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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, Kenneth John Forrest and Geoffrey John Hoare, principals 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 1998.

K J Forrest

*K J Forrest*

G J Hoare

*G J Hoare*

*(Signatures of principals)*

*(Date)*

11<sup>th</sup> September 1998

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 1998**

	Year Ended 31 March 1998			Year Ended 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	NOTES					
		\$	\$	\$	\$	\$
<b>INCOME</b>	2					
Sales		14,096,149	3,700,531	15,395,096	12,711,622	4,039,542
Other Income External		163,330	815,216	2,766,788	188,766	147,482
Internal Transfers		(65,664)	(101,236)	170,500	86,508	(85,812)
<b>TOTAL INCOME</b>		14,193,815	4,414,511	18,332,384	12,986,896	4,101,212
						18,721,681
<b>EXPENDITURE</b>	2					
Electricity Purchases from ECNZ				11,511,570		9,620,058
Electricity Purchases from MEL Generation				2,441,368		2,780,380
Transmission Charges from Transpower		2,886,747			2,243,499	
Transmission Charges from MEL Generation		1,259,162			1,259,162	
Operation & Maintenance		3,153,048	764,308	2,278,758	2,611,775	727,424
Administration & General		1,391,999	238,123	1,298,397	1,334,044	162,922
Interest		231,714	55,484	33,907	1,249,010	635,045
Depreciation		1,332,195	716,380	159,836	489,494	29,526
<b>TOTAL EXPENDITURE</b>		10,254,865	1,774,295	17,723,836	9,186,984	1,554,917
						17,542,715
<b>OPERATING SURPLUS BEFORE TAX</b>		3,938,950	2,640,216	608,548	3,799,912	2,546,295
Taxation Expense	4	1,271,735	678,298	138,515	1,242,477	840,871
<b>OPERATING SURPLUS AFTER TAX</b>		2,667,215	1,961,918	470,033	2,557,435	1,705,424
Dividend Provision			100,000		172,993	697,459
<b>TRANSFERRED TO RETAINED EARNINGS</b>		2,667,215	1,861,918	470,033	2,384,442	1,007,965
						84,641

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 1998

	As at 31 March 1998			As at 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
NOTES						
	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>						
Cash and Bank Balances	1,449,296	1,802,848	2,057,699	(448,914)	1,027,230	2,022,116
Accounts Receivable	7 1,064,370	128,588	1,399,931	549,936	(95)	2,420,275
Inventories	8 1,383,953	71,810	119,879	1,333,003		745,807
<b>TOTAL CURRENT ASSETS</b>	<b>3,897,619</b>	<b>2,003,246</b>	<b>3,577,509</b>	<b>1,434,025</b>	<b>1,027,135</b>	<b>5,188,198</b>
<b>CURRENT LIABILITIES</b>						
Creditors and Accruals	9 1,810,374	88,746	1,546,200	1,677,070	(364,283)	1,593,702
Provision for Tax	(61,742)	24,924	158,789	91,975	(71,875)	25,057
Provision for Dividend		100,000		172,993	697,459	699,548
Customer Deposits	9		146,655			206,265
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,748,632</b>	<b>213,670</b>	<b>1,851,644</b>	<b>1,942,038</b>	<b>261,301</b>	<b>2,524,572</b>
<b>WORKING CAPITAL</b>	<b>2,148,987</b>	<b>1,789,576</b>	<b>1,725,865</b>	<b>(508,013)</b>	<b>765,834</b>	<b>2,663,626</b>
<b>NON CURRENT ASSETS</b>						
Fixed assets	12 17,962,299	19,762,835	595,357	16,674,775	20,524,659	642,857
Interdivisional Loans		1,600,000	1,950,000		1,000,000	1,000,000
Future Income Tax Benefits	4 64,499		133,185			
<b>TOTAL NON CURRENT ASSETS</b>	<b>18,026,798</b>	<b>21,362,835</b>	<b>2,678,542</b>	<b>16,674,775</b>	<b>21,524,659</b>	<b>1,642,857</b>
<b>NON CURRENT LIABILITIES</b>						
Interdivisional Loans		2,200,000		2,000,000		
Term Debt	10 2,375,000			1,300,000	1,000,000	500,000
Employee Entitlements	9 66,808		127,891			
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>4,641,808</b>		<b>127,891</b>	<b>3,300,000</b>	<b>1,000,000</b>	<b>500,000</b>
<b>NET ASSETS</b>	<b>15,533,977</b>	<b>23,152,411</b>	<b>4,276,516</b>	<b>12,866,762</b>	<b>21,290,493</b>	<b>3,806,483</b>
<b>REPRESENTED BY SHAREHOLDERS EQUITY</b>						
Issued & Paid up Capital	6 8,736,142	17,073,532	3,216,220	8,736,142	16,047,638	3,216,220
Share Premium Reserve					1,025,894	
Retained Earnings	6,797,835	6,078,879	1,060,296	4,130,620	4,216,961	590,263
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>15,533,977</b>	<b>23,152,411</b>	<b>4,276,516</b>	<b>12,866,762</b>	<b>21,290,493</b>	<b>3,806,483</b>

