



# New Zealand Gazette

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OF THURSDAY, 6 AUGUST 1998

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WELLINGTON: FRIDAY, 7 AUGUST 1998 — ISSUE NO. 109

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## HAWKE'S BAY POWER DISTRIBUTION LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994

**HAWKE'S BAY POWER DISTRIBUTION LTD  
1998 INFORMATION DISCLOSURE [GAZETTED]**

	REGULATION
Certification by Directors of Financial Statements Performance Measures and Statistics	26(2)
Certification by Auditor in Relation to Financial Statements	25(2)
Financial Statements	6(2) and (3)
Certification by Auditor of Performance Measures	25(3)
Certification by Auditor in relation to ODV Valuation	25 (4)
Financial and Efficiency Performance	13 and First Schedule, Part II
ODV Valuation	14 (A)
Energy Delivery Efficiency	15 and First Schedule, Part III
Reliability Performance	16 and First Schedule, Part IV

**HAWKE'S BAY POWER**

PO Box 555, Hastings

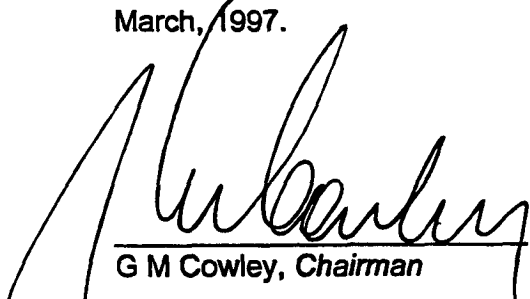
Telephone (06) 878-7119 Fax (06) 876-3009

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


We, Graham Mitchell Cowley and James Allan Scotland, Directors of Hawke's Bay Power Distribution Limited certify that, having made all reasonable enquiry, to the best of our knowledge.

- a) The attached audited financial statements of Hawke's Bay Power Distribution Ltd, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- b) The attached information, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Hawke's Bay Power Distribution Ltd, and having been prepared for the purposes of Regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those financial performance measures are based are as at 31 March, 1997.

  
\_\_\_\_\_  
G M Cowley, *Chairman*

13 July 1998

  
\_\_\_\_\_  
J A Scotland, *Director*

13 July 1998



Audit New Zealand

**REPORT OF THE AUDIT OFFICE**

We have examined the attached financial statements prepared by Hawke's Bay Power Distribution Limited dated 14 July 1998 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.

B J Smith  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
14 July 1998  
Napier, New Zealand

**HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY**

**INFORMATION DISCLOSURE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1998**

**IMPORTANT NOTE**

The information disclosed in these financial statements has been prepared solely for the purpose of the Electricity (Information Disclosure) Regulations 1994. The Regulations require the information to be disclosed in the manner it is presented.

**THIS INFORMATION SHOULD NOT BE USED FOR ANY PURPOSE  
OTHER THEN THAT INTENDED UNDER THE REGULATIONS**

**HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
For The Year Ended 31 March 1998

	Notes	<i>Lines Business</i>		<i>Other Business</i>	
		1998	1997	1998	1997
		\$000	\$000	\$000	\$000
<b>OPERATING REVENUE</b>	4	27,257	32,200	49,239	49,6
<b>OPERATING SURPLUS BEFORE TAXATION</b>	4	(1,471)	3,913	3,707	3,9
Taxation Expense	3	(405)	1,366	1,223	1,2
<b>NET OPERATING SURPLUS AFTER TAXATION</b>		(1,066)	2,547	2,484	2,6
Share of associate companies after tax surplus		-	-	131	
<b>NET SURPLUS</b>		(1,066)	2,547	2,615	2,6

