New Zealand Gazette

OF THURSDAY, 7 OCTOBER 1999

WELLINGTON: MONDAY, 11 OCTOBER 1999 — ISSUE NO. 147

VECTOR LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

VECTOR Limited (Formerly Mercury Energy Limited)
Electricity Lines Business

Statement of financial performance for the year ended 31 March 1999

	Notes	1999 $000	1998 $000
Revenue	3	**237,053**	224,359
Surplus (deficit) before tax	4, 5	**32,949**	(64,863)
Tax (expense) benefit	7	**(10,225)**	22,275
Surplus (deficit) after tax		**22,724**	(42,588)

The accompanying notes form part of these financial statements.

VECTOR Limited (Formerly Mercury Energy Limited)

Electricity Lines Business

Statement of movements in equity for the year ended 31 March 1999

	Notes	1999 $000	1998 $000
Equity at 1 April 1998		**299,645**	404,859
Net surplus (deficit) for the period		**22,724**	(42,588)
Transfer from Asset revaluation reserve		**17,229**	-
Asset revaluation reserve	9	**(2,420)**	(62,626)
Total recognised revenues and expenses for the year		**37,533**	(105,214)
Capital adjustment		**259,744**	-
Dividends paid or payable in cash	8	**(9,576)**	-
Equity at 31 March 1999		**587,346**	299,645

The accompanying notes form part of these financial statements.

VECTOR Limited (Formerly Mercury Energy Limited)

Electricity Lines Business

Statement of financial position as at 31 March 1999

	Notes	1999 $000	1998 $000
Equity			
Capital		**146,525**	(113,219)
Reserves	9	**417,559**	419,979
Retained earnings	10	**23,262**	(7,115)
		587,346	299,645
Non current liabilities			
Term Liabilities	11	**175,810**	387,000
		175,810	387,000
Current liabilities			
Accounts payable and accruals	12	**47,215**	144,058
Current portion of non current liabilities	11	**53**	-
		47,268	144,058
		810,424	830,703
Non current assets			
Fixed assets	13	**783,386**	756,546
		783,386	756,546
Current assets			
Cash		**2,816**	390
Receivables and prepayments	15	**485**	25,689
Stores		**1,380**	5,239
Provision for tax		**5,654**	(268)
Advances to subsidiaries		**-**	10,257
		10,335	41,307
Total tangible assets		**793,721**	797,853
Deferred tax	14	**16,703**	32,850
		810,424	830,703

The accompanying notes form part of these financial statements.

VECTOR Limited (Formerly Mercury Energy Limited)

Electricity Lines Business

Statement of cash flows for the year ended 31 March 1999

	Notes	1999 $000
Cash flows from operating activities		
Cash was provided from:		
Receipts from customers		225,550
Interest received		22
		225,572
Cash was disbursed to:		
Payments to suppliers and employees		106,903
Payments related to CBD crisis		91,471
Taxation paid		(20)
Interest paid		24,426
		222,780
Net cash inflow from operating activities	16	2,792
Cash flows from investing activities		
Cash was provided from:		
Proceeds from sale of meters		50,000
Proceeds from sale of other fixed assets		275
		50,275
Cash was applied to:		
Purchase and construction of fixed assets		99,929
		99,929
Net cash (outflow) from investing activities		(49,654)
Cash flows from financing activities		
Cash was provided from:		
Capital reallocated from other business		259,744
		259,744
Cash was applied to:		
Net Loan facilities*		200,880
Dividends paid		9,576
		210,456
Net cash inflow from financing activities		49,288
Net increase (decrease) in cash		2,426
Opening cash brought forward		390
Ending cash carried forward		2,816

* Cash inflows and cash outflows have been netted for ease of presentation

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 31March 1999

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements have been drawn up in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and Regulation 6 of the Electricity (Information Disclosure) Regulations 1999. The financial statements have been extracted from the audited financial statements of VECTOR Limited parent company and represent the electricity line business activities of the company.

VECTOR Limited is a company registered under the Companies Act 1993.

Measurement Base

The financial statements are prepared on the basis of historical cost modified by the revaluation of certain fixed assets.

