

New Zealand Gazette

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WAIPA NETWORKS LIMITED

(formerly Waipa Power Limited)

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

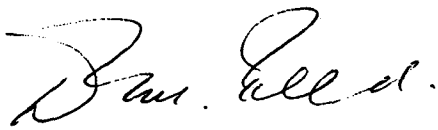
**Certification of Financial Statements, Performance Measures,
and Statistics Disclosed by Line Owners other than Transpower.**

We, Diane Reed and Richard Kadziolka, Directors of Waipa Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

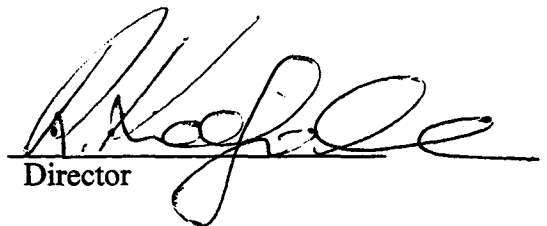
- (a) The attached audited financial statements of Waipa Power Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Waipa Power Limited, and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based as at 31 March 1998.

Dated this 9th day of July 1999.



Director



Director

Certification of Valuation Report of Line Owners

We, Diane Reed and Richard Kadziolka, Directors of Waipa Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

- (a) The attached valuation report of Waipa Power Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Waipa Power Limited is \$ 43,011,008; and
- (c) The valuation of the line business assets of Waipa Power Limited, including system and non-system fixed assets and net working capital, is \$ 42,768,415; and
- (d) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 1998.

Dated this 9th day of July 1999.



Director



Director

WAIPA POWER LIMITED - LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 MARCH 1999

	Note	1999 \$	1998 \$
REVENUE		<u>9,870,449</u>	<u>9,694,520</u>
NET SURPLUS BEFORE TAX	2	3,963,366	2,901,056
LESS TAXATION EXPENSE	3	961,933	710,914
NET SURPLUS AFTER TAX		<u>3,001,433</u>	<u>2,190,142</u>

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 1999

	1999 \$	1998 \$
EQUITY AS AT 1 APRIL 1998	<u>44,983,193</u>	<u>44,045,732</u>
NET SURPLUS FOR YEAR	3,001,433	2,190,142
REVALUATION OF ASSETS	884,582	-
TOTAL RECOGNISED REVENUE AND EXPENSES FOR THE YEAR	3,886,015	2,190,142
INTERIM DIVIDEND DECLARED	460,000	661,917
PROVISION FOR DIVIDEND	1,466,498	590,764
DISTRIBUTION TO OWNERS FOR INVESTING ACTIVITIES	1,000,000	-
EQUITY AS AT 31 MARCH 1999	<u>45,942,710</u>	<u>44,983,193</u>

The accompanying notes form part of these financial statements.

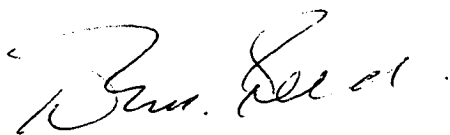
WAIPA POWER LIMITED - LINE BUSINESS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1999

	Note	1999 \$	1998 \$
EQUITY			
Share capital	4	8,000,000	8,000,000
Reserves	5	34,418,144	34,533,562
Retained earnings	6	3,524,566	2,449,631
TOTAL EQUITY		<u>45,942,710</u>	<u>44,983,193</u>
Represented By:			
CURRENT ASSETS			
Cash and Bank		16,362	28,216
Short term investments		1,350,000	1,035,000
Receivables and prepayments	7	1,377,374	870,426
Properties held for resale		-	14,005
Tax refund due		223,263	52,793
Inventories		<u>229,883</u>	<u>245,416</u>
		3,196,882	2,245,856
CURRENT LIABILITIES			
Creditors	8	551,686	2,064,271
Provision for dividend		<u>1,466,498</u>	<u>590,764</u>
		<u>2,018,184</u>	<u>2,655,035</u>
NET CURRENT ASSETS		1,178,698	(409,179)
NON - CURRENT ASSETS			
Fixed assets	9	44,764,012	45,392,372
NET ASSETS		<u>45,942,710</u>	<u>44,983,193</u>

For and on behalf of the Board



D M Reed Director



R K Kadziolka Director

The accompanying notes form part of these financial statements.