The accompanying notes form an integral part of these financial statements.

**MARLBOROUGH ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 1998**

**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**

Income tax expense recognises the current obligations and all amounts arising from differences between the accounting results and assessable income for the period. This is the liability method applied on a comprehensive basis.

**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 cost. The cost of assets constructed by the company includes all materials used in construction, direct labour and direct overheads. Capital contributions are credited against the cost of the 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:

**Generation System:**

Powerhouses and buildings	1 % on cost price
Dams, headworks etc	1 % on cost price
Transmission lines	5 % on diminishing value
Generating equipment and plant	10 %-25 % on diminishing value

**Other Assets:**

Buildings (concrete)	1 % on cost price
Buildings (wooden)	2 %-3.6 % on cost price
Reticulation system (global)	5 % on cost price
Reticulation system (from 1.4.87)	5 %-18 % on diminishing value
Substation equipment	7.5 %-39.6 % on diminishing value
Metering equipment	10 %-14.4 % on diminishing value
Plant	10 %-62.5 % on diminishing value
Motor vehicles, office, communications	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. Allowance is made for the present value of future staff retirement gratuity benefits. The calculations provide also for the probability of the employees completing the appropriate period of service.

## 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 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

The company has elected to apply the comprehensive basis for the calculation of deferred taxation. With significant timing differences arising this year the application of the comprehensive basis for calculation results in the establishment of future income tax benefits of \$197,683 with a corresponding reduction in the taxation charge for this year. There have been no other changes in accounting policies.

2. OPERATING SURPLUS BEFORE TAXATION

	Year Ended 31 March 1998			Year Ended 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
The operating surplus before taxation has been determined after:						
	\$	\$	\$	\$	\$	\$
Crediting as revenue:						
Interest Income	(31,066)	115,216	63,287	(5,666)	140,220	172,281
Property Rentals	126,023			51,953		
Surplus on Disposal of Fixed Assets	5,735		7,810	68,295		(1,981)
Charging as expense:						
Audit Fees Paid to Principal Auditor	39,935	1,333	6,132	45,055	2000	9000
Directors Fees	90,000			75,000		
Depreciation	1,332,195	716,380	159,836	1,249,010	635,045	166,563
Interest on Term Debt	231,714	55,484	33,907	489,494	29526	78,497
Research Expenditure		373,347			48,137	
Receivables Written off			24,706			32,223
Increase in Estimated Doubtful Debts			(1,613)			3,962
Donations(Educational Grants)	17,472			16,080		
Rental Expense on Operating Leases	18,374			8,189		12,173

3. GENERATION OPERATIONS

Marlborough Electric's own generation provided 51.5 GWh (1997 61.2 GWh)