The avoidable cost allocation methodology (ACAM) used for allocating costs and assets and liabilities between "Line" and "Other" activities is in accordance with the Electricity Information Disclosure Handbook March 1999.

Specific Accounting Policies

The following specific accounting policies that materially affect the measurement of financial performance and the financial position have been applied:

a) Income Recognition

Income from electricity sales includes the value of units assessed as being recorded on meters as at 31 March 1999, but for which invoices had not been rendered.

b) Fixed Assets

Fixed assets other than distribution systems are recorded at cost less accumulated depreciation. Distribution systems are recorded at their Optimised Deprival Value (ODV) - the lower of optimised depreciated value and economic value. Revaluations are carried out at least every three years and are conducted under the guidance of independent experts.

c) Depreciation

Depreciation is provided to allocate the assets' cost or revalued amount less the estimated residual value over their estimated useful lives as follows:

- Freehold buildings	50 years
- Distribution Systems	17 – 40 years
- Other Plant and Equipment	18% per annum diminishing value

d) Accounts Receivable

Receivables are valued at their estimated realisable value.

e) Income Tax

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method. Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

f) Stores

Stores are valued on the basis of weighted average cost price.

g) Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased assets, are included in the determination of the surplus/(deficit) in equal instalments over the lease term.

The cost of improvements to leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

Notes to and forming part of the financial statements for the year ended 31March 1999

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

h) Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction.

Short-term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in those contracts.

At balance date foreign currency monetary assets and liabilities are translated to NZ dollars at the balance date exchange rate and exchange variations arising from these translations are included in the statement of financial performance.

The exchange differences on hedging transactions undertaken to establish the price of particular sales or purchases, together with any costs associated with the hedge transactions, are deferred and included in the measurement of the purchase or sale transaction.

Changes in Accounting Policies

All policies have been applied on bases consistent with those used in previous years with one exception, the change of the debt equity ratio in the Lines business to reflect commercial reality. This year the ACAM methodology has been used for allocating debt in accordance with the Electricity (Information Disclosure) handbook.

Previously the financial statements were prepared on the basis of a notional 50:50 debt equity ratio in the Lines business. The implementation of this new policy had the following impact on this year's financial statements: Equity increased by $260 million, non current liabilities decreased by $260 million.

		1999 $000	1998 $000
2. LINE ACTIVITIES			
Expenditure			
Payment by "Line" business to "Other" for:			
Meter data		**3,114**	-
Other goods and services		**35,477**	-
Line expenses:			
Transmission charges		**55,936**	55,100
Depreciation on system fixed assets	**19,923**		-
Other depreciation	**38**		-
Total depreciation		**19,961**	18,132
Employee salaries and redundancies		**8,369**	-
Asset maintenance services		**19,784**	24,942
Corporate and administration		**1,411**	-
Human resource expenses		**1,289**	-
Marketing/advertising		**3,531**	-
Consultancy and legal		**3,105**	-
Other expenditure		**23,687**	155,502
Total expenditure		**175,664**	253,676
Earnings before interest and tax		**61,389**	(29,317)
Interest expense		**28,440**	35,546
Taxation expense (benefit)		**10,225**	(22,275)
Net profit (loss) after tax		**22,724**	(42,588)

Notes to and forming part of the financial statements for the year ended 31March 1999

	1999 $000	1998 $000
3. REVENUE		
Comprises:		
Line/access charges	**33,474**	9,849
Line/access charges - Other	**185,047**	214,398
Interest revenue	**22**	-
Miscellaneous income	**984**	112
Gain on sale of fixed assets	**47**	-
	219,574	224,359
Non recurring		
Reversal of CBD provision	**17,479**	-
	17,479	-
	237,053	224,359
4. SURPLUS (DEFICIT) BEFORE TAX		
After charging:		
Depreciation	**19,961**	18,132
Interest	**28,440**	35,546
Bad debts written off	**772**	878
Rental and operating lease costs	**423**	45
Non recurring		
Loss on sale of retail assets	**17,559**	-
Restructuring costs	**1,427**	1,316
CBD network restoration costs	-	128,304
Asset write downs	**1,300**	-
5. CONTINUING AND DISCONTINUED ACTIVITIES		
Continuing Activities		
Revenue	**226,115**	224,359
Surplus (deficit) before tax	**46,158**	(64,863)
Discontinued Activities		
Revenue	**10,938**	-
Surplus before tax	**4,350**	-
Gain (Loss) on sale	**(17,559)**	-
Totals		
Revenue	**237,053**	224,359
Surplus (deficit) before tax	**32,949**	(64,863)