WAIPA POWER LIMITED - LINE BUSINESS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 1999

	Note	1999 s
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers		9,102,445
Interest received		51,212
Net GST		45,075
		<u>9,198,732</u>
Cash was disbursed to:		
Payments to suppliers and employees		7,314,138
Taxes paid		1,132,403
		<u>8,446,541</u>
Net cash flows from operating activities	14	<u>752,191</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of assets		2,189,837
Capital Contributions		229,257
		<u>2,419,094</u>
Cash was applied to:		
Purchase of assets		817,375
Increase in investments		315,000
		<u>1,132,375</u>
Net cash flows from investing activities		<u>1,286,719</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash was applied to:		
Dividend and distribution of reserve cash		2,050,764
Net cash flows from financing activities		<u>(2,050,764)</u>
Net decrease in cash held		(11,854)
Add opening cash brought forward		28,216
Ending cash carried forward		<u><u>16,362</u></u>
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION		
Cash and Bank		<u><u>16,362</u></u>

The accompanying notes form part of these financial statements.

WAIPA POWER LIMITED - LINE BUSINESS

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 1999

1 STATEMENT OF ACCOUNTING POLICIES**General Accounting Policies**

The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 (the Regulations).

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements.

Particular Accounting Policies

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

a) Network Charges

Income from Network charges includes an estimated amount for accrued sales from meters unread as at 31 March 1999.

b) Fixed Assets

The Company has five classes of fixed assets as follows:

Freehold Land
Freehold Buildings
Reticulation Assets
Motor Vehicles
Plant, Furniture & Fittings

The Reticulation Assets were revalued on an optimised depreciated replacement cost basis by independent valuers on 1 April 1998 and subsequently will be revalued at least every 3 years. Additions to the Reticulation Assets since revaluation are stated at cost.

Assets constructed by the company are capitalised at direct cost plus a proportion of indirect overheads.

All other fixed assets are recorded at cost less accumulated depreciation.

c) Infrastructure Asset

The Infrastructure asset comprises the reticulation network.

Expenditure on the infrastructure asset which increases the operating capability of, or which enhances or develops, the network is capitalised.

Expenditure incurred to maintain the operating capability of the infrastructure asset is charged as maintenance.

WAIPA POWER LIMITED - LINE BUSINESS

d) Capital Contributions

Contributions towards the cost of additions to the Reticulation Assets are recognised as income when received.

e) Depreciation

Land and Reticulation Assets are not depreciated. Depreciation has been provided on other fixed assets using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

Depreciation on assets purchased during the year has been charged on a monthly basis from month of purchase.

Buildings	3.0%
Motor Vehicles	20.0%
Computers Equipment & Software	20.0%
Plant, Furniture & Fittings	10.0%

f) Receivables

Receivables are stated at their estimated realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

g) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method, and is accounted for using the partial basis.

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.

h) Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

i) Financial Instruments

The Company includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, receivables, creditors and investments. Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

WAIPA POWER LIMITED - LINE BUSINESS

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been consistently applied during the year.

