



# New Zealand Gazette

OF THURSDAY, 25 SEPTEMBER 1997

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WELLINGTON: FRIDAY, 26 SEPTEMBER 1997 — ISSUE NO. 141

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## MARLBOROUGH ELECTRIC LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994



## MARLBOROUGH ELECTRIC

Reg. 26(s)

### Form 5

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

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 1997.

PJ Radich

KJ Forrest

*(Signatures of Directors)*

*(Date)* 1/9/97

**MARLBOROUGH ELECTRIC LIMITED**

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

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

**STATEMENT OF FINANCIAL PERFORMANCE**

**YEAR ENDED 31 MARCH 1997**

	NOTES	Year Ended 31 March 1997			Year Ended 31 March 1996		
		Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
		\$	\$	\$	\$	\$	\$
<b>INCOME</b>							
Sales	2	12,711,622	4,039,542	14,010,253	11,378,059	4,281,464	13,132,119
Other Income External		188,766	147,482	4,712,124	218,096	89,193	5,012,882
Internal Transfers		86,508	(85,812)	(696)	84,770	(83,197)	(1,573)
<b>TOTAL INCOME</b>		<b>12,986,896</b>	<b>4,101,212</b>	<b>18,721,681</b>	<b>11,680,925</b>	<b>4,287,460</b>	<b>18,143,428</b>
<b>EXPENDITURE</b>							
Electricity Purchases from ECNZ.	2			9,620,058			8,573,558
Electricity Purchases from MEL Generation				2,780,380			3,016,577
Transmission Charges from Transpower		2,243,499			2,226,131		
Transmission Charges from MEL Generation		1,259,162			1,259,162		
Operation & Maintenance		3,071,065	727,424	1,406,063	3,111,124	787,791	3,565,617
Administration & General		874,754	162,922	3,491,154	1,529,706	197,846	1,664,379
Depreciation		1,249,010	635,045	166,563	1,199,238	526,588	185,831
Interest		489,494	29,526	78,497	753,166		90,352
<b>TOTAL EXPENDITURE</b>		<b>9,186,984</b>	<b>1,554,917</b>	<b>17,542,715</b>	<b>10,078,527</b>	<b>1,512,225</b>	<b>17,096,314</b>
<b>OPERATING SURPLUS BEFORE TAX</b>		<b>3,799,912</b>	<b>2,546,295</b>	<b>1,178,966</b>	<b>1,602,398</b>	<b>2,775,235</b>	<b>1,047,114</b>
Taxation Expense	4	1,242,477	840,871	394,777	580,038	947,526	334,841
<b>OPERATING SURPLUS AFTER TAX</b>		<b>2,557,435</b>	<b>1,705,424</b>	<b>784,189</b>	<b>1,022,360</b>	<b>1,827,709</b>	<b>712,273</b>
Dividend Provision		172,993	697,459	699,548	92,979	801,288	530,733
<b>TRANSFERRED TO RETAINED EARNINGS</b>		<b>2,384,442</b>	<b>1,007,965</b>	<b>84,641</b>	<b>929,381</b>	<b>1,026,421</b>	<b>181,540</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**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 1997**

