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NELSON ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

NELSON ELECTRICITY LIMITED**Statement of Financial Performance for the 12 months ended 31 March 1997**

	Notes	1997 Line Business \$000	1997 Other Business \$000	1996 Line Business \$000	1996 Other Business \$000
INCOME					
Interest received		205	0	117	0
Lease revenue and participation fee		1,770	163	1,970	18
		<u>1,975</u>	<u>163</u>	<u>2,087</u>	<u>18</u>
EXPENSES					
Administration services		50	0	36	0
Financial		158	0	167	0
Depreciation		427	0	423	0
		<u>635</u>	<u>0</u>	<u>626</u>	<u>0</u>
SURPLUS BEFORE TAXATION		1,340	163	1,461	18
Provision for taxation	2	463	54	481	6
SURPLUS AFTER TAXATION		<u>877</u>	<u>109</u>	<u>980</u>	<u>12</u>
Retained earnings at beginning of year		1,235	12	655	0
Total available for appropriation		<u>2,112</u>	<u>121</u>	<u>1,635</u>	<u>12</u>
Dividends paid		860	0	400	0
		<u>1,252</u>	<u>121</u>	<u>1,235</u>	<u>12</u>

NELSON ELECTRICITY LIMITED**Statement of Financial Position as at 31 March 1997**

	Notes	1997 Line Business \$000	1997 Other Business \$000	1996 Line Business \$000	1996 Other Business \$000
EQUITY					
Share capital		5,000	0	5,000	0
Retained earnings		1,252	121	1,235	12
		<u>6,252</u>	<u>121</u>	<u>6,235</u>	<u>12</u>
Represented By					
CURRENT ASSETS					
Bank and cash		66	0	200	0
Accounts receivable		626	81	593	9
Intercompany debtors		0	0	71	0
Investments		2,001	94	1,336	9
		<u>2,693</u>	<u>175</u>	<u>2,200</u>	<u>18</u>
CURRENT LIABILITIES					
Creditors		122	0	102	0
Provision for taxation		0	54	0	6
		<u>122</u>	<u>54</u>	<u>102</u>	<u>6</u>
WORKING CAPITAL		2,571	121	2,098	12
NON CURRENT ASSETS					
Fixed assets	1	5,556	0	5,964	0
		<u>5,556</u>	<u>0</u>	<u>5,964</u>	<u>0</u>
NON CURRENT LIABILITIES					
Deferred taxation	3	83	0	37	0
Term Loan		1,792	0	1,790	0
		<u>1,875</u>	<u>0</u>	<u>1,827</u>	<u>0</u>
NET ASSETS		<u>6,252</u>	<u>121</u>	<u>6,235</u>	<u>12</u>

NELSON ELECTRICITY LIMITED

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Nelson City Council corporatised its electrical distribution assets on 1 September 1993 in the name of Nelson Electricity Limited. The Nelson City Council sold of its 100% shareholding in Nelson Electricity Limited on 19 June 1996.

As at 1 December 1991 the Council leased the distribution assets to Citipower Limited (a fully owned subsidiary of Capital Power Limited) for a period of ten years. At the time of the formation of Nelson Electricity Limited the lease was transferred to the new company.

The balance date was changed from 30 June to 31 March to align with the Electricity (Information Disclosure) Regulations.

ACCOUNTING POLICIES

(1) Authority

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

(2) Measurement Base

Reliance has been placed on the fact that Nelson Electricity Limited remains a going concern that its funds will continue to be available to maintain operations. The measurement base adopted is historical cost.

(3) Matching of Expenses and Revenue

Accrual accounting has been employed in matching expenses and related revenue.

(4) Separation of Line and Other Business

The separation of revenue between line and other business was provided by Citipower Limited for the current year based on NEL's share of Citipower's profitability pursuant to the participation agreement.

(5) Depreciation

Depreciation has been provided on all major assets, excluding land, on the following bases and at the following rates calculated.

Buildings	2% SL
Distribution System	4% SL

(6) Financial Instruments

The company is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank, accounts receivable

and payable, investments and loans which have all been recognised in the financial statements.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

The following methods and assumptions were used to value each class of financial instrument.

Debtors are recorded at expected realisable value.

Investments are recorded at the lower of cost or market value.

All other financial instruments are recognised at their fair value.

(7) Fixed Assets

Land is stated at cost, all other assets are stated at cost less accumulated depreciation.

(8) Taxation

The taxation charge against the profit of the period is an estimated liability in respect of that profit after allowance for permanent differences.