	1999	1998
	\$	\$
2 NET SURPLUS BEFORE TAXATION		
After Charging:		
Direct Expenditure	1,212,783	1,693,385
Audit fees for these financial statements	4,612	4,661
Audit fees for Companies financial statements	25,089	16,604
Directors' fees	108,750	41,130
Bad Debts	-	11,373
Change in Provision for Doubtful Debts	(10,406)	-
Other Indirect expenditure	1,174,253	1,081,666
Depreciation	149,658	268,216
Net Gain on Disposal of Assets	(9,178)	-
After Crediting:		
Interest Received	53,663	57,380
3 TAXATION		
Net surplus before taxation	<u>3,963,366</u>	<u>2,901,056</u>
Prima facie taxation at 33%	1,307,911	957,348
Less Tax effect of permanent differences	-	-
Less Tax effect of timing differences not Recognised	<u>(345,978)</u>	<u>(246,434)</u>
Total Taxation Expense	<u><u>961,933</u></u>	<u><u>710,914</u></u>
The Taxation charge comprises:		
- current taxation	961,933	710,914
- deferred taxation	<u>-</u>	<u>-</u>
	<u><u>961,933</u></u>	<u><u>710,914</u></u>
4 SHARE CAPITAL		
Issued & Paid-up Share Capital		
8,000,000 ordinary shares of \$1 each	8,000,000	8,000,000

WAIPA POWER LIMITED - LINE BUSINESS

	1999	1998
	\$	\$
5 RESERVES		
Capitalisation of Assets Reserve		
Balance at beginning of year	1,705,826	1,705,826
Transfer to Owners for Investing Activities	1,000,000	-
Balance at end of year	<u>705,826</u>	<u>1,705,826</u>
Revaluation of Assets Reserve		
Balance at beginning of year	32,827,736	32,827,736
Asset Revaluation Reticulation	884,582	-
Balance at end of year	<u>33,712,318</u>	<u>32,827,736</u>
Total Reserves	<u>34,418,144</u>	<u>34,533,562</u>
6 RETAINED EARNINGS		
Balance at beginning of year	2,449,631	1,512,170
Net Surplus after Taxation	3,001,433	2,190,142
Interim Dividend	460,000	661,917
Proposed final Dividend	1,466,498	590,764
Balance at end of year	<u>3,524,566</u>	<u>2,449,631</u>
7 RECEIVABLES		
Trade debtors	1,348,181	873,503
Provision for Doubtful Debts	<u>-</u>	<u>(10,406)</u>
	1,348,181	863,097
Accrued Income	2,884	433
Prepayments	<u>26,309</u>	<u>6,896</u>
	<u>1,377,374</u>	<u>870,426</u>

WAIPA POWER LIMITED - LINE BUSINESS

	1999 \$	1998 \$
8 CREDITORS		
Accounts payable and accruals - trade	497,893	1,975,655
Payroll Provisions (annual leave, holiday pay, etc.)	47,089	88,616
Payables to Directors	<u>6,704</u>	<u>-</u>
	<u>551,686</u>	<u>2,064,271</u>
9 FIXED ASSETS		
Freehold Land		
Cost	1,610	2,272
Freehold Buildings		
Cost	793,041	567,828
Accumulated Depreciation	<u>134,761</u>	<u>76,239</u>
Net Book Value	658,280	491,589
Reticulation Assets		
Cost - additions since 1 April 1998	740,586	1,844,596
Valuation	<u>43,011,008</u>	<u>42,663,322</u>
Net Book Value	43,751,594	44,507,918
Motor Vehicles		
Cost	122,917	1,376,814
Accumulated Depreciation	<u>80,462</u>	<u>1,074,723</u>
Net Book Value	42,455	302,091
Plant, Furniture and Fittings		
Cost	1,452,012	361,573
Accumulated Depreciation	<u>1,141,939</u>	<u>273,071</u>
Net Book Value	<u>310,073</u>	<u>88,502</u>
Total Net Book Value	<u>44,764,012</u>	<u>45,392,372</u>

The Reticulation Assets were revalued by E W Graham, B.E. (Elect), F.I.P.E.N.Z. and PriceWaterhouseCoopers on 1 April 1998 to a value of \$43,011,008 on a optimised depreciated replacement cost basis.

The fair value of Land and Buildings is assessed at \$700,000 based on a valuation by Valuation New Zealand as at 1 September 1996.