	NOTES	As at 31 March 1997			As at 31 March 1996		
		Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
		\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>							
Cash and Bank Balances		(448,914)	1,027,230	2,022,116	627,104	2,251,903	2,965,109
Accounts Receivable	7	549,936	(95)	2,420,275	598,227	5,513	2,552,880
Inventories	8	1,107,298		745,807	1,049,007		618,974
<b>TOTAL CURRENT ASSETS</b>		<b>1,208,320</b>	<b>1,027,135</b>	<b>5,188,198</b>	<b>2,274,338</b>	<b>2,257,416</b>	<b>6,136,963</b>
<b>CURRENT LIABILITIES</b>							
Creditors and Accruals	9	1,677,070	(364,283)	1,593,702	1,210,982	(248,951)	1,349,777
Provision for Tax		91,975	(71,875)	25,057	(2,825)	2,975	(9,459)
Provision for Dividend		172,993	697,459	699,548	92,979	801,288	530,733
Customer Deposits	9			206,265			236,835
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,942,038</b>	<b>261,301</b>	<b>2,524,572</b>	<b>1,301,136</b>	<b>555,312</b>	<b>2,107,886</b>
<b>WORKING CAPITAL</b>		<b>(733,718)</b>	<b>765,834</b>	<b>2,663,626</b>	<b>973,202</b>	<b>1,702,104</b>	<b>4,029,077</b>
<b>NON CURRENT ASSETS</b>							
Fixed assets	12	16,900,480	20,524,659	642,857	17,309,121	18,580,425	692,766
Interdivisional Loans			1,000,000	1,000,000			
<b>TOTAL NON CURRENT ASSETS</b>		<b>16,900,480</b>	<b>21,524,659</b>	<b>1,642,857</b>	<b>17,309,121</b>	<b>18,580,425</b>	<b>692,766</b>
<b>NON CURRENT LIABILITIES</b>							
Interdivisional Loans		2,000,000					
Term Debt	10	1,300,000	1,000,000	500,000	7,800,000		1,000,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>3,300,000</b>	<b>1,000,000</b>	<b>500,000</b>	<b>7,800,000</b>		<b>1,000,000</b>
<b>NET ASSETS</b>		<b>12,866,762</b>	<b>21,290,493</b>	<b>3,806,483</b>	<b>10,482,323</b>	<b>20,282,529</b>	<b>3,721,843</b>
<b>REPRESENTED BY SHAREHOLDERS EQUITY</b>							
Issued & Paid up Capital	6	8,736,142	16,047,638	3,216,220	8,736,142	16,047,638	3,216,220
Share Premium Reserve			1,025,894			1,025,894	
Retained Earnings		4,130,620	4,216,961	590,263	1,746,181	3,208,997	505,623
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>12,866,762</b>	<b>21,290,493</b>	<b>3,806,483</b>	<b>10,482,323</b>	<b>20,282,529</b>	<b>3,721,843</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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

**1.STATEMENT OF ACCOUNTING POLICIES**

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 statements of financial performance and financial position for Network Operations, the Generation Business and Energy Trading/Other.

There are also additional activities of the company that are not required to be reported under the regulations.

**1.1 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.

**1.2 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 adjustments 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.

**1.3 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.

**1.4 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.

**1.5 FIXED ASSETS AND DEPRECIATION**

All fixed assets are recorded at a cost.

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

Capital contributions are credited against the cost of reticulation assets.

Where commitments arise offshore for capital purchases the exchange rates are fixed forward to minimise foreign currency risk.

All costs and exchange variations are included in the capitalised cost of the asset.

Depreciation rates used are in accord with the determinations issued from time to time by the Inland Revenue Department.  
These rates are as follows:

<b>Generation system:</b>	<b>Powerhouses and buildings</b>	1 % on cost price
	<b>Dams, headworks etc</b>	1 % on cost price
	<b>Transmission lines</b>	5 % on diminishing value
	<b>Generating equipment and plant</b>	10 %-25 % on diminishing value
<b>Other assets:</b>	<b>Buildings (concrete)</b>	1 % on cost price
	<b>Buildings (wooden)</b>	2 %-3.6 % on cost price
	<b>Reticulation system (global)</b>	5 % on cost price
	<b>Reticulation system (from 1.4.87)</b>	5 %-18 % on diminishing value
	<b>Substation equipment</b>	7.5 %-39.6 % on diminishing value
	<b>Metering equipment</b>	10 %-14.4 % on diminishing value
	<b>Plant</b>	10 %-62.5 % on diminishing value
	<b>Motor vehicles, office, communications</b>	20 %-25 % on diminishing value

#### 1.6 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.

#### 1.7 EMPLOYEE ENTITLEMENTS

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

#### 1.8 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 estimated doubtful receivables.

Other financial instruments entered into by the company include foreign currency forward exchange contracts and electricity price hedging contracts. The purpose of these instruments is to reduce exposure to fluctuations in foreign currency and electricity spot market prices. Because these hedging contracts have the effect of offsetting gains or losses on the underlying transactions in the physical market, there is no recognition in the financial statements until maturity of the contracts.