**STATEMENT OF MOVEMENTS IN EQUITY**  
For The Year Ended 31 March 1998

	<i>Lines Business</i>		<i>Other Business</i>	
	1998	1997	1998	1997
	\$000	\$000	\$000	\$000
Equity at 1 April 1997	59,810	57,263	11,694	9,0
Net Surplus (Total recognised revenues and expenses)	(1,066)	2,547	2,615	2,6
<b>Equity at 31 March 1998</b>	<b>58,744</b>	<b>59,810</b>	<b>14,309</b>	<b>11,6</b>

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994

**HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 1998**

	Notes	<i>Lines Business</i>		<i>Other Business</i>	
		1998 \$000	1997 \$000	1998 \$000	1997 \$000
<b>EQUITY</b>					
Share Capital		58,000	58,000	6,000	6,000
Share Premium Reserve		2,661	2,661	-	-
Retained Earnings		(1,917)	(851)	8,309	5,694
		<b>58,744</b>	<b>59,810</b>	<b>14,309</b>	<b>11,694</b>
<b>Represented by:</b>					
<b>NON CURRENT ASSETS</b>					
Fixed Assets	10	66,276	63,048	1,159	723
Deferred Taxation Benefits	3	-	-	13	13
Inter Company Advance		-	-	3,000	3,000
Taxation Refund Due		103	-	-	-
Investment In Associate		-	-	260	131
Other Investments		-	3	34	41
		<b>66,379</b>	<b>63,051</b>	<b>4,466</b>	<b>3,908</b>
<b>CURRENT ASSETS</b>					
Cash		(3,675)	(78)	7,829	4,197
Receivables and Prepayments	7	4,384	3,822	5,201	6,873
Inventories		1,101	1,790	1,326	1,131
Work in Progress		164	246	10	-
		<b>1,974</b>	<b>5,780</b>	<b>14,366</b>	<b>12,201</b>
<b>TOTAL ASSETS</b>		<b>68,353</b>	<b>68,831</b>	<b>18,832</b>	<b>16,109</b>
<b>NON CURRENT LIABILITIES</b>					
Term Debt	8	1,000	1,000	-	-
Inter Company Advance		3,000	3,000	-	-
Deferred Taxation Liabilities	3	1,732	1,151	-	-
		<b>5,732</b>	<b>5,151</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable and Accruals		3,134	2,516	4,206	4,012
Taxation Payable	3	-	597	228	326
Current Portion of Term Debt	8	-	100	-	-
Accrued Leave		743	657	89	77
		<b>3,877</b>	<b>3,870</b>	<b>4,523</b>	<b>4,415</b>
<b>TOTAL LIABILITIES</b>		<b>9,609</b>	<b>9,021</b>	<b>4,523</b>	<b>4,415</b>
<b>NET ASSETS EMPLOYED</b>		<b>58,744</b>	<b>59,810</b>	<b>14,309</b>	<b>11,694</b>

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994

**HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1998**

**1 ENTITY STATEMENT**

These financial statements have been derived from the consolidated financial statements of Hawke's Bay Power Distribution Limited and Subsidiary as required by Regulation 6(5) of the Electricity (Information Disclosure) Regulations 1994. The statements reflect the financial performance and financial position of the lines and other businesses as defined and required by the Regulations for the year ended 31 March 1998.

These financial statements have been prepared in accordance with the Electricity Disclosures Guidelines as issued by the Ministry of Commerce dated 11 July 1994 and are presented solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994. They have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

**2 STATEMENT OF ACCOUNTING POLICIES**

**Measurement System**

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

**Particular Accounting Policies**

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

a) **Other Investments**

Other investments are stated at cost.

b) **Fixed Assets**

All fixed assets are initially recorded at cost.

c) **Depreciation**

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

Major depreciation periods are -

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

d) **Receivable**

Receivable are stated at their estimated realisable value.

e) **Inventories**

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



**HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1998**

- f) **Work in Progress**  
Work in progress includes the cost of materials and other direct and indirect costs incurred as at balance date.
- g) **Recognition of Income**  
Sales of electricity are determined on the basis of actual and interim amounts billed during the year, together with an accrual for unbilled sales as at balance date.
- h) **Income Tax**  
The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.
- Tax effect accounting has been applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.
- i) **Financial Instruments**  
Financial instruments are limited to bank balances, bank investments, receivables, accounts payable and term debt, all of which are included in the accounts at their estimated fair value.