WAIPA POWER LIMITED - LINE BUSINESS

10 FINANCIAL INSTRUMENTS**Credit Risk**

In the normal course of its business, Waipa Power Limited incurs credit risk from trade receivables from customers. There are no significant concentrations of credit risk and Waipa Power Limited does not require any collateral.

Waipa Power Limited places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board of Directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

Currency Risk

Waipa Power has no exposure to currency risk.

Interest Rate Risk

Waipa Power has no exposure to interest rate risk.

Fair Value

The estimated fair value of Waipa Power Limited's financial instruments at 31 March 1999 are stated in the Statement of Financial Position.

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities as at 31 March 1999 (1998 Nil).

There are no commitments for future capital expenditure as at 31 March 1999 (1998 Nil).

12 SEGMENTAL REPORTING

Waipa Power Limited operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand, and are therefore within one geographical segment for reporting purposes.

WAIPA POWER LIMITED - LINE BUSINESS

13 RELATED PARTIES

At balance date, the Waipa Power Trust held 100 per cent of the shares in Waipa Power Limited

All related party transactions in the accounts of Waipa Power Limited have been conducted on a commercial and arms length basis.

The contracting department of Waipa Power Ltd has provided the following services at cost, including overheads, for the period 1 April 1998 to 31 March 1999

Construction of distribution lines & cables	230,931
Construction of medium voltage switchgear	740
Construction of distribution transformers	265,085
Construction of distribution substations	7,316
Construction of low voltage lines and cables	153,953
Construction of other system fixed assets	82,561
Maintenance of assets	756,715
Consumer connections and reconnections	33,986
Other services	31,473
Sale of Assets to Other at Book Value	2,171,195
Distribution of cash to Other	1,000,000

At year end there were no outstanding balances for related parties (1998 Nil).

No related party debt has been written off or forgiven during 1999 or 1998.

Provision has been made in the accounts for payment of a final dividend to the Waipa Power Trust of \$1,466,498 (1998 \$590,764). Interim dividends totalling \$460,000 have already been paid (1998 \$661,917).

1999

\$

14 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reported Net Surplus after tax	3,001,433
Add (Less) Non Cash Items:	
Depreciation	<u>149,658</u>
	3,151,091
Add (Less) Movements in Working Capital Items	
Increase in Tax Receivable	(170,470)
Increase in Receivables	(506,948)
Decrease (Increase) in Inventories	15,533
Decrease in Accounts Payable	(1,471,058)
Decrease in Leave Provisions	<u>(41,527)</u>
	(2,174,470)
	976,621
Add (Less) Items Classified as Investing Activities	
Net Gain on Disposal of Assets	(9,178)
Disposal Expenses for Properties held for resale	14,005
Capital Contributions	<u>(229,257)</u>
	(224,430)
Net Cash Inflows from Operating Activities	<u><u>752,191</u></u>

