

New Zealand Gazette

OF THURSDAY, 2 SEPTEMBER 1999

WELLINGTON: TUESDAY, 7 SEPTEMBER 1999 — ISSUE NO. 112

THE LINES COMPANY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Statement of Financial Performance
For the Year Ended 31 March 1999

	Note	1999 \$000's	1998 \$000's
Income			
Line/Access Charges:			
Invoiced by Lines Business		8,886	9,499
Transmission costs		(2,250)	(2,179)
Line Losses		0	(662)
AC rental Rebates		18	0
		<u>6,654</u>	<u>6,658</u>
Expenditure			
Transfer Payments:	2		
Payment by Line Busines to "Other"		1,815	1,752
Expense to non-related entities.		226	
Employee salaries/redundances		101	
Customer Billing and Information System		10	
Depreciation		192	
Corporate & Adminstration		457	838
Fixed Asset Expenses		24	
Human Resource		6	
Marketing & Advertising		91	
Consultancy & legal expenses		1	
Other		122	435
Total Expenditure		<u>3,045</u>	<u>3,025</u>
Earnings before Interest & Tax		<u>3,609</u>	<u>3,633</u>
Interest Expense		188	203
Tax Expense	3	879	919
Net Profit after Tax		<u>2,542</u>	<u>2,511</u>
Customer Discount	4	1,719	1,122
Net Profit Retained for the Year		<u><u>823</u></u>	<u><u>1,389</u></u>

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Statement of Financial Position
as at the Year Ended 31 March 1999

	Note	1999 \$000's	1998 \$000's
Corporate Funds			
Share Capital		6,021	6,021
Retained Earnings		4,624	3,901
Revaluation Reserve		18,696	18,696
		<u>29,341</u>	<u>28,618</u>
Long Term Assets			
Fixed Assets	5	31,585	32,203
Investments		0	0
Total Tangible Assets		<u>31,585</u>	<u>32,203</u>
Current Assets			
Cash		2,274	(176)
Trade Debtors		834	1,446
Other Debtors		450	0
Inventory		0	435
Prepayments		0	0
Total Current Assets		<u>3,558</u>	<u>1,705</u>
Total Assets Employed		<u>35,144</u>	<u>33,908</u>
Term Liabilities			
Loans	6	3,000	3,000
Deferred Tax	7	489	357
Total Funding		<u>3,489</u>	<u>3,357</u>
Current Liabilities			
Accounts Payable		318	472
Accrued Payroll		115	0
Other Provisions		0	285
Customer Discount Provision		1,880	1,176
Total Current Liabilities		<u>2,313</u>	<u>1,933</u>
Total Liabilities		5,803	5,290
Net Assets Employed		<u>29,341</u>	<u>28,618</u>

Chairman



Director



Date:

24/8/99

Date:

24/08/99

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Statement of Movement in Equity
For the Year Ended 31 March 1999

	1999 \$000's	1998 \$000's
Equity at Beginning of Year	28,618	27,229
Surplus retained for the Year	823	1,389
Total Recognised Revenue and Expenses	<u>823</u>	<u>1,389</u>
Dividend Paid	100	0
Total Distribution to Owners	<u>100</u>	<u>0</u>
Equity at Year End	<u><u>29,341</u></u>	<u><u>28,618</u></u>

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Statement of Cashflows
For the Year Ended 31 March 1999

1999
S000's

CASH FLOWS FROM OPERATING ACTIVITIES

Cash was provided from:

Receipts from customers	11,748
Less special discounts	(850)
	10,898

Cash was distributed to:

Payment to suppliers & employees	8,423
Taxes paid	215
Interest paid	188
	8,826

CASH FLOWS FROM OPERATING ACTIVITIES 2,072

CASHFLOWS FROM INVESTING ACTIVITIES

Cash was provided from:

Proceeds from sale of fixed assets	6
	6

Cash was applied to:

Fixed asset purchase	911
	911

NET CASHFLOW FROM INVESTING ACTIVITIES (905)

Net cashflow from operating	2,072
Net cashflow to investing	(905)
Net cashflow to financing	0
Net increase in cash held	1,167

Nominal cash carried forward	1,107
Total Cash	2,274

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 1999

NOTE 1: NATURE OF COMPANY'S BUSINESS

The Company's core business is the distribution, generation and retail of electricity and associated services.