**Changes in Accounting Policies**

There were no changes in accounting policies during the year.

## HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For The Year Ended 31 March 1998

## 3 INCOME TAX

	Lines Business		Other Business	
	1998 \$000	1997 \$000	1998 \$000	1997 \$000
<b>a) Taxation</b>				
Operating Surplus before Taxation	(1,471)	3,913	3,707	3,916
Prima Facie Tax @ 33%	(485)	1,291	1,223	1,292
PLUS: Permanent differences	80	75	-	(30)
Taxation Expense	(405)	1,366	1,223	1,262
PLUS(LESS):Timing Differences	(581)	(624)	-	6
Current Year Charge (Tax Loss)	(986)	742	1,223	1,268
Taxation Payable Brought Forward	597	122	326	(105)
LESS: Taxation Paid	-	-	(1,035)	(837)
PLUS: Taxation Refunded	-	199	-	-
PLUS: Payment for Intra Group Tax Offset	286	-	(286)	-
LESS : Tax Losses Brought Forward	-	(466)	-	-
<b>Taxation Payable</b>	<b>(103)</b>	<b>597</b>	<b>228</b>	<b>326</b>
<b>b) Taxation Expense (Benefit) is represented by:</b>				
Current Taxation Payable (Tax loss)	(986)	742	1,223	1,268
Deferred Taxation Liability	581	624	-	(6)
	(405)	1,366	1,223	1,262
<b>c) Movement in Deferred Taxation Benefits (Tax Losses Carried Forward)</b>				
Opening Balance	-	466	13	-
LESS: Current Year Charge Offset By Losses	-	(466)	-	-
	-	-	13	-
<b>d) Movement in Deferred Taxation Liability (Timing Differences)</b>				
Opening Balance	1,151	527	13	7
PLUS: Net Movement in Timing Differences	581	624	-	6
	1,732	1,151	13	13
<b>e) Imputation Credit Account</b>				
Opening Balance	-	-	1,182	345
PLUS: Taxation Paid	-	-	1,035	837
Imputation Credits from Dividend Received	-	-	286	-
	-	-	2,503	1,182

**HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For The Year Ended 31 March 1998**

**4 OPERATING SURPLUS BEFORE TAX**

	Lines Business		Other Business	
	1998 \$000	1997 \$000	1998 \$000	1997 \$000
After Charging:				
Depreciation	3,104	3,152	92	92
Interest Expense	304	565	-	-
Bad Debts Written Off	122	90	123	123
Change In Provision for Doubtful Debts	(1)	33	16	16
Loss On Sale Of Assets	31	11	-	-
Operating Lease Costs	-	-	51	51
After Crediting:				
Interest Revenue	149	305	448	448
Recovery of debt previously written off as bad	7	8	10	10

**5 AUDITORS REMUNERATION**

Accounts payable or due and payable to the Auditors for:

Auditing Financial Statements	19	16	8	8
Other Services	3	3	-	-

**6 DIRECTORS REMUNERATION**

Remuneration Paid To Directors	100	90	-	-
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**7 RECEIVABLES AND PREPAYMENTS**

Trade Debtors	4,473	3,881	6,997	6,997
Provision For Doubtful Debts	(104)	(105)	(124)	(124)
	<u>4,369</u>	<u>3,776</u>	<u>6,873</u>	<u>6,873</u>
Prepayments	15	46	-	-
	<u>4,384</u>	<u>3,822</u>	<u>6,873</u>	<u>6,873</u>

**8 TERM DEBT**

Due For Repayment:

1997/98	-	100	-	-
2003	1,000	1,000	-	-
	<u>1,000</u>	<u>1,100</u>	<u>-</u>	<u>-</u>

Interest Rates on loans range from 6.0% to 8.25%

All Term Debt is unsecured

**HAWKE'S BAY POWER DISTRIBUTION LIMITED AND SUBSIDIARY****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For The Year Ended 31 March 1998****9 COMMITMENTS & CONTINGENT LIABILITIES**

At balance date the Lines Business had entered into contractual commitments of \$53,500. (1997 \$1,079,960)

Other Business activities have entered into a contractual guarantee with Energy Brokers New Zealand Ltd with a maximum exposure of \$8.25m.