WAIPA POWER LIMITED - LINE BUSINESS

15 Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2

1 Current Assets	
(a) Bank, cash, short-term investments:	1,366,362
(b) Trade Debtors	1,348,181
(c) Other Debtors	-
(d) Prepayments	29,193
(e) Electricity hedges	-
(f) Other currents assets not listed in (a) to (e):	453,146
(g) Total current assets	3,196,882
2 Fixed Assets	
(a) System fixed assets	43,459,094
(b) Centralised load control equipment	292,500
(c) Customer billing and information system assets	173,581
(d) Motor vehicles	42,455
(e) Office Equipment	136,492
(f) Land & Buildings	659,890
(g) Capital works under construction	
(i) Subtransmission assets (transfer payments)	-
(ii) Zone substations (transfer payments)	-
(iii) Distribution lines & cables (transfer payments)	-
(iv) Medium voltage switchgear (transfer payments)	-
(v) Distribution transformers (transfer payments)	-
(vi) Distribution substations (transfer payments)	-
(vii) Low voltage lines and cables (transfer payments)	-
(viii) Other system fixed assets (transfer payments)	-
(h) Other fixed assets not listed in (a) to (g):	-
(i) Total fixed assets	44,764,012
(j) Other tangible assets not listed above	-
3 Total intangible assets	
(a) Goodwill	-
(b) Other intangible not listed in (a)	-
(c) Total intangible	-
4 Total Assets	47,960,894
5 Current Liabilities	
(a) Accounts payable:	504,597
(b) Accrued Payroll:	47,089
(c) Other accruals:	-
(d) Dividend Provision	1,466,498
(e) Electricity hedges	-
(f) Other Current Liabilities not listed in (a) to (e):	-
(g) Total Current Liabilities	2,018,184
6 Funding	
(a) Long-term debt:	-
(b) Equity:	45,942,710
(c) Other funding not listed in (a) or (b)	-
(d) Total funding	45,942,710

WAIPA POWER LIMITED - LINE BUSINESS

7	Total equity and liabilities (total assets)	47,960,894
8	Revenue	
	(a) Revenue from line/access charges:	
	(i) Revenue invoiced to consumers by electricity retail	8,770,868
	(ii) Revenue invoiced to consumers by line owner	816,661
	(b) Revenue from "Other" business (transfer payment)	-
	(c) Income from interest on short-term investments	53,663
	(d) AC loss-rental rebates	-
	(e) Electricity hedges	-
	(f) Other Revenue not listed in (a) to (e)	229,257
	(g) Total revenue	9,870,449
9	Expenditure	
	(a) Transmission Charges	3,251,523
	Transfer payments to "Other " business	
	(b) Asset maintenance	756,715
	(c) Consumer disconnections and reconnections	33,986
	(d) Meter data	-
	(e) Consumer-based load control	31,473
	(f) Avoided transmission charges for own generation	-
	(g) Other goods & services	-
	Payments to non-related entities	
	(h) Asset maintenance	87,750
	(i) Consumer disconnections and reconnections	-
	(j) Meter data	-
	(k) Consumer-based load control	-
	(l) Employee salaries and redundancies	843,714
	(m) Consumer billing and information system expense	78,438
	(n) Depreciation expense on system fixed assets	-
	(o) Depreciation on capital works under construction	-
	(p) Total depreciation expense	149,658
	(q) Corporate and administration	381,839
	(r) Total other human resource expenses	63,176
	(s) Marketing and advertising	47,592
	(t) Merger and acquisition expenses	-
	(u) Takeover defence expenses	-
	(v) Research and development expenses	-
	(w) Consultancy and legal expenses	58,135
	(x) Electricity hedges	-
	(y) Amortised goodwill	-
	(z) Subvention payments	-
	(za) Other expenditure not listed in (a) to (z)	123,084
	(zb) Total expenditure	5,907,083
10	Earnings before interest and tax	3,963,366
11	Interest	-

WAIPA POWER LIMITED - LINE BUSINESS

	1999	1998	1997	1996
16 PERFORMANCE MEASURES				
Disclosure of financial performance measures and efficiency performance measures under regulation 15 of the Electricity (Information Disclosure) Regulations 1999				
1. Financial performance measures				
(a) Return on funds	5.94%	6.52%	4.31%	4.40%
(b) Return on equity	4.76%	4.92%	2.93%	3.40%
(c) Return on investment	6.84%	5.02%	2.74%	3.32%
2. Efficiency performance measures:				
(a) Direct line costs per kilometre	\$648	\$912	\$1,000	\$979
(b) Indirect line costs per electricity customer	\$66	\$58	\$60	\$67
Disclosure of financial performance measures and efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 1999				
1. Energy Delivery efficiency performance measures:				
(a) Load factor	61.77	61.45	61.00	58.15
(b) Loss ratio	6.15	6.31	6.41	6.76
(c) Capacity utilisation	36.20	33.16	33.00	33.43
2. Statistics				
(a) System Length				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	1,346	1,334	1,330	1,330
Circuit Kilometres 400V	525	522	521	515
Total	1,871	1,856	1,851	1,845
(b) System Length - Overhead				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	1,304	1,293	1,291	1,291
Circuit Kilometres 400V	400	403	402	400
Total Overhead	1,704	1,696	1,693	1,691
(c) System Length - Underground				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	42	41	39	39
Circuit Kilometres 400V	125	119	119	115
Total Underground	167	160	158	154
(d) Transformer Capacity (In Kilovolt Amperes)	147,549	162,374	161,093	160,313
(e) Maximum Demand	53,416	53,850	53,167	53,598
(f) Total electricity supplied from the system (in Kilowatt Hours)	271,279,466	271,569,850	265,900,381	254,564,400