#### 1.9 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. OPERATING SURPLUS BEFORE TAXATION**

The operating surplus before taxation has been determined after:

	Year Ended 31 March 1997			Year Ended 31 March 1996		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Crediting as revenue:						
Interest Income	(5,666)	140,220	172,281	53,053	89,193	147,384
Property Rentals	51,953					
Surplus on Disposal of Fixed Assets	68,295		(1,981)			
Charging as expense:						
Audit Fees Paid to Principal Auditor	45,055	2,000	9,000	23,500		
Fees Paid for Other Services Provided by the Principal Auditor.				75,698		
Directors Fees	75,000			86,199		
Depreciation	1,249,010	635,045	166,563	1,199,238	526,588	185,831
Interest on Term Debt	489,494	29,526	78,497	753,166		90,352
Research Expenditure		48,137			456,445	
Receivables Written off			32,223			25,977
Increase in Estimated Doubtful Debts			3,962			4,800
Donations(Educational Grants)	16,080			13,980		
Rental Expense on Operating Leases	8,189		12,173	7,933		12,576
Loss on Sale of Fixed Assets						437

**3. GENERATION OPERATIONS**

Marlborough Electric's own generation provided 61.2 GWh (1996 70 GWh)

**4. TAXATION**

	Year ended 31 March 1997			Year Ended 31 March 1996		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
4.1 TAXATION CHARGE						
Operating Surplus before Tax	3,799,912	2,546,295	1,178,966	1,602,399	2,775,235	1,047,113
Add/(deduct)						
Non Deductible Costs	110,424	1,801	127,277	129,453	96,056	
Non Assessable Income	(142,205)		(103,459)	(395)	(494)	
Taxable Income	3,768,131	2,548,096	1,202,784	1,731,457	2,870,797	1,047,113
Taxation Charge @ 33%	1,243,481	840,871	396,918	581,924	947,526	334,841
Prior Year Under/(Over) Provision	(1,004)		(2,141)	(1,886)		
Tax Expense	1,242,477	840,871	394,777	580,038	947,526	334,841

#### 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 there would be a deferred tax asset of \$97,000 (1996 \$90,000).

#### 4.3 IMPUTATION CREDIT ACCOUNT (Marlborough Electric Ltd, Total Company)

	Year Ended 31 March 1997 \$	Year Ended 31 March 1996 \$
Balance at Beginning of Year	3,551,871	2,080,021
Imputation credits attached to dividends paid in the year	(701,866)	(591,045)
Imputation credits attached to dividends received	211,791	
Income tax payments during the year	<u>2,003,259</u>	<u>2,062,895</u>
Balance at End of Year	5,065,055	3,551,871

#### 5. EARNINGS PER SHARE

Earnings per share is calculated by dividing the company's net surplus by the average number of shares on issue during the year.

	1997	1996
Average number of shares on issue	28,000,000	28,000,000
Net surplus per share (total company activities)	13.22 cents	12.7 cents

#### 6. SHARE CAPITAL

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

#### 6.2 Share Capital

Issued and Paid up Capital 28,000,000 ordinary shares of \$1 each

	1997	1996
Network	8,736,142	8,736,142
Generation	16,047,638	16,047,638
<u>Energy Trading and Other</u>	<u>3,216,220</u>	<u>3,216,220</u>
Total Business	28,000,000	28,000,000



**7. ACCOUNTS RECEIVABLE**

The balance of Accounts Receivable comprises:

	As at 31 March 1997			As at 31 March 1996		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Electricity and other trade debtors	549,936	(95)	1,963,765	598,227	5,513	1,769,608
Hire Purchase Debtors			523,122			853,846
Less Estimated Doubtful Debts			(66,612)			(70,574)
<b>Total</b>	<b>549,936</b>	<b>(95)</b>	<b>2,420,275</b>	<b>598,227</b>	<b>5,513</b>	<b>2,552,880</b>

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

**8. INVENTORIES**

	As at 31 March 1997			As at 31 March 1996		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Reticulation stock	1,096,020		20,543	1,049,007		10,631
Work in Progress	11278		200,722			69,593
Retail trading Stock			524,542			538,750
<b>Total</b>	<b>1,107,298</b>		<b>745,807</b>	<b>1,049,007</b>		<b>618,974</b>

Some inventories are subject to retention of title clauses.

**9. CREDITORS AND ACCRUALS.**

Balance of creditors, accruals etc comprises:

	As at 31 March 1997			As at 31 March 1996		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Trade Creditors and Accruals	1,565,984	(364,283)	1,446,969	1,092,976	(248,951)	1,211,275
Employee Entitlements	111,086		146,733	118,006		138,502
Customer deposits			206,265			236,835
<b>Total</b>	<b>1,677,070</b>	<b>(364,283)</b>	<b>1,799,967</b>	<b>1,210,982</b>	<b>(248,951)</b>	<b>1,586,612</b>

The debit balance under Generation originates from the internal costing of local generation to Energy Trading.

**10. TERM LOANS**

	As at 31 March 1997			As at 31 March 1996		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Term Debt Facility	1,300,000	1,000,000	500,000	7,800,000		1,000,000

Maturity date 30th April 1998

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 1997 was 7.99% (1996 9.38%)

**11. DIVIDEND PAYMENTS**

As at 31 March 1996 provision for dividend totalled \$1,425,000.

When the dividend was paid to the Company's shareholders in July 1996 cashflow requirements dictated that the payment be sourced as follows:

Network Operator	92,978
Generation business unit	801,288
Energy trader	<u>530,734</u>
Total	1,425,000

**12. NON CURRENT ASSETS****12.1 Table of Fixed Assets**

	As at 31 March 1997			As at 31 March 1996		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Land	461,678	78,634		477,678	67,205	
Buildings less Depreciation	3,897,199 (846,958)			3,955,163 (675,349)		
	3,050,241			3,279,814		
Generation Assets less Depreciation		29,116,192 (8,733,915)			26,093,180 (8,117,647)	
		20,382,277			17,975,533	
Reticulation System less Depreciation	20,518,054 (7,879,946)			19,822,103 (6,859,113)		
	12,638,108			12,962,990		
Plant and Equipment less Depreciation	1,235,410 (816,872)	103,606 (39,858)	981,057 (642,920)	1,108,988 (804,777)	78,412 (18,269)	943,567 (549,298)
	418,538	63,748	338,137	304,211	60,143	394,269
Motor Vehicles less Depreciation	359,156 (252,946)		991,416 (686,696)	372,245 (253,183)		945,244 (646,747)
	106,210		304,720	119,062		298,497
Capital Works in Progress	225,705			165,366	477,544	
Totals	16,900,480	20,524,659	642,857	17,309,121	18,580,425	692,766

**12.2 VALUATION**

The most recent Government valuation of land and improvements was undertaken as at September 1996 and resulted in the following values being ascribed to properties owned by Marlborough Electric.

	Land \$	Improvements \$
Hydro Electric Stations	718,500	17,837,500
Other Properties	<u>1,634,500</u>	<u>3,816,800</u>
Totals	2,353,000	21,654,300

**13. CAPITAL CONTRIBUTIONS**

Customer capital contributions totalling \$89,782 (1996 \$91,207) were credited against the cost of reticulation assets during the year. As at 31 March 1997 the accumulated value of such contributions credited to fixed assets was \$2,028,904 (1996 \$1,939,122).

**14. CAPITAL COMMITMENTS**

	1997 \$	1996 \$
Total Capital Expenditure committed to but not recognised in the financial statements.	419,445	2,794,000

**15. CONTINGENT LIABILITIES**

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 (1996 nil other than retirement gratuities).