Notes to and forming part of the financial statements for the year ended 31March 1999

	1999 $000	1998 $000
6. AUDITOR'S AND DIRECTOR'S REMUNERATION		
Amounts payable or due and payable to the auditors for:		
Audit services	**60**	-
Other services	**38**	-
Directors' renumeration		
Fees paid to directors	**378**	-
Retiring allowances	**322**	-

	1999 $000	1998 $000
7. TAX		
Surplus (deficit) before tax	**32,949**	(64,863)
Prima facie tax @ 33%	**10,873**	(21,405)
Plus (less) tax effect of permanent differences:		
Non deductible legal and consulting	-	165
Capital gains and losses on divestment	**(1,202)**	-
Other permanent differences	**554**	(1,036)
Tax expense	**10,225**	(22,276)
The tax charge is represented by:		
Current tax	**(5,922)**	10,082
Deferred tax	**16,147**	(32,357)
	10,225	(22,275)

The company has unrecognised gross tax losses available to be carried forward and offset against future assessable income of: $15.023 million (1998 $nil).

The subsequent realisation of the tax losses is subject to the requirements of income tax legislation being met.

	1999 $000	1998 $000
8. DIVIDENDS		
Interim distributions:		
Dividends paid on ordinary shares	**9,576**	-
	9,576	-
Proposed distributions:		
Proposed dividends on ordinary shares	-	-
	-	-
Total distributions paid or payable in cash	**9,576**	-

Notes to and forming part of the financial statements for the year ended 31March 1999

	1999 $000	1998 $000
9. RESERVES		
Asset revaluation		
Balance as at 1 April 1998	**419,979**	482,605
Transfer to retained earnings on disposal of revalued assets	**(17,229)**	-
Increase arising from revaluation of distribution systems	**14,809**	(62,626)
Balance as at 31 March 1999	**417,559**	419,979

	1999 $000	1998 $000
10. RETAINED EARNINGS		
Balance as at 1 April 1998	**(7,115)**	35,473
Net surplus (deficit) for the period	**22,724**	(42,588)
Transfer from asset revaluation reserve	**17,229**	-
Total available for appropriation	**32,838**	(7,115)
Dividends	**(9,576)**	-
Balance as at 31 March 1999	**23,262**	(7,115)

11. TERM LIABILITIES		1999 $000	1998 $000
Repayable:	**Interest rates**		
Within one year	**6.3%**	**53**	-
Two to five years	**7.1% to 10.3%**	**175,810**	-
Total term liabilities		**175,863**	-
Less current portion of term liabilities		**53**	-
Total term liabilities		**175,810**	-

Debt issued prior to 1 October 1993 of $0.053 million is secured by a right to levy pursuant to the Auckland Electric Power Board Act 1978.

Other debt issued of $175.8 million is secured by way of negative pledge over the assets of the company. The classification of $71 million of debt as term liabilities is based on the availability of a 60 month facility, which was undrawn at balance date.

12. ACCOUNTS PAYABLE AND ACCRUALS	1999 $000	1998 $000
Trade payables	**4,661**	-
Other creditors	**21,187**	34,131
CBD network restoration costs	**15,000**	108,950
Interest payable	**4,014**	-
Employee entitlements	**2,353**	977
	47,215	144,058

Notes to and forming part of the financial statements for the year ended 31March 1999

	1999 $000	1998 $000
13. FIXED ASSETS		
Distribution systems at valuation		
Network assets at valuation	664,198	688,265
Centralised load control at valuation	10,482	-
Distribution land at valuation	17,708	7,664
Distribution buildings at valuation	17,751	19,448
Net book value	710,139	715,377
Other plant and equipment		
Plant and equipment	317	31
Accumulated depreciation	(66)	(2)
Net book value	251	29
Capital work in progress		
Subtransmission assets	49,928	-
Zone substations	16,252	-
Distribution lines and cables	1,612	-
Medium voltage switchgear	554	-
Distribution transformers	2,178	-
Distribution substations	309	-
Low voltage lines and cables	1,307	-
Other system fixed assets	856	-
Net book value	72,996	41,140
Total net book value	783,386	756,546