4. TAXATION

	Year Ended 31 March 1998			Year Ended 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
4.1 TAXATION CHARGE	\$	\$	\$	\$	\$	\$
Operating Surplus before Tax	3,938,950	2,640,216	608,548	3,799,912	2,546,295	1,178,966
Add/(deduct)						
Non Deductible Costs	22,673	88,337		110,424	1,801	127,277
Non Assessable Income	(6,421)	(700,000)		(142,205)		(103,459)
Taxable Income	3,955,202	2,028,553	608,548	3,768,131	2,548,096	1,202,784
Taxation Charge @ 33%	1,305,217	669,422	200,821	1,243,481	840,871	396,918
Prior Year Under/(Over) Provision		8,876		(1,004)		(2,141)
Prior Period Timing Differences not Previously Accounted for	(33,482)		(62,306)			
Tax Expense	1,271,735	678,298	138,515	1,242,477	840,871	394,777
The Income Tax Expense is represented by:						
Tax Payable in Respect of the Current Year	1,336,234	678,298	271,700	1,242,477	840,871	394,777
Future Income Tax Benefits	(64,499)		(133,185)			

## 4.2 FUTURE INCOME TAX BENEFITS

	Year Ended 31 March 1998		
	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$
Balance at Beginning of Year	NIL	NIL	NIL
Future Income Tax Benefits Arising on Timing Differences	(64,498)		(133,184)

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

	Year Ended 31 March 1998	Year Ended 31 March 1997
	\$	\$
Balance at Beginning of Year	5,058,727	3,551,871
Imputation credits attached to dividends paid in the year	(773,284)	(701,866)
Imputation credits attached to dividends received	246,269	211,791
Income tax payments during the year	1,726,465	2,003,259
Balance at End of Year	6,258,177	5,065,055

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.

	Year Ended 31 March 1998	Year Ended 31 March 1997
	\$	\$
Average number of shares on issue	28,000,000	28,000,000
Net surplus per share (total company activities)	13.0 Cents	13.22 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	As at		
		31 March 1998	31 March 1997	
		Network Operator	8,736,142	8,736,142
		Generation Business	17,073,532	16,047,638
		<u>Energy Trading and Other</u>	<u>3,216,220</u>	<u>3,216,220</u>
		Total Business	29,025,894	28,000,000

For the 1998 financial year the balance of the share premium reserve has been incorporated into the balance of Generation share capital.

7. ACCOUNTS RECEIVABLE

	As at 31 March 1998			As at 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
The balance of Accounts Receivable comprises:	\$	\$	\$	\$	\$	\$
Electricity and other trade debtors	1,064,370	128,588	1,386,020	549,936	(95)	1,963,765
Hire Purchase Debtors			78,911			523,122
Less Estimated Doubtful Debts			(65,000)			(66,612)
Total	1,064,370	128,588	1,399,931	549,936	(95)	2,420,275

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 from their carrying value.

**8. INVENTORIES**

	As at 31 March 1998			As at 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Reticulation stock	1,269,812		32,606	1,096,020		20,543
Work in Progress	114,141	71,810	87,273	236,983		200,722
Retail trading Stock						524,542
<b>Total</b>	<b>1,383,953</b>	<b>71,810</b>	<b>119,879</b>	<b>1,333,003</b>		<b>745,807</b>

Some inventories are subject to retention of title clauses.

**9. CREDITORS AND ACCRUALS.**

	As at 31 March 1998			As at 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
In current liabilities the balance of creditors and accruals comprises:						
Trade Creditors and Accruals	1,634,162	88,746	1,289,884	1,565,984	(364,283)	1,446,969
Employee Entitlements	176,212		256,316	111,086		146,733
Customer deposits			146,655			206,265
<b>Total</b>	<b>1,810,374</b>	<b>88,746</b>	<b>1,692,855</b>	<b>1,677,070</b>	<b>(364,283)</b>	<b>1,799,967</b>

9.1 Employee entitlements in non current liabilities recognises the Company's liability for retirement gratuities.

**10. TERM LOANS**

	As at 31 March 1998			As at 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Bank Term Debt Facility	2,375,000			1,300,000	1,000,000	500,000

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 1998 was 9.22%. (1997 7.99%)

**11. DIVIDEND PAYMENTS**

As at 31 March 1997 provision for dividend totalled \$1,570,000. When the dividend was paid to the company's shareholders in July 1997 cashflow requirements dictated that the payment be sourced as follows:

	\$
Network Operator	172,993
Generation Business	697,459
<u>Energy Trading and Other</u>	<u>699,548</u>
<b>Total</b>	<b>1,570,000</b>