The company follows the liability method of accounting for deferred taxation and applies this on the comprehensive basis. A debit balance in the deferred tax account arising from timing differences is recognised only where there is virtual certainty of realisation.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the above accounting policies during the year.

NELSON ELECTRICITY LIMITED

Notes to the Financial Statements for the Year Ended 31 March 1997

		1997 Line Business \$000	1997 Other Business \$000	1996 Line Business \$000	1997 Other Business \$000
(1) Fixed Assets					
Distribution system	cost	10,610	0	10,592	0
	accumulated depreciation	5,157	0	4,734	0
	book value	<u>5,453</u>	<u>0</u>	<u>5,858</u>	<u>0</u>
Land	cost	15	0	15	0
Buildings	cost	144	0	144	0
	accumulated depreciation	56	0	53	0
	book value	<u>88</u>	<u>0</u>	<u>91</u>	<u>0</u>
TOTAL FIXED ASSETS		<u><u>5,556</u></u>	<u><u>0</u></u>	<u><u>5,964</u></u>	<u><u>0</u></u>
(2) Taxation					
Surplus before taxation		1,340	163	1,461	18
Taxation at 33%		442	54	482	6
Plus permanent difference tax effect		18	0	20	0
Less prior year deferred tax adjustment		3	0	(21)	0
Tax expense per Statement of Financial Perfor		<u>463</u>	<u>54</u>	<u>481</u>	<u>6</u>
Comprising:					
Current taxation		416	54	497	6
Deferred taxation		47	0	(16)	0
		<u>463</u>	<u>54</u>	<u>481</u>	<u>6</u>
(3) Deferred Taxation					
Balance 1/4/96		37	0	53	0
Deferred tax prior period		17	0	(21)	0
Deferred tax current period		29	0	5	0
Balance 31/3/97		<u>83</u>	<u>0</u>	<u>37</u>	<u>0</u>

NELSON ELECTRICITY LIMITED

Disclosure of financial and efficiency performance measures pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

The financial measures pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994 have been derived from Nelson Electricity Limited accounts.

FINANCIAL PERFORMANCE MEASURES

	1997	1996	1995
Accounting Return on Total Assets	9.36%	10.63%	8.60%
Accounting Return on Equity	6.20%	7.27%	5.80%
Accounting Rate of Profit	8.38%	9.32%	5.80%

These financial performance measures were based on the adjusted line business financial statements, which incorporate the adjustments necessary to reflect the fixed assets at ODV. The ODV valuation was audited by Ernst & Young.

EFFICIENCY PERFORMANCE MEASURES

Citipower Limited leased the distribution system owned by Nelson Electricity Limited for the period under review. All information relating to efficiency performance has been provided by Citipower Limited. Enquiries for further information in respect of these should be directed to Citipower Limited.

Efficiency Performance Measures	1997	1996	1995
Direct costs per km	\$4,386	\$5,318	\$7,370
Indirect costs per customer	\$ 413	\$ 435	\$ 381

Disclosure of energy delivery efficiency performance measures and statistics pursuant to Regulation 15 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

Energy Delivery Efficiency Measures	1996/97	1995/96	1994/95
Load Factor	58.1%	57.5%	56.8%
Loss Ratio	5.0%	5.0%	5.5%
Capacity Utilisation	38.27%	39.1%	40.7%

Statistics	1996/97	1995/96	1994/95
System Information (kilometres)	33kV	33kV	33kV
System length breakdown	22.5	22.5	22.5
Underground circuit length	12.6	12.6	12.6
Overhead circuit length	9.9	9.9	9.9
System Information (kilometres)	11kV	11kV	11kV
System length breakdown	79.1	79.0	78.5
Underground circuit length	67.9	67.8	67.3
Overhead circuit length	11.2	11.2	11.2
System Information (kilometres)	400V	400V	400V
System length breakdown	115.2	114.3	112.0
Underground circuit length	88.0	86.9	84.6
Overhead circuit length	27.2	27.4	27.4
System Information (kilometres)	Total	Total	Total
System length breakdown	216.8	215.8	213.0
Underground circuit length	168.5	167.3	161.8
Overhead circuit length	48.3	48.5	51.2
Transformer capacity (kVA)	72,520	71,820	66,815
Maximum demand (kilowatts)	28,095	28,100	27,200
Total electricity supplied (kWh)	143,529,169	141,566,178	135,441,303
Total conveyed-non-associated parties	0	0	0
Total customers	8,359	8,322	8,242

Disclosure of reliability performance measures pursuant to Regulation 16 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

Total number of customers	8,322
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Total Number of Interruptions (above 3.3kV)		1997	1996	1995
Planned interruption by Trans Power	Class A	0	0	0
Planned interruption by Capital Power	Class B	16	9	13
Unplanned interruption in Capital Power network	Class C	7	7	3
Unplanned interruption by Trans Power	Class D	0	0	4
Unplanned interruption in generation by ECNZ	Class E	0	0	0
Unplanned interruption by other generator	Class F	0	0	0
Other interruptions	Class G	0	0	0
	Total	23	16	20

Note: The interruption duration factor is the sum of customers affected by the time of interruption in minutes.