ODV valuation		
Balance as at 1 April 1998	715,377	742,326
Restatement adjustment	-	(3,139)
	715,377	739,187
Movement in net book value	(20,047)	38,816
ODV revaluation (devaluation)	14,809	(62,626)
Balance as at 31 March 1999	710,139	715,377

The ODV valuation was prepared in accordance with the Ministry of Commerce Handbook (April 1999) in conjunction with Worley Consultants. Revaluations are carried out at least every three years in accordance with the accounting policy.

14. DEFERRED TAXATION		
Balance as at 1 April 1998	32,850	493
Transfer to statement of financial performance	(16,147)	32,357
Balance as at 31 March 1999	16,703	32,850

Notes to and forming part of the financial statements for the year ended 31March 1999

	1999 $000	1998 $000
15. RECEIVABLES AND PREPAYMENTS		
Trade receivables - line charges received in advance	(5,267)	-
Provision for doubtful debts	-	(335)
	(5,267)	(335)
Other receivables	4,932	19,524
Prepayments	820	6,500
	485	25,689

16. RECONCILIATION OF SURPLUS (DEFICIT) AFTER TAX WITH CASH INFLOW FROM OPERATING ACTIVITIES

Reported surplus (deficit) after tax	22,724
Add (less) non cash items	
Depreciation	19,961
Writedown of fixed assets	1,300
Net loss retail sale	17,559
Movement in deferred tax	16,147
Loss (gain) on sale of fixed assets	(47)
Movement in fixed asset accruals	2,709
	57,629
Add (less) movement in other working capital	
Increase (decrease) in accounts payable and accruals	(96,843)
(Increase) decrease in receivables and prepayments	25,204
Increase (decrease) in taxation refund	(5,922)
	(77,561)
Net cash inflow from operating activities	2,792

17. FINANCIAL INSTRUMENTS

Credit risk

Financial instruments that potentially subject the company to credit risk principally consist of bank balances and accounts receivable.

The company performs credit evaluations on all electricity customers and requires a bond from customers who have yet to establish a suitable credit history with the company.

The company monitors the credit quality of the major financial institutions that are counterparties to its off balance sheet financial instruments and does not anticipate any non performance by the counterparties.

	1999 $000	1998 $000
Maximum exposures to credit risk as at balance date are:		
Bank balances	2,816	390
Receivables	4,932	19,190
Advances to subsidiaries	-	10,257

The above maximum exposures are net of any recognised provision for losses on these financial instruments.

Notes to and forming part of the financial statements for the year ended 31March 1999

	1999 $000	1998 $000
17. FINANCIAL INSTRUMENTS (CONTINUED)		
Concentrations of credit risk		
Bank balances	**2,816**	390

The company is not exposed to any other concentrations of credit risk.

Interest rate risk

Interest rates on debt issued in the current year are generally fixed for periods of between one and three months at rates from 4.1% to 7.8% (1998: 7.1% to 10.3%). The interest rates are based on the BkBM rate plus a margin.

Interest rates on debt issued prior to 1 October 1993 are fixed until maturity at a rate of 6.3% (1998: 6.3%).

Interest rate swaps and forward rate agreements are used to manage the proportion of fixed rate debt to total debt. The agreements that existed as at 31 March 1999 have a principal of $359.810 million. Interest rate swaps and forward rate agreements open as at 31 March 1999 have a principal of $209.810 million with a cash benefit of $7.883 million. The company pays a weighted average interest rate on open interest rate swaps and forward rate agreements of 7.3%.

The company values interest rate swaps by determining the net present value of future cash flows using current interest rates. The company continuously monitors the credit quality of the major international institutions that are counterparties to its off-balance sheet financial instruments and does not anticipate non-performance by any of the counterparties.

Subsequent to balance date, the company has closed out of interest rate swaps with a principal of $100 million for a cash benefit of $1.085 million.