**16. FINANCIAL INSTRUMENTS****16.1 CREDIT RISK**

Credit risk is the risk that an outside party will not be able to meet its obligations to the company. Financial instruments which potentially subject the company to concentrations of credit risk consist principally of cash deposits, short term deposits and trade receivables. 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.

With respect to electricity price hedging contracts, the company's exposure is on any potential difference between the spot and the hedge price where, on maturity of these contracts the spot price is greater than the hedge price. The company does not anticipate any non performance of obligations by Generators which may exist on maturity of these contracts.

**16.2 INTEREST RATE RISK**

Interest Rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The company's short term deposits are at fixed interest rates and mature within one year. Interest rates on non-current borrowings are linked to the 90 day bank bill rate (National Bank buy rate).

**16.3 CURRENCY RISK**

Currency risk is the risk that amounts payable in foreign currencies will change due to movements in exchange rates. The company enters into foreign currency forward exchange contracts in order to manage its exposure to fluctuations in foreign currency

exchange rates on the purchase of specific plant and equipment items from overseas suppliers. Total cover under forward exchange contracts at balance date was \$241,920 (1996 - \$869,731).

#### 16.4 ELECTRICITY PURCHASING

The company has entered into electricity price hedging contracts with supplying generators.

Under these contracts the company agrees with the generator a fixed price (a hedge price) for a percentage of its estimated electricity needs. The company does not enter into any speculative position in relation to electricity price hedging contracts.

On maturity of these agreements any difference between the hedge price and the spot price is settled between the parties.

Settlement occurs irrespective of the amount of electricity supplied.

If the spot market price is greater than the hedge price the generator must settle the difference with the company.

Alternatively if the spot price is less than the hedge price the company must settle the difference with the electricity generator.

The total value of electricity price hedging contracts at balance date was \$44.119m (1996 \$5.365m).

#### 16.5 FAIR VALUES

The carrying amount of cash, short term deposits and trade receivables reflect their fair values.

The fair value of electricity price hedging contracts will vary from day to day as the spot market for electricity varies. As at balance date the secondary market for electricity price hedging contracts was not sufficiently active to obtain a reliable measure of the fair value of the company's hedging contracts.

The fair value of foreign currency forward exchange contracts represents the estimated amount the company would receive on termination of the contract at balance date, thereby taking into account the unrealised gain or loss of open contracts.

Contracts in place at 31 March 1997:

Due Date	Rate Fixed Forward	Commitment \$NZ	Rate at 31.3.97
30 April 1997	Aud 0.8755/\$NZ	241,920	Aud 0.8837/\$NZ

#### 17. RELATED PARTIES

##### 17.1 SHAREHOLDERS

The company may from time to time advance funds of a short term nature to the Marlborough Electric Power Trust. The company dividend is also paid to the same trust.

	1997	1996
	\$	\$
Dividends paid to the trust	1,425,000	1,200,000
Secretarial costs charged to the trust	6,750	6,750
Amounts owed by the trust to the company as at 31 March	18,270	19,475

**17.2 PARTIES ASSOCIATED WITH DIRECTORS**

The company contracted with parties associated with certain directors of Marlborough Electric Ltd.

These transactions involve the provision of legal and consulting services.

All transactions were at commercial rates.

	1997	1996
	\$	\$
PJ Radich (Radich Dwyer Hardy-Jones Clark)	63,117	43,559
EA Hudson (E-Dec Ltd)	-	118,126
SL Maier (Maier Inc)	3,750	-

**18. EVENTS SUBSEQUENT TO BALANCE DATE**

The directors resolved to merge the company's appliance trading operation with the appliance business of Southpower to form a new company, Powerstore Appliances Ltd. This merger was effected on 19 May 1997, and the Company holds a 20% share in the new company.

