines	Other
Asset Revaluation Reserve				
Balance at Beginning of the Year	39,889	-	-	-
Net Revaluations	-	-	39,889	-
Balance at End of the Year	<u>39,889</u>	-	<u>39,889</u>	-

5. ACCOUNTS RECEIVABLE

The balance of Accounts Receivable comprises:

Trade Receivables	401	509	19	91
Due by Shareholder District Councils	226	4	226	-
Total	<u>627</u>	<u>513</u>	<u>245</u>	<u>91</u>

6. ACCOUNTS PAYABLE

The balance of Accounts Payable comprises:

Trade Payables	464	10	165	43
Employee Entitlements	152	9	228	25
	<u>616</u>	<u>19</u>	<u>393</u>	<u>68</u>

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

7. GOODWILL

Goodwill relates to the excess balance arising on the issue of shares for the carrying value of net assets transferred from Timaru Electricity and South Canterbury Electric Power Board.

This goodwill is being written off in equal instalments over a five year period commencing 1st April 1994.

8. FIXED ASSETS

	1997		1996	
	Lines	Other	Lines	Other
DISTRIBUTION SYSTEM				
Cost	2,072	-	-	-
At Valuation	65,790	-	65,790	-
Capital Work in Progress	1,991	-	791	-
Less Accumulated Depreciation	(2,293)	-	-	-
	<u>67,560</u>	<u>-</u>	<u>66,581</u>	<u>0</u>
VEHICLES & PLANT				
Cost	936	161	486	127
Less Accumulated Depreciation	(171)	(110)	(309)	(98)
	<u>765</u>	<u>51</u>	<u>177</u>	<u>29</u>
	<u>68,325</u>	<u>51</u>	<u>66,758</u>	<u>29</u>

Valuation of the Network Reticulation System

Valuation of the Network Reticulation System is at net current value on an existing use basis, as at 31 March 1996, and was conducted by Joanna Sofield BMS(Hons) and Govind Saha PhD MBA, Partners of the firm Ernst & Young.

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)**

9. CONTINGENT LIABILITIES

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 1997.

10. CAPITAL COMMITMENTS

In respect of the business activities being reported on, the Company has capital commitments amounting to \$3,820,392 as at 31 March 1997 (\$1,468,659 - 1996).

11. FINANCIAL INSTRUMENTS

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of bank deposits and accounts receivable. 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 and bank deposits with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution.

The Company continually evaluates and monitors the credit quality of its customers. There is a concentration of credit risk in relation to activities with associated entities. This risk is managed indirectly through appointments to the governing bodies of these associated entities.

Fair Value

The carrying value of cash and bank deposits, accounts receivable and accounts payable is equivalent to their fair value.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

12. RELATED PARTY TRANSACTIONS

Shareholders

All transactions between the Company and its Shareholder District Councils have been conducted on a commercial basis. Charges between the parties are made for services provided as part of the normal trading activities of the Company, and as such have been incorporated into the operating costs and revenues of the Company.

	1997		1996	
	Lines	Other	Lines	Other
Revenues from Shareholder District Councils				
- Contracting Activities	226	39	-	216
Payments to Shareholder District Councils				
- Rates, Rents	22	-	26	-

Trading balances due from Shareholder District Councils are shown in note 5.

Associated Entities

Transactions with Associated Entities include:

- Charges to United Electricity Limited for use of the Company's network reticulation system, and use of Trans Power's transmission system; meter reading; and, office services and rents.
- Payments to United Electricity Limited for electricity.

Revenues from Associated Entities	9,401	-	8,220	-
Payments to Associated Entities	-	-	44	-

Trading balances due from Associated Entities, are shown in note 5.

No related party debts have been written off or forgiven during the year.

ALPINE ENERGY LIMITED**FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1997**

Pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

	1997	1996	1995
1. Financial Performance Measures			
a) Accounting Return on Total Assets	5.98%	4.91%	6.84%
b) Accounting Return on Equity	4.44%	3.63%	5.24%
c) Accounting Rate of Profit	4.57%	-10.38%	5.17%
2. Efficiency Performance Measures			
a) Direct Line Costs per kilometre	\$781	\$865	\$1,986
b) Indirect Line Costs per Electricity Customer	\$52	\$45	\$55

Pursuant to Regulation 14A of the Electricity (Information Disclosure) Regulations 1994:

The ODV value of the network reticulation system as at 31 March 1996 is \$65,790,000

ALPINE ENERGY LIMITED**ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS
FOR THE YEAR ENDED 31 MARCH 1997**

Pursuant to Regulation 15 and Part III of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1. Energy Delivery Efficiency Performance Measures and Statistics

	1997	1996	1995
a) Load Factor	64.0%	63.05%	65.26%
b) Loss Ratio	5.6%	5.01%	5.13%
c) Capacity Utilisation	33.0%	32.82%	31.35%