Fair values

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Accounts receivable, bank balances and accounts payable.

The carrying amount is the fair value for each of these classes of financial instrument.

	1999 $000	1998 $000
18. COMMITMENTS		
Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date but not provided for:		
CBD reinforcement tunnel	**65,600**	86,880
Other commitments	**9,472**	4,011
	75,072	90,891
Operating lease commitments		
Within one year	**14**	-
One to two years	**14**	-
Two to five years	**42**	-
Beyond five years	**19**	-
	89	-

Notes to and forming part of the financial statements for the year ended 31March 1999

19. CONTINGENT LIABILITIES

CBD Power outage

Following the CBD power outages the company has been threatened with claims for compensation. As at the date of completion of these financial statements no legal claims for compensation resulting from the power outages have been filed against the company. Adequate provision has been made in these financial statements for further costs relating to restoring the CBD network and for compensation offered by the company to its CBD customers affected by the outages.

Transpower

The company is currently negotiating with Transpower with respect to the level and basis of transmission charges. The charges Transpower are claiming from the company are in excess of the charges set out in a deed negotiated between the parties. The company does not accept any liability in respect of these charges.

20. TRANSACTIONS WITH RELATED PARTIES

During the year VECTOR Limited had the following transactions with the Auckland Energy Consumer Trust (AECT), which is the majority shareholder of VECTOR Limited:

□ Payment of Dividends	**$9.6 million**	(1998: $nil)

Transfield Utility Services Limited (TUSL) was a related party for the purpose of these accounts from 1 April 1998 to 14 December 1998. During this period VECTOR Limited had the following transactions with TUSL.

□ Payment for Capital work	
Subtransmission assets	**$5.4 million**
Zone substations	**$1.8 million**
Distribution lines and cables	**$0.2 million**
Medium voltage switchgear	**$0.1 million**
Distribution transformers	**$0.2 million**
Distribution substations	**$0.1 million**
Low voltage lines and cables	**$0.1 million**
Other system fixed assets	**$0.1 million**
□ Payment for Maintenance work	**$5.3 million**

During the year the electricity line business had the following transfers between its "Line" and "Other" businesses. These costs are allocated on a full cost basis including an appropriate return on assets. The provision of consumer billing, sales & marketing and meter data services were provided by the internal Retail business. This business was sold on the 28th of February 1999.

□ Payment to "Other" - Consumer billing	**$6.0 million**
□ Payment to "Other" - Sales and Marketing	**$5.2 million**
□ Payment to "Other" - Meter data	**$3.1 million**
□ Payment to "Other" - Information systems	**$12.2 million**
□ Payment to "Other" - Corporate services	**$10.2 million**
□ Payment to "Other" - Building occupancy	**$1.3 million**
□ Payment to "Other" - Vehicle lease	**$0.5 million**

No related party debts have been written off or forgiven during the year. All transactions took place on a commercial arms length basis.

Notes to and forming part of the financial statements for the year ended 31March 1999

21. COMPANY NAME

The company from which this information was extracted changed its name on 1 April 1999 from Mercury Energy Limited to VECTOR Limited.

22. COMPARATIVES

Comparatives were prepared using a publicly disclosed cost allocation methodology as per Regulation 19 of the Electricity (Information Disclosure) Regulations 1994. No cashflow statement was prepared under these regulations, hence no comparitives have been shown this year. Comparatives have not been restated.

FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES

(For the purposes of the Electricity (Information Disclosure) Regulations 1999

FIRST SCHEDULE – PART 3

		1999	1998	1997	1996
1.	Financial Performance Measures				
(a)	Return on funds	9.44%	-1.53%	12.80%	13.45%
(b)	Return on equity	5.76%	-8.64%	10.24%	10.93%
(c)	Return on investment (excluding the impact of revaluations and all non recurring items)	6.63%			
(d)	Return on investment	8.83%	-12.38%	9.54%	29.24%
2.	Efficiency Performance Measures				
(a)	Direct line cost per kilometre	$2,746.16	$2,830.15	$2,893.73	$2,775.00
(b)	Indirect line costs per customer	$213.27	$83.73	$55.69	$50.63