STATUTORY BASE

The Lines Company Limited is incorporated under the Companies Act 1993 in accordance with the Energy Companies Act 1992. The accounts are prepared in accordance with the Companies Act 1993, the Financial Reporting Act 1993, and the Electricity (Information Disclosure) Regulations 1999.

STATEMENT OF ACCOUNTING POLICIES

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

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed except where revaluation of assets are incorporated, and other items disclosed in the accounting policies listed below.

Accrual accounting is used to match expenses with revenues. Reliance is placed on the fact that the Company is a going concern.

(a) Receivables

Receivables are stated at their estimated realisable value.

(b) Fixed Assets

The Company has five classes of fixed assets:

- Freehold Land
- Freehold Buildings
- Motor Vehicles, Plant and Equipment
- Distribution System

Land and Buildings were independently valued by Hughes Valuations on 31st March 1997 based on estimated market value.

The distribution system has been independently valued based upon optimised depreciated value by an electrical engineer and Coopers & Lybrand, with the exception of

- 11kV and low voltage distribution lines which have been valued at 70% of optimised deprival value, (odv).
- Meters and Load Control Relays are included at cost.

Increases in valuations have been transferred to the Revaluation Reserve in Shareholders Equity.

Motor Vehicles, Plant and Equipment and all other assets have been valued at cost less accumulated depreciation.

(c) Staff Leave and Gratuity Payments

Provision is made in respect of the Company's liability for annual leave and gratuity payments. At the balance date retiring gratuities have been accrued in respect of all employees with more than 10 years service with the Company and aged 45 years or over. Gratuity payment is paid on the retirement of an employee who has at the time of retirement been currently continuously employed by the Company for a period of at least 10 years.

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 1999

(d) Depreciation

Depreciation is provided on either a straight line or a diminishing value basis on all fixed assets other than freehold land and perpetually renewable distribution assets, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful life.

Major depreciation rates and methods:

Buildings	40-100 years	Straight Line
Motor Vehicles, plant & equipment	10% to 50%	Diminishing Value & Straight Line
Network plant & equipment	20 - 50 years	Straight Line
Land is not depreciated.		

Infrastructural accounting has been adopted for those parts of the distribution asset that are perpetually renewed. This means:

- (i) The asset is not depreciated
- (ii) Asset replacements are expensed in the year of replacement, unless the replacement of any individual asset materially increases the network odv value in which case the asset is capitalised to the extent of the increase in odv value.
- (iii) Any reductions in odv value of the network asset due to inadequate maintenance are expensed in the year of inadequate maintenance.

Other components which are separately identifiable and have a finite life e.g. 33kV substation transformers are depreciated.

(e) Inventory

Stocks are stated at the lower of cost, determined on an average cost basis, or net realisable value.

(f) Investments

Short term deposits and shares are stated at the lower of cost or estimated realisable value.

(g) Taxation

Income tax expense is recognised on the operating surplus before taxation adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, expected to reverse in the foreseeable future, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the Statement of Financial Position as a future tax benefit or a provision for deferred tax. The future tax benefit or provision for deferred tax is stated at the income tax prevailing at balance date.

Future tax benefits are not recognised unless realisation of the asset is virtually certain.

The Company uses the liability method of accounting for deferred taxation at the income tax rate prevailing at balance date and applies this on a partial basis.

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 1999

(h) Basis of Allocations to Business Units

In general the Ministry of Commerce guidelines for allocation of income and expenditure have been applied. Deviations from the guidelines have been used where assumptions made in the guidelines have not held true for The Lines company Limited. These are as follows:

Various overhead costs that are an integral part of operating each business and have been allocated according to relative fixed assets involved in each business.

Interest costs allocated to the Lines Business reflects those costs associated with the Subordinated Debt. These loans were set up to ensure the fair cost allocation of low density customers.

(i) Comparative Figures

Comparative figures have not been changed from those reported in prior periods, despite changes to the Financial Statements preparation basis as set by the Ministry of Commerce.