WAIPA POWER LIMITED - LINE BUSINESS

	1999	1998	1997	1996	
(g) Electricity conveyed for each retailer					
Retailer 1	217,013,904	230,426,427	239,681,112	254,564,400	
Retailer 2	16,773,858	41,143,423	26,219,269		
Retailer 3	925,853				
Retailer 4	36,565,851				
(h) Total Customers	19,612	19,872	19,706	19,748	
Disclosure of reliability performance measures under regulation 22 of the Electricity (Information Disclosure) Regulations 1999					
1	Total number of interruptions				
	Class A - Planned - by Transpower	0	0	0	0
	Class B - Planned - by Line Owners	217	249	234	283
	Class C - Unplanned - by Line Owners	149	117	156	138
	Class D - Unplanned - by Transpower	0	1	2	4
	Class E - Unplanned - by ECNZ	0	0	0	0
	Class F - Unplanned - by other generation	0	0	0	0
	Class G - Any other loss of supply	0	0	0	0
	Total	366	367	392	425
2	Interruption targets for 1999 / 2000				
	Class B - Planned - by Line Owners	215			
	Class C - Unplanned - by Line Owners	120			
3	Average interruption targets for next 5 years				
	Class B - Planned - by Line Owners	209			
	Class C - Unplanned - by Line Owners	114.2			
4	Proportion of Class C interruptions not restored within				
	3 Hours	17%			
	24 Hours	0%			
5	(a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
	11kV	11.07	8.77	11.73	10.38
	(b) Target for 1999 / 2000 year				
	11kV	9.00			
	(c) Average Target for 1999 / 2000 to 2003 / 2004 years				
	11kV	8.56			
6	The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
	11kV	0.00	0.00	0.00	2.56
7	The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
	11kV	11.43	9.05	12.08	10.61
8	The SAIDI for the total number of interruptions				
		242.23	255.21	353.09	388.34