Total number of faults per 100 circuit kilometres of prescribed voltage electric line		1997	1996	1995
		per 100km	per 100km	per 100km
	33kV	4.44	4.44	0.00
	11kV	7.59	5.06	3.82
	Total	6.89	4.92	3.82

Total number of faults per 100 circuit kilometres of underground, by prescribed voltage		1997	1996	1995
		per 100km	per 100km	per 100km
	33kV	0.00	7.94	0.00
	11kV	5.89	4.43	1.48
	Total	5.14	4.96	1.48

Total number of faults per 100 circuit kilometre of overhead, by prescribed voltage		1997	1996	1995
		per 100km	per 100km	per 100km
	33kV	10.11	0.00	0.00
	11kV	17.85	8.90	17.80
	Total	14.20	4.72	17.80

SAIDI (Interruption duration factor for all interruptions/total customers)		1997	1996	1995
SAIDI by interruption class (minutes)	Class A	0.00	0.00	0.00
	Class B	3.19	4.24	3.49
	Class C	25.10	49.26	11.95
	Class D	0.00	0.00	0.00
	Class E	0.00	0.00	0.00
	Class F	0.00	0.00	0.00
	Class G	0.00	0.00	0.00
	Total	28.29	53.50	15.44

SAIFI (sum affected customers/total number of customers)		1997	1996	1995
SAIFI by interruption class (proportion of customers affected)	Class A	0.00	0.00	0.00
	Class B	0.01	0.04	0.04
	Class C	0.81	3.06	0.11
	Class D	0.00	0.00	0.00
	Class E	0.00	0.00	0.00
	Class F	0.00	0.00	0.00
	Class G	0.00	0.00	0.00
	Total	0.82	3.11	0.15

CAIDI (total duration factors/sum of customers affected)		1997	1996	1995
CAIDI by interruption class (minutes/customer affected)	Class A	na	na	na
	Class B	192.51	96.96	na
	Class C	30.98	16.08	98.82
	Class D	na	na	na
	Class E	na	na	na
	Class F	na	na	na
	Class G	na	na	na
	Total	273.49	17.22	98.82

NELSON ELECTRICITY LIMITED**Electricity (Information Disclosure) Regulations 1994 - Regulation 26 (2)****Certification of financial statements, performance measures and statistics disclosed by Nelson Electricity Limited**

We, William James Luff and Ian Victor MacLennan, principals of Nelson Electricity Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

- (a) The attached audited financial statements of Nelson 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 Nelson 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 performance measures are based are as at 31 March 1995.

William James Luff
Director
4 December 1997

Ian Victor MacLennan
Company Secretary
4 December 1997

NELSON ELECTRICITY LIMITED**Certification by Auditor in Relation to ODV Valuation**

We have examined the valuation report prepared by Citipower Limited and dated 16 August 1995, which report contains valuations as at 31 March 1995 and identifies the ODV value of the system fixed assets at \$13,666,148.

We hereby certify that having made all reasonable inquiry, to the best of our knowledge, the valuations contained in the report in our opinion have been made in accordance with the ODV Handbook.

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994, and it is not to be used for any other purpose without our prior written consent.

Ernst & Young
18 August 1995



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Nelson Electricity Limited and dated 4 December 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 "K J Boddy". The signature is written in a cursive style with a large, looped initial "K".

K J Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General
4 December 1997



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being the financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994 and having been prepared by Nelson Electricity Limited and dated 4 December 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.

K J Boddy

Audit New Zealand

On behalf of the Controller and Auditor-General

4 December 1997

Deloitte Touche Tohmatsu



Chartered Accountants

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New Zealand

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Facsimile 64-4-472 8023

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

We have examined the attached information being -

- (b) Financial components of the efficiency performance measures specified in Clause 2 of Part II of that schedule, -
and having been prepared by Citipower and dated 31 March 1997 for the purposes of regulation 13 of those regulations.

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

Deloitte Touche Tomhatsu
Chartered Accountants
Wellington
New Zealand

4 December 1997