(j) Changes in Accounting Policies

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

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 1999

NOTE 2: TRANSFER PAYMENTS

	1999 \$000
Payments by Line Business to "Other" for:	
Meter Data	49
Permanent Disconnection/Reconnection Services	4
Asset Maintenance Services	1,616
Other	<u>145</u>
	<u><u>1,814</u></u>
Expense to non-related entities for:	
Asset Maintenance Services	226
	<u><u>226</u></u>

Related Party Transactions

- (a) Meter Data, Permanent Disconnection/Reconnection services and a majority of Asset maintenance Services are carried out by the "Other" Business Activities of The Lines Company Limited. Both parties are 100% owned by The Lines Company Limited.
- (b) Meter Data Services involves reading meters and electronically loading the information into the financial system so that customers can be billed.

The Meter Data Services costs are set at \$40 per meter round plus
 \$0.85 per meter reading for Urban customers.
 \$2.00 per meter reading for Rural Customers.
 \$2.50 per meter reading for remote customers.
 \$2.50 per meter reading for customers with internal meters.

- (c) Permanent Disconnection or Reconnection are charged at \$15.00 per Disconnection or Reconnection plus \$9 per 15 minutes.
- (d) Asset Maintenance Services are carried out by Lines Maintenance Teams, Electricians and Technicians. The labour charge out rate depends on the employment contract the individuals carrying out the work are on. An oncost is added to cover administration costs.

The rates are as follows (inclusive of oncost)

Lines Maintenance	\$17.37 - \$21.16 per hour.
Electricians	\$21.63 - \$22.61 per hour.
Technicians	\$17.95 - \$30.21 per hour.

Plant & Vehicle charge out rate ranges from \$10.71 - \$16.31 per hour.

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 1999

Construction of the following types of assets was undertaken by the "other Business Activity" for The Lines Company.

(i) Distribution Lines and Cables

Total number of hours 1175.5
Average Labour Cost per hour \$19.83
Average cost of Plant/Vehicles \$10.71 per hour

(ii) Zone Substation

Total number of hours = 255
Average labour cost per hour = \$22.59
Average cost of Plant/Vehicles = \$12.20

(iii) Medium Voltage Switchgear

Total number of hours = 629.5
Average Labour cost per hour = \$21.05
Average cost of Plant/Vehicles = \$11.37

(iv) Other Assets

Total number of hours = 25
Average labour cost per hour = \$23.31
Average Cost of Plant/Vehicles = \$12.60

NOTE 3: TAXATION EXPENSE

	1999	1998
	\$000	\$000
Nominal Profit Before Tax	3,422	3,430
Prima Facie Taxation @ 33%	11,129	1,132
Add/(Less) Effect of Permanent Tax Diff	<u>(250)</u>	<u>(213)</u>
Net Taxation Expense	<u>\$ 879</u>	<u>\$ 919</u>

NOTE 4: CUSTOMER DISCOUNT

Discount Declared	2,566	1,674
Less Taxation Effect	<u>847</u>	<u>552</u>
	<u>\$ 1,719</u>	<u>\$ 1,122</u>

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31 March 1999

Note 5: FIXED ASSETS 1998

	at cost	at valuation	accumulated depreciation	carrying value
Land	99,576	27,458		127,034
Buildings		468,700	10,700	458,000
Distribution System	1,151,443	28,846,979	65,892	29,932,530
MV Plant & Equipment	1,784,141	0	849,138	935,003
Capital Work in Progress	750,581	0	0	750,581
	<u>3,785,741</u>	<u>29,343,137</u>	<u>925,730</u>	<u>32,203,148</u>

FIXED ASSETS 1999

	at cost	at valuation	accumulated depreciation	carrying value
Land and Buildings	100,900	260,203	6,847	241,307
Centralised Load Control	565,865		78,700	487,165
Distribution System	1,151,443	28,846,979	65,892	29,932,530
Customer Billing & Info Systems	71,367		30,419	40,948
Motor Vehicles	150,981		86,072	64,909
Office Equipment	25,591		17,500	8,091
Other Plant & Equipment	319,693		58,828	260,865
Capital Work in Progress				
Zone Substations	50,113			
Distribution Lines & Cables	18,744			
Medium Voltage Switchgear	49,830			
Low Voltage Lines & Cables	396			
Other Capital Works	430,511			549,594
	<u>2,385,840</u>	<u>29,107,182</u>	<u>344,258</u>	<u>31,585,409</u>