2. Statistics

		1997	1996	1995
(a) System Lengths (kms)	22/33kV	179	161	304
	11kV	2,843	2,824	2,585
	230/400V	554	551	551
	Total	3,576	3,536	3,440
(b) Circuit Length (overhead) (kms)	22/33kV	176	158	301
	11kV	2,686	2,669	2,433
	230/400V	345	345	346
	Total	3,207	3,172	3,080
(c) Circuit Length (underground) (kms)	22/33kV	3	3	3
	11kV	157	155	152
	230/400V	209	206	205
	Total	369	364	360
(d) Transformer Capacity (kVA)		250,435	246,795	250,000
(e) Maximum Demand (kW)		83,000	81,000	78,370
(f) Total Electricity Supplied (GWh)		441.5	425	425
(g) Total Electricity Conveyed for Unrelated Parties (GWh)		37.4	103	100
(h) Total Customer		27,283	26,945	27,100

ALPINE ENERGY LIMITED**RELIABILITY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1997**

Pursuant to Regulation 16 and Part IV of the First Schedule of the
Electricity (Information Disclosure) Regulations 1994:

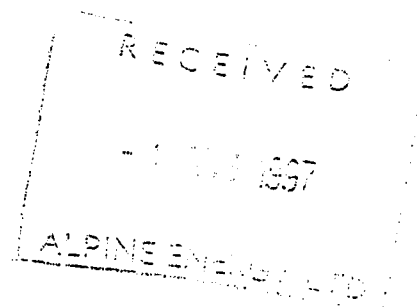
	1997	1996	1995
1. Number of Interruptions			
Class A	3	3	4
Class B	32	12	22
Class C	50	79	106
Class D	2	7	1
Class E	0	0	0
Class F	0	0	0
Class G	0	0	0
Total	87	101	133
2. Total number of faults per 100 circuit kilometres prescribed voltage electric lines	1.40	2.23	3.08
3. Total number of faults per 100 circuit kilometres of underground prescribed voltage electric lines			
33kV	0	0	0
22kV	0	0	0
11kV	1.08	0.82	0.83
Total	1.08	0.82	0.83
4. Total number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines			
33kV	1.31	2.3	
22kV	0	2.3	
11kV	1.53	2.8	
Total	1.43	2.4	3.34

	1997	1996	1995
5. The SAIDI for total of interruptions	86	182	140
6. The SAIDI for total of interruptions within each interruption class -			
Class A	28	37	54
Class B	24	14	19
Class C	23	58	66
Class D	11	73	1
Class E	0	0	0
Class F	0	0	0
Class G	0	0	0
7. The SAIFI for total of interruptions	2.62	2.66	1.43
8. The SAIFI for total of interruptions within each interruption class -			
Class A	0.11	0.11	0.19
Class B	0.04	0.04	0.14
Class C	0.71	0.72	1.1
Class D	1.77	1.79	0.03
Class E	0	0	0
Class F	0	0	0
Class G	0	0	0
9. The CAIDI for total of interruptions	33	69	98
10. The CAIDI for total of interruptions within each interruption class -			
Class A	258	334	280
Class B	650	383	129
Class C	32	81	60
Class D	6	41	40
Class E	0	0	0
Class F	0	0	0
Class G	0	0	0

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Price Waterhouse



ALPINE ENERGY LIMITED

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

I have examined the attached financial statements prepared by Alpine Energy Limited and dated 31 March 1997 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiry, to the best of my 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.

PG Steel
Partner
Price Waterhouse
On behalf of the Controller and Auditor General
Christchurch
31 July 1997

Price Waterhouse Centre
119 Armagh Street
Christchurch, New Zealand
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Telephone 0-3-379 0040
Fax 0-3-379 5677

Price Waterhouse



ALPINE ENERGY LIMITED

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I 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 Alpine Energy Limited and dated 31 March 1997 for the purposes of regulation 13 of those regulations.

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

PG Steel
Partner
Price Waterhouse
On behalf of the Controller and Auditor General
Christchurch
31 July 1997

 ERNST & YOUNG

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New Zealand

■ Phone: 04 499 4888
Fax: 04 495 7400

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With Compliments

**Certification by Auditor in Relation to ODV Valuation
of Network Assets**

I have examined the valuation report prepared by Alpine Energy dated 24 April 1996 which contains valuations as at 31 March 1996 for the network assets of Alpine Energy. The report does not cover non-network fixed assets.

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.



Denis Foy
Partner
Ernst & Young
8 August 1996

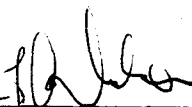
Form 5

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


We, John Allen Dobson and Robert Graham Sinclair of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of Alpine Energy 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 Alpine Energy 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 31st March 1996.



J.A. Dobson



R.G. Sinclair

31 July 1997