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

(For the purposes of the Electricity (Information Disclosure) Regulations 1999

FIRST SCHEDULE - PART 4

		1999	1998	1997	1996
1.	Energy Delivery Efficiency Performance Measures				
(a)	Load Factor	58.06%	56.71%	55.46%	62.42%
(b)	Loss Ratio	4.47%	4.50%	4.34%	4.25%
(c)	Capacity Utilisation	35.40%	35.15%	35.95%	30.04%

2. Statistics

(a) System Length (in kilometres)

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
1999	4,747.18	414.45	3,236.26	251.46	294.42	70.66	9,014.41
1998	4,732.28	415.89	3,092.57	249.90	261.49	60.86	8,812.99
1997	4,714.19	419.40	2,944.89	249.90	240.46	60.86	8,629.70
1996	4,685.18	421.47	2,924.83	249.65	240.46	60.86	8,582.45

(b) Total Circuit Length (in kilometres) of Overhead Electric Lines

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
1999	1,800.60	91.99	1,177.86	0.00	64.66	5.25	3,140.36
1998	1,809.10	93.74	1,196.22	0.00	64.66	0.00	3,163.71
1997	1,823.96	97.25	1,216.90	0.00	64.66	0.00	3,202.76
1996	1,831.76	99.00	1,216.31	0.00	64.66	0.00	3,211.73

(c) Total Circuit Length (in kilometres) of Underground Electric Lines

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
1999	2,946.58	322.46	2,058.39	251.46	229.76	65.41	5,874.06
1998	2,923.19	322.15	1,896.35	249.90	196.83	60.86	5,649.28
1997	2,890.23	322.15	1,727.99	249.90	175.80	60.86	5,426.93
1996	2,853.42	322.47	1,708.52	249.65	175.80	60.86	5,370.72

		1999	1998	1997	1996
(d)	Transformer Capacity (kVA)	2,537.61	2,657.45	2,613.45	2,835.24
(e)	Maximum Demand (kW)	898,212	934,154	939,662	851,656
(f)	Total electricity supplied (kWh)	4,363,866,868	4,432,166,623	4,367,119,190	4,453,647,269
(g)	Total amount of electricity (kWh) conveyed through the system on behalf of each person that is an electricity retailer or generator, or both	507,455,757	244,212,463	107,232,001	24,953,175
	Company A	6,883,037			
	Company B	2,285,319			
	Company C	8,491,629			
	Company D	51,084,610			
	Company E	145,503,236			
	Company F	259,703			
	Company G	34,053,517			
	Company H	77,993,706			
	Company I	143,797,273			
	Company J	90,791			
	Company K	37,012,936			
(h)	Total consumers (average)	255,010	251,155	246,684	243,765

RELIABILITY PERFORMANCE MEASURES

(For the purposes of the Electricity (Information Disclosure) Regulations 1999

FIRST SCHEDULE - PART 5

		2004	2003	2002	2001	2000	1999	1998	1997	1996
1.	Interruptions									
	Total number of interruptions according to class:									
	Class A						-	-	-	-
	Class B						80	274	104	239
	Class C						521	490	662	475
	Class D						4	6	8	48
	Class E						-	-	-	-
	Class F						-	-	-	-
	Class G						-	-	-	-
	Class H						-	-	-	-
	Class I						-	-	-	-
	Total Interruptions:						605	770	774	762
2.	Interruption Targets									
(a)	Planned (Class B)					80				
(b)	Unplanned (Class C)					499				
3.	Average Interruption Targets									
(a)	Planned (Class B)	80	80	80	80	80				
(b)	Unplanned (Class C)	446	461	476	491	517				

		2004	2003	2002	2001	2000	1999	1998	1997	1996
4.	The proportion (expressed as a percentage) of the total number of Class C interruptions not restored within:									
(a)	3 hours						18.86			
(b)	24 hours						0.22			
	Faults									
5.	Faults per 100 circuit kilometres of prescribed voltage electric lines									
(a)	The total number of faults						12.32	12.01	15.17	13.42
(b)	The targeted number of faults					11.71				
(c)	The average number of faults	10.19	10.56	10.96	11.43	12.01				

(d) Breakdown of (a) to (c) according to line voltage:

	6.6kV	**11kV**	**22kV**	**33kV**	**110kV**	**Total**
(a) 1999	1.93	14.80	6.76	4.76	10.70	12.32
(b) 2000	1.21	14.46	5.97	3.40	1.53	11.71
(c) 2000	1.57	14.63	6.36	4.08	6.12	12.01
(c) 2001	1.09	14.23	5.35	3.26	1.36	11.43
(c) 2002	0.84	13.78	4.34	3.12	1.18	10.96
(c) 2003	0.72	13.33	3.35	3.12	1.18	10.56
(c) 2004	0.72	12.89	2.37	3.12	1.18	10.19

6. Number of faults per 100 circuit kilometres of prescribed voltage underground cables.

	6.6kV	11kV	22kV	33kV	110kV	Total
1999	1.24	9.72	6.76	3.05	6.12	7.92
1998	1.86	8.70	3.60	8.13	13.14	7.48
1997	0.93	10.24	2.40	4.55	14.79	8.00
1996	0.93	7.14	4.81	1.14	4.93	5.64

7. Number of faults per 100 circuit kilometres of prescribed voltage overhead lines.

	6.6kV	11kV	22kV	33kV	110kV	Total
1999	4.35	23.69	0.00	10.83	0.22	21.96
1998	5.33	23.16	0.07	4.64	0.00	21.11
1997	7.20	29.75	0.00	34.02	0.00	28.36
1996	7.07	30.05	0.00	4.64	0.00	27.61

		2004	2003	2002	2001	2000	1999	1998	1997	1996
	SAIDI									
8.	The SAIDI for the total interruptions						82.26	153.32	123.77	120.77
9.	SAIDI targets for following financial year.									
(a)	Planned (Class B)					6.00				
(b)	Unplanned (Class C)					59.00				
10.	Average SAIDI targets									
(a)	Planned (Class B)	8.00	8.00	8.00	8.00	7.25				
(b)	Unplanned (Class C)	70.25	70.75	71.25	71.75	73.35				

		2004	2003	2002	2001	2000	1999	1998	1997	1996
11.	The SAIDI for the total interruptions within each interruption class									
	Class A						-	-	-	-
	Class B						6.49	35.41	12.34	21.07
	Class C						74.70	117.91	95.34	94.71
	Class D						1.07	-	16.10	5.00
	Class E						-	-	-	-
	Class F						-	-	-	-
	Class G						-	-	-	-
	Class H						-	-	-	-
	Class I						-	-	-	-
	SAIFI									
12.	The SAIFI for the total interruptions						1.26	1.72	2.19	1.95
13.	SAIFI targets for following financial year.									
	(a) Planned (Class B)					0.04				
	(b) Unplanned (Class C)					1.20				
14.	Average SAIFI targets									
	(a) Planned (Class B)	0.04	0.04	0.04	0.04	0.04				
	(b) Unplanned (Class C)	1.24	1.23	1.22	1.21	1.18				

		2004	2003	2002	2001	2000	1999	1998	1997	1996
15.	The SAIFI for the total interruptions within each interruption class									
	Class A						-	-	-	-
	Class B						0.03	0.15	0.22	0.16
	Class C						1.16	1.57	1.62	1.75
	Class D						0.07	-	0.36	0.05
	Class E						-	-	-	-
	Class F						-	-	-	-
	Class G						-	-	-	-
	Class H						-	-	-	-
	Class I						-	-	-	-
	CAIDI									
16.	The CAIDI for the total interruptions						65.45	89.37	56.39	61.91
17.	CAIDI targets for following financial year.									
(a)	Planned (Class B)					210.00				
(b)	Unplanned (Class C)					60.00				
18.	Average CAIDI targets									
(a)	Planned (Class B)	210.00	210.00	210.00	210.00	203.07				
(b)	Unplanned (Class C)	56.50	57.50	58.50	59.50	62.30				

19. The CAIDI for the total interruptions within each interruption class

	2004	2003	2002	2001	2000	1999	1998	1997	1996
Class A						-	-	-	-
Class B						196.15	239.37	56.82	133.80
Class C						64.59	75.22	58.81	54.27
Class D						15.89	-	45.11	103.40
Class E						-	-	-	-
Class F						-	-	-	-
Class G						-	-	-	-
Class H						-	-	-	-
Class I						-	-	-	-