THE LINES COMPANY LIMITED
(formerly Waitomo Energy Services Limited)
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 1998

NOTE 6: LOANS

	1999	1998
	\$000	\$000
	3,000	3,000

The perpetual loans are subordinated debentures issued to:

- Waitomo Energy Services Customer Trust
\$1,000,000 at a rate of 8.0%
- Northern King Country Development Trust
\$2,000,000 at a rate of 5.0%

The subordinated debentures are unsecured.

NOTE 7: DEFERRED TAXATION

	1999	1998
	\$000	\$000
Represented by the following timing differences:		
Fixed Assets	859	834
Accruals & Provisions	<u>(370)</u>	<u>(478)</u>
	<u>489</u>	<u>357</u>

NOTE 8: SEGMENTAL INFORMATION

The Lines Company Limited operates predominantly in one geographical segment. It is located in the mid-central North Island in the King Country. The head office is located in the township of Te Kuiti.

NOTE 9: RELATED PARTY TRANSACTIONS

During the year the Company paid Waitomo Energy Services Customer Trust \$87,500 of interest on a subordinated debenture.

NOTE 10: SUBSEQUENT EVENTS

The company and its shareholders have entered into various agreements with King Country Energy Limited and its shareholders. These arrangements are as a result of the requirements of the Electricity Industry Reform Act and will be effected from the 1st April 1999.

In summary, the arrangements as they relate to the company are as follows;

- The company acquires the network distribution assets and business of King Country Energy for an amount of \$24 million.
- The company sells its retail customer base, energy hedges and generation activities and all related business assets to King Country Energy for an amount of \$10.5 million. A net profit on sale arises totalling \$1.65 million.
- Funding required to settle the transaction has been raised by way of debt facility referred to in note 15 above.
- The respective company shareholders transfer an amount of their respective holdings in the entities to each other so that the King Country Electric Power Trust holds 25% of the shares of the company.

The impact of these related transactions has not been reflected in the current year financial statements shown above.

THE LINES COMPANY LIMITED

Disclosure of financial and efficiency performances measures as required 15 to 22 of the Electricity (Information Disclosure) Regulations 1999.

	Year ended 31 March			
	1999	1998	1997	1996
Regulation 15:				
1. Financial performance measures				
(a) Accounting return on funds	9.33%	9.27%	7.64%	7.13%
(b) Accounting return on equity	7.20%	6.93%	5.67%	5.41%
(c) Accounting return on investment	7.00%	6.62%	5.25%	5.07%

For the purpose of calculating the above ratios the revenue has been calculated before special discounts and the tax has been calculated before the effect of special discounts. This has an effect of increasing 1999 revenue by \$1,305,000 and decreasing tax by \$643,160.

2. Financial performance measures				
(a) Accounting return on funds	4.94%	5.00%	3.69%	
(b) Accounting return on equity	3.72%	3.83%	2.80%	
(c) Accounting return on investment	4.26%	3.75%	2.60%	

Regulation 17

1. Efficiency performance measures				
(a) Direct line costs per kilometre	\$896	\$762	\$706	\$690
(b) Indirect line costs per electricity customer.	\$45	\$66	\$68	\$70

Regulation 19:

5. As at 1st April 1997 the ODV Valuation of the lines business
As certified by Coopers & Lybrand was \$37.10 million (without meters & relays)