**12. FIXED ASSETS****12.1 TABLE OF FIXED ASSETS**

	As at 31 March 1998			As at 31 March 1997		
	Network Operations	Generation Business	Energy Trading and Other	Network Operations	Generation Business	Energy Trading and Other
	\$	\$	\$	\$	\$	\$
Land	1,201,588	40,205		461,678	78,634	
Buildings	3,954,341			3,897,199		
less Depreciation	915,676			846,958		
	3,038,665			3,050,241		
Generation Assets		29,073,923			29,116,192	
less Depreciation		9,410,741			8,733,915	
		19,663,182			20,382,277	
Reticulation System	22,216,289			20,518,054		
less Depreciation	8,967,668			7,879,946		
	13,248,621			12,638,108		
Plant and Equipment	1,295,238	118,544	934,351	1,235,410	103,606	981,057
less Depreciation	918,871	59,096	623,046	816,872	39,858	642,920
	376,367	59,448	311,305	418,538	63,748	338,137
Motor Vehicles	385,645		969,369	359,156		991,416
less Depreciation	288,587		685,317	252,946		686,696
	97,058		284,052	106,210		304,720
Totals	17,962,299	19,762,835	595,357	16,674,775	20,524,659	642,857

**12.2 VALUATION**

The latest Government valuations for land and improvements dated September 1996 and September 1997 show the following values.

	Land Improvements	
	\$	\$
Hydro Electric Stations	1,225,500	18,102,500
Other Properties	1,583,100	3,822,300
Totals	2,808,600	21,924,800

**13. CAPITAL CONTRIBUTIONS**

Customer capital contributions totalling \$32,750 (1997 \$89,782) were credited against the cost of reticulation Network assets during the year. As at 31 March 1998 the accumulated value of such contributions credited to fixed assets was \$2,061,474 (1997 \$2,028,904).

**14. CAPITAL COMMITMENTS**

Total capital expenditure committed to but not recognised in the financial statements.	Year Ended	Year Ended
	31 March 1998	31 March 1997
	\$	\$
	106,452	2,794,000

**15. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 March 1998. (1997 nil)

**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 price 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 any 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 \$nil. (1997-\$241,920)

#### 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 (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 generator. The total value of electricity price hedging contracts at balance date was \$35.288m (1997 \$44.119m).

#### 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 of open contracts.

### 17. RELATED PARTIES

#### 17.1 SHAREHOLDERS

The Trustees of the Marlborough Electric Power Trust hold all the Company's shares.

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.

	Year End 31 March 1998	Year End 31 March 1997
	\$	\$
Dividends paid to the trust	1,570,000	1,425,000
Secretarial costs charged to the trust	6,500	6,750
Amounts owed by the trust to the company as at 31 March	22,907	18,270

#### 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

	Year End 31 March 1998	Year End 31 March 1997
	\$	\$
PJ Radich (Radich Dwyer Hardy-Jones Clark)	81,890	63,117
SL Maier (Maier Inc)	Nil	3,750

### 18. EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to balance date requiring reporting.

**MARLBOROUGH ELECTRIC LIMITED**

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

**1. Financial Performance Measures**

	<b>1997/98</b>	<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
(a) Accounting Return on Total Assets	3.44%	5.15%	2.69%	1.36%
(b) Accounting Return on Equity	1.66%	3.16%	1.19%	0.21%
(c) Accounting Rate of Profit	8.70%	3.35%	1.68%	0.72%

**2. Efficiency Performance Measures**

	<b>1997/98</b>	<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
(a) Direct Line Costs per Kilometre	\$954	\$958	\$1,246	\$1,428
(b) Indirect Line Costs per Customer	\$83	\$70	\$79	\$76

**Energy Delivery Efficiency Performance Measures**

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

	<b>1997/98</b>	<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
(a) Load Factor	61.73%	60.24%	59.57%	58.24%
(b) Loss Ratio	6.90%	7.35%	7.32%	6.53%
(c) Capacity Utilisation	28.51%	30.35%	28.55%	31.12%