**MARLBOROUGH ELECTRIC LIMITED**

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

**1. Financial Performance Measures**

	1996/97	1995/96	1994/95
(a) Accounting Return on Total Assets	5.15%	2.69%	1.36%
(b) Accounting Return on Equity	3.16%	1.19%	0.21%
(c) Accounting Rate of Profit	3.35%	1.68%	0.72%

**2. Efficiency Performance Measures**

(a) Direct Line Costs per Kilometre	\$958	\$1,246	\$1,428
(b) Indirect Line Costs per Customer	\$70	\$79	\$76

**Energy Delivery Efficiency Performance Measures**

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

(a) Load Factor	60.24%	59.57%	58.24%
(b) Loss Ratio	7.35%	7.32%	6.53%
(c) Capacity Utilisation	30.35%	28.55%	31.12%

**Statistics**

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

**(a) System Length Break Down**

	1996/97	1995/96	1994/95
33kV	257.9 km	257.7 km	257.3 km
11kV	1,957.3 km	1,910.7 km	1,895.0 km
6.6kV	51.1 km	51.2 km	51.1 km
LV	284.8 km	274.4 km	280.8 km
<b>Total</b>	<b>2,521.3 km</b>	<b>2,494.0 km</b>	<b>2484.0 km</b>

(b)	Circuit Length of Overhead System			
		<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
	33kV	265.3 km	256.1 km	155.8 km
	11kV	1,886.7 km	1,873.6 km	1,886.5 km
	6.6kV	51.1 km	51.2 km	51.1 km
	LV	219.3 km	217.1 km	215.5 km
	<b>Total</b>	<b>2,422.5 km</b>	<b>2,398.0 km</b>	<b>2,409.1 km</b>
(c)	Circuit length of Underground System			
		<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
	33kV	1.6 km	1.6 km	1.2 km
	11kV	40.6 km	37.1 km	8.4 km
	6.6kV	0.0 km	-	-
	LV	65.4 km	57.3 km	65.2 km
	<b>Total</b>	<b>107.7 km</b>	<b>96.0 km</b>	<b>74.9 km</b>
(d)	Transformer Capacity in kVA As At 31 March			
		<b>1997</b>	<b>1996</b>	<b>1995</b>
		178,074 kVA	169,213 kVA	163,712 kVA
(e)	Maximum Demand			
		<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
		54,051 kW	53,071 kW	50,957 kW
(f)	Total Electricity Supplied from the System			
		<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
		264,295,394 kWh	257,386,189 kWh	243,022,917 kWh
(g)	Total Electricity Conveyed Through the System on behalf of another person.			
		<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
		10,578,714 kWh	8,687,882 kWh	zero
(h)	Total Customer Average			
		<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
		19,517 Customers	19,300 Customers	19,031 customers

### Reliability Performance Measures

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

(a) Number of Interruptions by Class

Class	Description	1996/97 Interruptions	1995/96 Interruptions	1994/95 Interruptions
A	Transpower Planned	0	1	0
B	ME Ltd Planned	109	132	68
C	ME Ltd Unplanned	157	180	308
D	Transpower Unplanned	3	2	5
E	ECNZ Unplanned	0	0	0
F	Other Generation Unplanned	0	0	0
G	Other	0	0	0
	<b>Total</b>	<b>269</b>	<b>315</b>	<b>381</b>

(b) The Total Number of Faults Per 100km of Line Over 3.3kV

	1996/97	1995/1996	1994/95
Faults	7.11 Faults per 100km	8.2 Faults per 100 km	14.2 Faults per 100 km
Prescribed Line	156	182	313
	2194	2219.515	2203.244

(c) The Total Number of Faults Per 100km of Underground Cable Over 3.3kV

	1996/97			1995/96			1994/95		
	Faults	kM of Cable	Faults per 100kM	Faults	kM of cable	Faults per 100 kM	Faults	kM of cable	Faults per 100 kM
33kV	6	2.0	Nil	-	1.620	nil	-	1.200	nil
11kV	4	41.0	9.84	3	37.070	8.1	2	8.482	23.6
Total	4	43	9.47	3	38.690	7.8	2	9.682	20.7