Regulation 21

1. (a) Load Factor	59.53%	57.73%	60.28%	56.34%
(b) Loss Ratio	7.81%	8.80%	8.64%	8.86%
(c) Capacity Utilisation	36.21%	37.24%	34.12%	35.82%
2. (a) System lengths (kms)				
- 33kV	207	207	204	204
- 11kV	2,221	2,221	2,220	2,220
- LV	<u>139</u>	<u>139</u>	<u>138</u>	<u>138</u>
- Total	<u>2567</u>	<u>2,567</u>	<u>2,562</u>	<u>2,562</u>
(b) Circuit length (overhead) (kms)				
- 33kV	207	207	204	204
- 11kV	2,215	2,215	2,214	2,214
- LV	<u>123</u>	<u>123</u>	<u>123</u>	<u>123</u>
- Total	<u>2,545</u>	<u>2,545</u>	<u>2,541</u>	<u>2,541</u>
(c) Circuit length (underground) (kms)				
- 11 kV	6	6	6	6
- LV	<u>16</u>	<u>16</u>	<u>15</u>	<u>15</u>
- Total	<u>22</u>	<u>22</u>	<u>21</u>	<u>21</u>
(d) Transformer capacity (kVA)	84,517	82,959	82,758	81,109
(e) Maximum demand (kW)	30,600	30,900	28,240	29,050
(f) Total electricity supplied (kWh)(000's)	147,102	142,529	134,571	130,673
(g) Total electricity conveyed on behalf of other persons.		0	0	0
(h) Total customer	9,954	9,726	9,525	8,961
(i) Total consumer	12,149	11,610	12,948	12,305

		Year ended 31 March					
		1999	1998	1997	1996		
Regulation 22:							
6.	(1) (a) Reliability performance measures						
	Class A	0	0	0	0		
	Class B	271	343	511	350		
	Class C	273	257	385	369		
	Class D	<u>6</u>	<u>4</u>	<u>10</u>	<u>12</u>		
	Total	<u>550</u>	<u>604</u>	<u>906</u>	<u>731</u>		
		2000	2001	2002	2003	2004	Average 2000/04
(b)	Planned Interruptions						
	Class A	0	0	0	0	0	0
	Class B	450	450	450	450	450	450
	Class C	474	427	384	346	311	388
	Class D	0	0	0	0	0	0
(c)	Class C Interruptions for 1999						
	Not restored in 3 hours		79			28.94%	
	Not restored in 24 hours		1			0.37%	
		1999	1998	1997	1996		
(2)(a)	Total number of faults per 100 circuit kilometres prescribed voltage electric lines.	20.5	10.0	14.7	14.4		
		2000	2001	2002	2003	2004	Average 2000/04
(b)	Planned Faults per 100 circuit kilometres prescribed voltage electric lines.						
	33kV	15	13.5	12.2	10.9	9.8	12.3
	11kV	10.3	9.3	8.3	7.5	6.8	8.4
	Total	25.3	22.8	20.5	18.47	16.6	20.7
(3)(a)	Total number of faults per 100 circuit kilometres of underground prescribed voltage electric lines.						
	33kV	0	0	0	0		
	11kV	<u>16.7</u>	<u>0</u>	<u>16.7</u>	<u>4.8</u>		
	Total	<u>16.7</u>	<u>0</u>	<u>16.7</u>	<u>4.8</u>		
		2000	2001	2002	2003	2004	Average 2000/04
(b)	Planned number of faults per 100 circuit kilometres of underground prescribed voltage electric lines.						
	33kV	0	0	0	0	0	0
	11kV	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
	Total	5.0	5.0	5.0	5.0	5.0	5.0
(4)(a)	Total number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines.						
	- 33kV	11.1	15.7	13.2	16.7		
	- 11kV	<u>9.4</u>	<u>9.5</u>	<u>14.7</u>	<u>15.0</u>		
	- Total	<u>20.5</u>	<u>10.0</u>	<u>14.7</u>	<u>14.5</u>		