**Statistics**

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

**(a) System Length Break Down**

	<b>1997/98</b>	<b>1996/97</b>	<b>1995/96</b>	<b>1994/95</b>
33kV	258.9km	257.9 km	257.7 km	257.3 km
11kV	2,078.0km	1,957.3 km	1,910.7 km	1,895.0
6.6kV	51.1km	51.1 km	51.2 km	km
LV	472.0km	284.8 km	274.4 km	51.1 km
				280.8 km
<b>Total</b>	<b>2,860.0km</b>	<b>2,521.3 km</b>	<b>2,494.0 km</b>	<b>2484.0 km</b>

## (b) Circuit Length of Overhead System

	1997/98	1996/97	1995/96	1994/95
33kV	357.3km	2575.3 km	256.1 km	155.8 km
11kV	2,013.6km	1,886.7 km	1,873.6 km	1,886.5 km
6.6kV	51.1km	51.1 km	51.2 km	51.1 km
LV	398.7km	219.3 km	217.1 km	215.5 km
<b>Total</b>	<b>2,720.7km</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

	1997/98	1996/97	1995/96	1994/95
33kV	1.6km	1.6 km	1.6 km	1.2 km
11kV	64.4km	40.6 km	37.1 km	8.4 km
6.6kV	-	-	-	-
LV	73.3km	65.4 km	57.3 km	65.2 km
<b>Total</b>	<b>139.3km</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

	1998	1997	1996	1995
	192,355kVA	178,074kVA	169,213kVA	163,712kVA

## (e) Maximum Demand

	1998	1997	1996	1995
	54,545kW	54,051kW	53,071kW	50,957kW

## (f) Total Electricity Supplied from the System

	1998	1997	1996	1995
	276,760,873kWh	564,295,394kWh	257,386,189kWh	243,022,917kWh

## (g) Total Electricity Conveyed Through the System on behalf of another person.

	1998	1997	1996	1995
	9,462,620kWh	10,578,714kWh	8,687,882kWh	Zero

## (h) Total Customer Average

	1998	1997	1996	1995
	19,804 Customers	19,517 Customers	19,300 Customer	19,031 Customers

### Reliability Performance Measures

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

(a) Number of Interruptions by Class

Class	Description	1997/98 Interruptions	1996/97 Interruptions	1995/96 Interruptions	1994/95 Interruptions
A	Transpower Planned	0	0	1	0
B	ME Ltd Planned	155	109	132	68
C	ME Ltd Unplanned	155	157	180	308
D	Transpower Unplanned	2	3	2	5
E	ECNZ Unplanned	0	0	0	0
F	Other Generation	0	0	0	0
G	Unplanned	0	0	0	0
	Other				
	<b>Total</b>	<b>312</b>	<b>269</b>	<b>315</b>	<b>381</b>

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

	1997/98 6.62 Faults per 100km	1996/97 7.11 Faults per 100km	1995/1996 8.2 Faults per 100 km	1994/95 14.2 Faults per 100 km
Faults	154	156	182	313
Prescribed Line	2,328	2194	2219.515	2203.244

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

	1997/98			1996/97			1995/96			1994/95		
	Faults	kM of Cable	Faults per 100kM	Faults	kM of Cable	Faults per 100kM	Faults	kM of cable	Faults per 100 kM	Faults	kM of cable	Faults per 100 kM
33kV	0	2.0	0	6	2.0	0	0	1.62	0	0	1.200	0
11kV	1	64.0	1.56	4	41.0	9.84	3	37.07	8.1	2	8.482	23.6
<b>Total</b>	<b>1</b>	<b>66.0</b>	<b>1.52</b>	<b>4</b>	<b>43</b>	<b>9.47</b>	<b>3</b>	<b>38.69</b>	<b>7.8</b>	<b>2</b>	<b>9.682</b>	<b>20.7</b>