Other Business activities have a (potential) maximum contractual obligation of \$66,000 by acting as a partial guarantor of Energy Brokers New Zealand Ltd bank overdraft.

There were no other contingent liabilities existing at balance date (1997 \$0)

**10 FIXED ASSETS**

	At Cost	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000

**Lines Business 31 March 1998**

Distribution System	94,923	41,447	53,476
Land	1,011	3	1,011
Buildings	10,473	1,576	8,897
Vehicles, Plant & Equipment	13,878	9,824	4,054
	<u>120,285</u>	<u>52,850</u>	<u>67,435</u>

**Lines Business 31 March 1997**

Distribution System	89,504	39,207	50,297
Land	1,010	-	1,010
Buildings	10,271	1,410	8,861
Vehicles, Plant & Equipment	11,847	8,967	2,880
	<u>112,632</u>	<u>49,584</u>	<u>63,048</u>

**Other Business****Vehicles, Metering Equipment, Plant and Equipment**

31 March 1998	1,779	620	1159
31 March 1997	1,064	341	723

The Optimised Deprival Valuation for the Distribution System assets owned by Hawke's Bay Power Distribution Limited as at 31 March 1997, independently carried out in accordance with the Electricity (Information Disclosure) Regulations 1994, accompanying handbook and guidelines was \$103,325,000.

The current Government Valuation of land and buildings owned by Hawke's Bay Power Distribution Limited is \$9,932,800.



## Audit New Zealand

### REPORT OF THE AUDIT OFFICE

We have examined the attached information, being—

- a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and
- b) Financial components of the efficiency performance measures specified in clause 2 of that Schedule,

and having been prepared by Hawke's Bay Power Distribution Limited and dated 14 July 1998 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.

B J Smith  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
14 July 1998  
Napier, New Zealand

Coopers  
& Lybrand

chartered accountants  
and business advisers

PO Box 48  
DX CP24073  
Coopers & Lybrand Tower  
23-29 Albert Street  
Auckland  
New Zealand

telephone 0-9-358 4888  
facsimile 0-9-309 5828

3 July 1998

The Directors  
Hawkes Bay Power  
P O Box 555  
HASTINGS

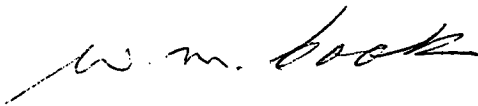
Directors

**Certificate by Auditor in Relation to ODV Valuation of Hawkes Bay Power Lines Business**

I have examined the valuation report prepared by Coopers & Lybrand and dated 10 June 1998, this report contains valuations as at 31 March 1997.

I 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 ODV Handbook for Optimised Deprival Valuation of Electricity Line Businesses, 28 May 1998.

Yours faithfully  
Coopers & Lybrand



W M Cook

## HAWKE'S BAY POWER DISTRIBUTION LIMITED

Disclosure of financial and efficiency performance measures as required by Regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