		2000	2001	2002	2003	2004	Average 2000/04
(b)	Planned number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines.						
	33kV	15.0	13.5	12.2	10.9	9.8	12.3
	11kV	<u>10.3</u>	<u>9.3</u>	<u>8.3</u>	<u>7.5</u>	<u>6.8</u>	<u>8.4</u>
	Total	25.3	22.8	20.5	18.4	16.6	20.7
		1999	1998	1997	1996		
(5)(a)	The SAIDI for total of interruptions	588.9	662.2	866.3	714.92		
(b)	The SAIDI for total of interruptions within each interruptions class -						
	Class A	0	0	0	0		
	Class B	239.5	334.5	368.7	331.05		
	Class C	329.7	303.8	460.5	370.15		
	Class D	19.7	23.9	37.09	13.71		
(c)	The SAIDI for planned interruptions within each interruptions class -						
		2000	2001	2002	2003	2004	Average 2000/04
	Class A	0	0	0	0	0	0
	Class B	240.0	240.0	240.0	240.0	240.0	240.0
	Class C	300.0	270.0	243.0	218.7	196.8	245.7
	Class D	0	0	0	0	0	0
		1999	1998	1997	1996		
(6)(a)	The SAIFI for total of interruptions	8.88	9.3	11.00	11.03		
(b)	The SAIFI for total of interruptions within each interruption class -						
	Class A	0	0	0	0		
	Class B	1.25	1.79	1.90	1.68		
	Class C	6.43	6.98	7.76	9.08		
	Class D	1.20	0.54	1.34	0.27		
(c)	The SAIFI for planned interruptions within each interruptions class -						
		2000	2001	2002	2003	2004	Average 2000/04
	Class A	0	0	0	0	0	0
	Class B	0.95	0.95	0.95	0.95	0.95	0.95
	Class C	5.0	4.5	4.1	3.6	3.3	4.1
	Class D	0	0	0	0	0	0
		1999	1998	1997	1996		
(7)(a)	The CAIDI for total of interruptions	259.3	71.18	78.78	64.81		
(b)	The CAIDI for total interruptions within each interruption class -						
	Class A	0	0	0	0		
	Class B	191.6	186.73	194.30	196.73		
	Class C	51.3	43.55	59.35	40.76		
	Class D	16.4	44.54	27.68	51.37		
(c)	The CAIDI for planned interruptions within each interruptions class -						
		2000	2001	2002	2003	2004	Average 2000/04
	Class A	0	0	0	0	0	0
	Class B	252.6	252.6	252.6	252.6	252.6	252.6
	Class C	60.0	60.0	60.0	60.0	60.0	60.0
	Class D	0	0	0	0	0	0

Form for Derivation of Financial and Efficiency Performance Measures from Financial Statements				
		ROF	ROE	ROI
Earnings before interest and tax		3,609		3,609
Net profit after tax			2,542	
Amortised Goodwill		0	0	0
Subvention Payment		0	0	0
Depreciation of SFA at BV		192	192	192
Depreciation of SFA at ODV		192	192	192
ODV Depreciation tax adjustment			0	0
Subvention Payment tax adjustment			0	0
Interest Tax Shield				62
Revaluations				0
Income Tax				887
Numerator		3,801	2,734	2,852
Fixed Assets at Start of Year		31,299		31,299
Fixed Assets at Year End		31,585		31,585
Net WC Start of Year		(228)		(228)
Net WC End of Year		1,245		1,245
Average Total Funds Employed		31,951		31,951
Total Equity at Start of Year			28,618	
Total Equity at End of Year			29,755	
Average Total Equity			29,187	
Works Under Construction at Start of Year		751	751	751
Works Under Construction at End of Year		550	550	550
Average Total Works Under Construction		650	650	650
Revaluations				0
Goodwill Assets at Start of Year			0	
Goodwill Assets at End of Year			0	
Average Goodwill Asset			0	
Subvention Payment Last Year			0	
Subvention Payment This Year			0	
Subvention Payment Tax Adjustment Last Year			0	
Subvention Payment Tax Adjustment This Year			0	
Average Subvention payment and Tax Adjustment Last Year			0	
System Fixed Asset at Start of Year BV		29,933	29,933	29,933
System Fixed Asset at End of Year BV		29,933	29,933	29,933
Average value of system fixed assets at BV		29,933	29,933	29,933
System Fixed Asset at Start of Year ODV		39,092	39,092	39,092
System Fixed Asset at End of Year ODV		39,690	39,690	39,690
Average value of system fixed assets at ODV		39,391	39,391	39,391
Denominator		40759	37995	40759
Financial Performance Measure		9.33%	7.20%	7.00%

PRICEWATERHOUSECOOPERS 

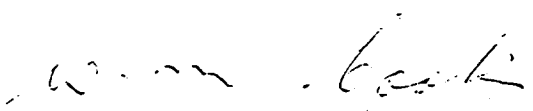
24 July 1998

The Directors
Waitomo Energy Services Limited
P O Box 281
TE KUITI 2500

**CERTIFICATION BY AUDITOR IN RELATION TO
ODV VALUATION OF WAITOMO ENERGY SERVICES LIMITED
LINES BUSINESS**

I have examined the valuation report prepared by PricewaterhouseCoopers and dated 30 May 1997, which report contains valuations as at 31 March 1997.