WAIPA POWER LIMITED - LINE BUSINESS

	1999	1998	1997	1996
9 SAIDI targets for 1999 / 2000				
Class B - Planned - by Line Owners	69.00			
Class C - Unplanned - by Line Owners	150.00			
10 Average SAIDI target for 1999 / 2000 to 2003 / 2004 years				
Class B - Planned - by Line Owners	57.20			
Class C - Unplanned - by Line Owners	123.60			
11 The SAIDI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	0.00	0.00	0.00	0.00
Class B - Planned - by Line Owners	80.81	99.97	96.26	182.90
Class C - Unplanned - by Line Owners	161.42	153.62	231.76	170.95
Class D - Unplanned - by Transpower	0.00	1.62	25.07	34.49
Class E - Unplanned - by ECNZ	0.00	0.00	0.00	0.00
Class F - Unplanned - by other generation	0.00	0.00	0.00	0.00
Class G - Any other loss of supply	0.00	0.00	0.00	0.00
12 The SAIFI for the total number of interruptions	3.24	3.39	5.78	5.06
13 SAIFI targets for 1999 / 2000				
Class B - Planned - by Line Owners	0.50			
Class C - Unplanned - by Line Owners	2.50			
14 Average SAIFI target for 1999 / 2000 to 2003 / 2004 years				
Class B - Planned - by Line Owners	0.45			
Class C - Unplanned - by Line Owners	2.19			
15 The SAIFI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	0.00	0.00	0.00	0.00
Class B - Planned - by Line Owners	0.58	0.61	0.54	0.97
Class C - Unplanned - by Line Owners	2.66	2.24	4.48	3.30
Class D - Unplanned - by Transpower	0.00	0.54	0.76	0.79
Class E - Unplanned - by ECNZ	0.00	0.00	0.00	0.00
Class F - Unplanned - by other generation	0.00	0.00	0.00	0.00
Class G - Any other loss of supply	0.00	0.09	0.00	0.00
16 The CAIDI for the total number of interruptions	75	75	61	77
17 CAIDI targets for 1999 / 2000				
Class B - Planned - by Line Owners	138			
Class C - Unplanned - by Line Owners	60			
18 Average CAIDI Target for 1999 / 2000 to 2003 / 2004 years				
Class B - Planned - by Line Owners	128			
Class C - Unplanned - by Line Owners	56			
19 The CAIDI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	0	0	0	0
Class B - Planned - by Line Owners	140	163	180	189
Class C - Unplanned - by Line Owners	61	69	52	52
Class D - Unplanned - by Transpower	0	3	33	44
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0
Class G - Any other loss of supply	0	0	0	0

WAIPA POWER LIMITED - LINE BUSINESS

Derivation Table	Symbol in formula	Input Column	Calculations	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	3,963,366		3,963,366	N/A	3,963,366
Net profit after tax (NPAT)	n	3,001,433		N/A	3,001,433	N/A
Amortised Goodwill	g	0		add	add	add
Subvention Payment	s	0		add	add	add
Depreciation of SFA at BV	d	0		add	add	add
Depreciation of SFA at ODV	d	1,338,459		deduct	deduct	deduct
ODV Depreciation tax adjustment	b	-441,691	s*	deduct	deduct	deduct
Subvention Payment tax adjustment	q	0		N/A	N/A	0
Interest Tax Shield	r	884,582		N/A	N/A	884,582
Revaluations	r	961,933		N/A	N/A	961,933
Income tax	p	No entry		N/A	N/A	2,989,247
Netumerator (as adjusted)				$= a + g + s + d$	$= n + g + s + s^* + d - b$	$= a + g - g + r + s + d - p - s^* - b$
Fixed Assets at year beginning (FA ₀)		43,392,372		43,392,372	N/A	43,392,372
Fixed Assets at year end (FA ₁)		44,764,012		add	N/A	add
Net Working Capital at year beginning (NWC ₀)		-409,179		add	N/A	add
Net Working Capital at year end (NWC ₁)		1,178,698		add	N/A	add
Average total funds employed (ATFE)	c	No entry	$= (FA_0 + FA_1) + NWC_0 + NWC_1 / 2$	divide by 2	N/A	divide by 2
Total Equity at year beginning (TE ₀)		44,983,193		N/A	44,983,193	N/A
Total Equity at year end (TE ₁)		45,942,710		N/A	N/A	N/A
Average total equity	k	No entry	$= (TE_0 + TE_1) / 2$	divide by 2	45,462,952	N/A
WUC at year beginning (WUC ₀)		0		add	0	0
WUC at year end (WUC ₁)		0		add	0	0
Average total Works under Construction	e	No entry	$= (WUC_0 + WUC_1) / 2$	divide by 2	0	0
Revaluations	r	884,582		N/A	N/A	884,582
Goodwill asset at year beginning (GW ₀)		0		N/A	0	N/A
Goodwill asset at year end (GW ₁)		0		N/A	0	N/A
Average Goodwill asset	m	No entry	$= (GW_0 + GW_1) / 2$	divide by 2	0	N/A
Subvention payment at year beginning (S ₀)		0		N/A	0	N/A
Subvention payment at year end (S ₁)		0		N/A	0	N/A
Subvention payment tax adjustment at year beginning		0		N/A	0	N/A
Subvention payment tax adjustment at year end		0		N/A	0	N/A
Average subvention payment & related tax adjustment	v	No entry	$= (S_0 + S_1 + s_0 + s_1) / 2$	divide by 2	0	N/A
System Fixed assets at year beginning at book value (SFA _{0(bv)})		44,507,918		44,507,918	44,507,918	44,507,918
System Fixed assets at year end at book value (SFA _{1(bv)})		43,751,594		add	43,751,594	add
Average value of system fixed assets at book value	f	No entry	$= (SFA_{0(bv)} + SFA_{1(bv)}) / 2$	divide by 2	44,129,756	divide by 2
System Fixed assets at year beginning at ODV value (SFA _{0(odv)})		42,663,322		add	42,663,322	42,663,322
System Fixed assets at year end at ODV value (SFA _{1(odv)})		43,011,008		add	43,011,008	add
Average value of system fixed assets at ODV value	h	No entry	$= (SFA_{0(odv)} + SFA_{1(odv)}) / 2$	divide by 2	42,837,165	divide by 2
Denominator (as adjusted)			$= c - e - f + h$	$= k - e - m + v - f + h$	$= c - e - \frac{1}{2}r - f + h$	$= c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:			$EBIT^{(odv)} / ATFE^{(odv)} \times 100 / 1$	$PAT^{(odv)} / ATFE^{(odv)} \times 100 / 1$	$EBIT^{(odv)} / ATFE^{(odv)} \times 100 / 1$	$EBIT^{(odv)} / ATFE^{(odv)} \times 100 / 1 = 6.84\%$
			5.94%	4.76%		