		YEAR ENDED 31 MARCH			
		1998	1997	1996	1995
<b>REGULATION 13:</b>					
1)	Financial performance measures				
a)	Accounting return on total assets	1.29%	5.06%	1.20%	0.72%
b)	Accounting return on equity	1.44%	3.62%	0.70%	0.86%
c)	Accounting rate of profit	1.20%	4.90%	1.00%	0.48%
2)	Efficiency performance measures				
a)	Direct line costs per kilometre	\$2,047.93	\$1,996.98	\$2,216.10	\$2,243.02
b)	Indirect line costs per electricity customer	\$90.36	\$79.31	\$79.84	\$71.68
<b>REGULATION 14A:</b>					
3)	The Optimised Deprival Valuation of the Lines Business Assets as at 31 March 1997 was \$118,164,000.				
<b>REGULATION 15:</b>					
1)	<b>Energy Delivery Efficiency Performance Measures</b>				
a)	Load Factor	58.19	56.76	57.13	58.29
b)	Loss Ratio	5.84	5.64	5.55	5.22
c)	Capacity Utilisation	29.76	30.27	29.08	29.02
2)	<b>Statistics</b>				
a)	Systems Lengths (kms)				
	33Kv	246	246	246	244
	11Kv	2,154	2,141	2,127	2,059
	230/400V	1,260	1,256	1,248	1,229
	Total:	<u>3,660</u>	<u>3,643</u>	<u>3,621</u>	<u>3,532</u>
b)	Circuit length (overhead) (kms)				
	33kV	227	227	227	227
	11kV	1,834	1,826	1,816	1,756
	230/400V	641	641	639	636
	Total:	<u>2,702</u>	<u>2,693</u>	<u>2,682</u>	<u>2,619</u>
c)	Circuit Length (Underground) (kms)				
	33kV	19	19	19	17
	11kV	320	315	311	303
	230/400V	619	616	609	593
	Total:	<u>958</u>	<u>950</u>	<u>939</u>	<u>913</u>

	YEAR ENDED 31 MARCH			1995
	1998	1997	1996	
d) Transformer Capacity (kVA)	526,558	511,712	502,791	495,850
e) Maximum Demand (kW)	156,716	154,872	148,823	143,916
f) Total Electricity Supplied (kWh)	752,201,998	726,702,135	706,214,060	696,245,203
g) Total electricity conveyed on behalf of other persons.	34,940,126	22,700,307	3,122,420	NIL
h) Total customers	56,000	55,740	54,907	53,931
<b>REGULATION 16:</b>				
1) Reliability Performance Measures				
Class A	0	0	0	0
Class B	401	372	308	400
Class C	278	303	222	287
Class D	1	0	0	0
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0
Total:	<u>680</u>	<u>675</u>	<u>530</u>	<u>687</u>
2) Total number of faults per 100 circuit kilometres of line	11.58	12.74	9.35	12.46
3) Total number of faults per 100 circuit kilometres of underground line:				
33kV	36.84	10.53	0	0
11kV	15.63	19.05	16.50	13.50
Total	<u>16.81</u>	<u>18.56</u>	<u>15.15</u>	<u>12.80</u>
4) Total number of faults per 100 circuit kilometres of overhead line				
33kV	4.41	6.61	4.85	5.29
11kV	11.50	12.38	9.17	13.32
Total	<u>10.72</u>	<u>11.74</u>	<u>8.41</u>	<u>12.40</u>
5) The SAIDI for total of interruptions	167.18	164.40	111.80	172.00



	YEAR ENDED 31 MARCH			1995
	1998	1997	1996	
6) The SAIDI for total of interruptions within each interruption.				
Class A	0	0	0	0
Class B	67.96	49.36	39.60	49.60
Class C	95.81	115.05	72.20	122.40
Class D	3.42	0	0	0
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0
7) The SAIFI for total of interruptions	3.11	3.13	1.97	3.08
8) The SAIFI for total of interruptions within each interruption.				
Class A	0	0	0	0
Class B	0.45	0.42	0.35	0.53
Class C	2.26	2.71	1.62	2.55
Class D	0.40	0	0	0
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0
9) The CAIDI for total of interruptions	53.76	52.50	56.75	55.80
Class B	152.07	116.37	113.14	93.60
Class C	42.33	42.49	44.57	48.00
Class D	8.54	0	0	0
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0