I hereby confirm 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 28 May 1998 ODV Handbook.


W M Cook

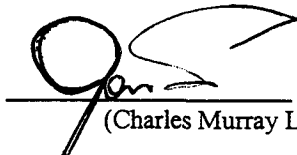
**“Certification of Financial Statement, Performance Measures, and Statistics
Disclosed by Line Owners Other than Trans Power”**

WE, **Charles Murray Loewenthal** and **Robert Alexander Kidd**, Directors of **The Lines Company Limited**, certify that, having made all reasonable inquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of **The Lines Company 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 derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to **The Lines Company 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.

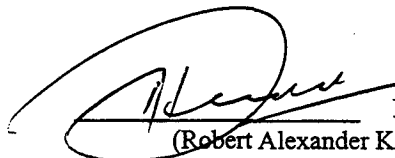
The valuations on which those financial performance measures are based are as at 31st March 1999.

Signature:



(Charles Murray Loewenthal) Director

Signature:



(Robert Alexander Kidd) Director

Date:

24/08/99

**Deloitte Touche
Tohmatsu****REPORT OF THE AUDIT OFFICE****TO THE READERS OF THE FINANCIAL STATEMENTS OF
THE LINES COMPANY LIMITED
(FORMERLY WAITOMO ENERGY LIMITED)
FOR THE YEAR ENDED 31 MARCH 1999**

We have audited the accompanying financial statements of The Lines Company Limited. The financial statements provide information about the past financial performance of The Lines Company Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 5 to 7.

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 The Lines Company Limited as at 31 March 1999 and of the results of the operations and cash flows for the year then ended.

Auditors' Responsibilities

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

The Controller and Auditor General has appointed Bruce Taylor of Deloitte Touche Tohmatsu to undertake the audit.

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 The Lines Company Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with 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 the firm has no other relationship with or interests in The Lines Company Limited or its subsidiaries.

Qualified Opinion – Statement of Cashflows and Comparative Figures

The Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits energy companies to prepare the Statement of Cashflows upon an allocation basis consistent with that used in the Statement of Financial Position and reporting entities are permitted to exclude comparative figures where disclosures are made for the first time for the current disclosure year.



The Lines Company Limited has taken advantage of these exemptions and has allocated cashflows between its business units in preparing the Statement of Cashflows and not reported the cashflows directly from the Statement of Financial Position. In reporting the company has not disclosed comparative figures for new disclosures in the current year. To this extent, the financial statements of The Lines Company Limited do not comply with Financial Reporting Standard No. 10, *Statement of Cashflows*, and Reporting Standard No. 2, *Presentation of Financial Reports* or the Electricity (Information Disclosure) Regulations 1999.

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

In our opinion, proper accounting records have been kept by The Lines Company Limited as far as appears from our examination of those records.

In our opinion, except for the preparation of the Statement of Cashflows and omission of comparative figures referred to above, the financial statements of The Lines Company Limited on pages 1 to 11:

- comply with generally accepted accounting practice; and
- give a true and fair view of:
 - the financial position as at 31 March 1999
 - the results of its operations and cash flows for the year ended on that date; and
- comply with the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge the financial performance measures set out on pages 12 to 15 including:

- the derivation table in accordance with regulation 16; and
- the financial performance measures specified in clause 1 of Part 3 Schedule 1 of the Electricity (Information Disclosure) Regulations 1999; and
- the financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule for the purposes of regulation 15 of those regulations,

have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 23 August 1999 and our qualified opinion is expressed as at that date

BRUCE TAYLOR
DELOITTE TOUCHE TOHMATSU
ON BEHALF OF THE CONTROLLER AND AUDITOR-GENERAL
HAMILTON, NEW ZEALAND