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

	1997/98			1996/97			1995/96			1994/95		
	Faults	kM of Cable	Faults per 100kM	Faults	kM of Cable	Faults per 100kM	Faults	kM of cable	Faults per 100 kM	Faults	kM of cable	Faults per 100 kM
33kV	4	257	1.56	5	256	1.95	0	256.08	0	16	255.83	6.3
11kV	47	2,014	2.33	149	1887	7.90	177	1,873.58	9.4	295	1,886.57	15.6
6.6kV	3	51	4.69	2	51	3.91	0	51.16	0	0	51.16	0
	<b>154</b>	<b>2,322</b>	<b>6.32</b>	<b>156</b>	<b>2194</b>	<b>7.11</b>	<b>177</b>	<b>2,180.82</b>	<b>8.1</b>	<b>311</b>	<b>2,19</b>	<b>14.2</b>

(e) The SAIDI For the Total Interruptions  
(SAIDI = System Average Interruption Duration Index)

1997/98	1996/97	1995/96	1994/95
160 Customer/Minutes	190 Customer/Minutes	226 Customer/Minutes	258 Customer/Minutes

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

Class	Description	1997/98	1996/97	1995/96	1994/95
		Customer/Minutes	Customer/Minutes	Customer/Minutes	Customer/Minutes
A	Transpower Planned	-	-	61	-
B	ME Ltd Planned	92	74	88	70
C	ME Ltd Unplanned	13	83	62	129
D	Transpower Unplanned	56	33	15	59
E	ECNZ Unplanned	-	-	-	-
F	Other Generation Unplanned	-	-	-	-
G	Other	-	-	-	-
	<b>Total</b>	<b>161</b>	<b>190</b>	<b>226</b>	<b>258</b>

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

1997/98	1996/97	1995/96	1994/95
5.74	2.27	4.91	7.12

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

Class	Description	1997/98	1996/97	1995/96	1994/95
		Customer/Minutes	Customer/Minutes	Customer/Minutes	Customer/Minutes
A	Transpower Planned	-	-	1.40	-
B	ME Ltd Planned	0.46	0.39	1.02	0.37
C	ME Ltd Unplanned	3.29	1.36	1.26	1.86
D	Transpower Unplanned	2.00	0.52	1.23	4.88
E	ECNZ Unplanned	-	-	-	-
F	Other Generation Unplanned	-	-	-	-
G	Other	-	-	-	-
	<b>Total</b>	<b>5.75</b>	<b>2.27</b>	<b>4.91</b>	<b>7.12</b>

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

1997/98	1996/97	1995/96	1994/95
231.73	31.0	46.04	36.28
Customer Minutes	Customer Minutes	Customer Minutes	Customer Minutes

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

Class	Description	1997/98	1996/97	1995/96	1994/95
		Customer/Minutes	Customer/Minutes	Customer/Minutes	Customer/Minutes
A	Transpower Planned	-	-	60.00	-
B	ME Ltd Planned	200.04	19.0	62.98	187.63
C	ME Ltd Unplanned	3.85	6.0	50.47	69.24
D	Transpower Unplanned	27.84	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 1997/98 year is \$75,536,439

**PRICEWATERHOUSECOOPERS** 

**PricewaterhouseCoopers**  
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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 1998 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.



MG Noone  
PricewaterhouseCoopers  
On behalf of the Controller and Auditor General  
Christchurch  
14 September 1998





PricewaterhouseCoopers  
119 Armagh Street  
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Telephone +64 3 374 3000  
Facsimile +64 3 374 3001

## ***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 1998 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.

A handwritten signature in black ink, appearing to read 'MG Noone', written over a diagonal line.

MG Noone  
PricewaterhouseCoopers  
On behalf of the Controller and Auditor General  
Christchurch  
14 September 1998

PRICEWATERHOUSECOOPERS 

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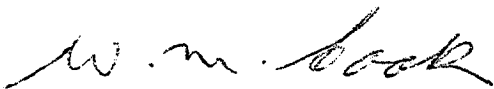
17 September 1998

Marlborough Electric  
P O Box 144  
BLENHEIM

**CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION OF  
MARLBOROUGH ELECTRIC'S DISTRIBUTION SYSTEM**

I have examined the valuation report prepared by PricewaterhouseCoopers and dated 10 September 1998, which report contains valuations as at 31 March 1998.

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 second edition of the ODV Handbook dated 28 May 1998, as issued by the Ministry of Commerce.



**WILLIAM MURRAY COOK**

17 September 1998