Key:
 t = standard entity tax rate
 by = book value
 ave = average
 av = as adjusted
 odv = optimised deprival valuation
 subscript '0' = beginning of the financial year
 subscript '1' = end of the financial year



Audit New Zealand

AUDITOR'S REPORT

To the readers of the financial statements of Waipa Power Limited.

We have audited the accompanying financial statements of Waipa Power Limited. The financial statements provide information about the past financial performance of Waipa Power Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 4 to 6.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Waipa Power Limited as at 31 March 1999, and results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing —

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Waipa Power Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with or interests in Waipa Power Limited.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion –

- proper accounting records have been maintained by Waipa Power Limited as far as appears from our examination of those records; and
- the financial statements referred to above —
 - (a) comply with generally accepted accounting practice; and
 - (b) give a true and fair view of the financial position of Waipa Power Limited as at 31 March 1999 and the results of its operations and cash flows for the year then ended; and
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 9 July 1999 and our opinion is expressed as at that date.



L B Kemble

Audit New Zealand

On behalf of the Controller and Auditor-General

9 July 1999

Hamilton, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being —

- (a) The derivation table specified in regulation 16; and
- (b) Financial performance measures specified in clause 1 of Part 3 of Schedule 1 of the Electricity (Information Disclosure) Regulations 1999; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part 3 of that Schedule —

and having been prepared by Waipa Power Limited and dated 9 July 1999 for the purposes of regulation 15 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 1999.

A handwritten signature in black ink, appearing to read 'L B Kemble'.

L B Kemble

Audit New Zealand

On behalf of the Controller and Auditor-General

9 July 1999

Hamilton, New Zealand



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

I have examined the valuation report of Waipa Power Limited and dated 1 June 1999, which report contains valuations of system fixed assets as at 1 April 1998.

I certify that, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$43,011,008, have been made in accordance with the ODV Handbook.

L B Kemble

Audit New Zealand

On behalf of the Controller and Auditor-General

9 July 1999

Hamilton, New Zealand