(d) The Total Number of Faults Per 100km of Overhead Line Over 3.3kV

	1996/97			1995/96			1994/95		
	Faults	kM of Cable	Faults per 100kM	Faults	kM of cable	Faults per 100 kM	Faults	kM of cable	Faults per 100 kM
33kV	5	256	1.95	0	256.080	nil	16	255.830	6.3
11kV	149	1887	7.90	177	1,873.58	9.4	295	1,886.57	15.6
6.6kV	2	51	3.91	0	5	nil		3	nil
					51.159			51.159	
Total	156	2194	7.11	177	2,180.82	8.1	311	2,194	14.2

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(e) The SAIDI For the Total Interruptions

(SAIDI = System Average Interruption Duration Index)

	1996/97	1995/96	1994/95
	190 Customer/Minutes	226 Customer/Minutes	258 Customer/Minutes



## (f) The SAIDI for the Per Interruption Class

Class	Description	1996/97	1995/96	1994/95
		Customer/Minutes	Customer/Minutes	Customer/Minutes
A	Transpower Planned	-	61	-
B	ME Ltd Planned	74	88	70
C	ME Ltd Unplanned	83	62	129
D	Transpower Unplanned	33	15	59
E	ECNZ Unplanned	-	-	-
F	Other Generation Unplanned	-	-	-
G	Other	-	-	-
	<b>Total</b>	190	226	258

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

1996/97	1995/96	1994/95
2.27	4.91	7.12

## (h) The SAIFI for the Per Interruption Class

Class	Description	1996/97	1995/96	1994/95
		Customer/Minutes	Customer/Minutes	Customer/Minutes
A	Transpower Planned	-	1.40	-
B	ME Ltd Planned	0.39	1.02	0.37
C	ME Ltd Unplanned	1.36	1.26	1.86
D	Transpower Unplanned	0.52	1.23	4.88
E	ECNZ Unplanned	-	-	-
F	Other Generation Unplanned	-	-	-
G	Other	-	-	-
	<b>Total</b>	2.27	4.91	7.12

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

1996/97	1995/96	1994/95
31.0	46.04	36.28
Customer Minutes	Customer Minutes	Customer Minutes

## (j) The CAIDI for the Per Interruption class

Class	Description	1996/97	1995/96	1994/95
		Customer/Minutes	Customer/Minutes	Customer/Minutes
A	Transpower Planned	-	60.00	-
B	ME Ltd Planned	19.0	62.98	187.63
C	ME Ltd Unplanned	6.0	50.47	69.24
D	Transpower Unplanned	6.0	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 1996/97 year is \$75,096,630

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*Price Waterhouse*



**MARLBOROUGH ELECTRIC 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 Marlborough Electric Limited and dated 31 March 1997 for the purposes of regulation 13 of those regulations.

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

PG Steel  
Price Waterhouse  
On behalf of the Controller and Auditor General  
Christchurch  
21 August 1997

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Christchurch, New Zealand  
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***MARLBOROUGH ELECTRIC LIMITED***

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

I have examined the attached financial statements prepared by Marlborough Electric 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.

A handwritten signature in black ink that reads 'PG Steel'.

PG Steel  
Price Waterhouse  
On behalf of the Controller and Auditor General  
Christchurch  
21 August 1997

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**MARLBOROUGH ELECTRIC LIMITED**

**CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION**

We have examined the valuation report prepared by Marlborough Electric Limited and dated 27 July 1995, which report contains an ODV valuation of the Line Business as at 31 March 1995.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report have been made in accordance with the Handbook for Optimised Deprived Valuation of Electricity Line Business issued by the Energy and Resources Division of the Ministry of Commerce and dated 23 June 1994.

We do not express an opinion as to the truth and fairness of the ODV Valuation of \$75.1 million.

CT Hurley  
Price Waterhouse  
on behalf of the Controller and Auditor-General  
Christchurch

3 August 1995