Description of Interruption Classes as per 1999 Disclosure Regulations

Class A	Planned Trans Power interruption
Class B	Planned interruption by a Line Operator (other than Trans Power)
Class C	Unplanned interruption originating within the principal Line Owners works
Class D	Unplanned Trans Power interruption
Class E	Unplanned interruption originating within the principal Line Owners works (generation)
Class F	Unplanned interruption (as E above) by persons other than principal Line Owner (generation)
Class G	Unplanned interruption caused by another Line Owner
Class H	Planned interruption caused by another Line Owner
Class I	Other (an interruption not referred to above)

Derivation Table	Symbol in formula	Input Column	Calculations	ROF	ROF	ROE	ROE	ROI	ROI
Earnings before interest and tax (EBIT)	a	61,389,000			61,389,000		N/A		61,389,000
Net profit after tax (NPAT)	n	22,724,000			N/A		22,724,000		N/A
Amortised Goodwill	g	0		add	0	add	0	add	0
Subvention Payment	s	0		add	0	add	0	add	0
Depreciation of SFA at BV	d	19,923,342		add	19,923,342	add	19,923,342	add	19,923,342
Depreciation of SFA at ODV		20,598,506		deduct	20,598,506	deduct	20,598,506	deduct	20,598,506
ODV Depreciation tax adjustment	b	-222,804			N/A	deduct	-222,804	deduct	-222,804
Subvention Payment tax adjustment		0	s*t		N/A	deduct	0	deduct	0
Interest Tax Shield	q	9,385,200			N/A		N/A	deduct	9,385,200
Revaluations	r	14,809,000			N/A		N/A	add	14,809,000
Income tax	p	10,225,000			N/A		N/A	deduct	10,225,000
Numerator (as adjusted)		No entry		= a + g + s + d	60,713,836	= n + g + s - s*t + d - b	22,271,640	= a + g - q + r + s + d - p - s*t -	56,135,440
Fixed Assets at year beginning (FA_0)		756,546,000			756,546,000		N/A		756,546,000
Fixed Assets at year end (FA_1)		783,386,000		add	783,386,000		N/A	add	783,386,000
Net Working Capital at year beginnning (NWC_0)		-102,751,000		add	-102,751,000		N/A	add	-102,751,000
Net Working Capital at year end (NWC_1)		-36,933,000		add	-36,933,000		N/A	add	-36,933,000
Average total funds employed (ATFE)	c	No entry	$= (FA_0 + FA_1 + NWC_0 + NWC_1)/$	divide by 2	700,124,000		N/A	divide by 2	700,124,000
Total Equity at year beginning (TE_0)		299,645,000			N/A		299,645,000		N/A
Total Equity at year end (TE_1)		587,346,000			N/A	add	587,346,000		N/A
Average total equity	k	No entry	$= (TE_0 + TE_1)/2$		N/A	divide by 2	443,495,500		N/A
WUC at year beginning (WUC_0)		41,140,000			41,140,000		41,140,000		41,140,000
WUC at year end (WUC_1)		72,996,000		add	72,996,000	add	72,996,000	add	72,996,000
Average total Works under Construction	e	No entry	$= (WUC_0 + WUC_1)/2$	divide by 2	57,068,000	divide by 2	57,068,000	divide by 2	57,068,000
Revaluations	r	14,809,000			N/A		N/A		14,809,000
Goodwill asset at year beginning (GW_0)		0			N/A		0		N/A
Goodwill asset at year end (GW_1)		0			N/A	add	0		N/A
Average Goodwill asset	m	No entry	$= (GW_0 + GW_1)/2$		N/A	divide by 2	0		N/A
Subvention payment at year beginnning (S_0)		0			N/A		0		N/A
Subvention payment at year end (S_1)		0			N/A	add	0		N/A
Subvention payment tax adjustment at year beginning		0	$= s_0 \cdot t$		N/A	deduct	0		N/A
Subvention payment tax adjustment at year end		0	$= s_1 \cdot t$		N/A	deduct	0		N/A
Average subvention payment & related tax adjustment	v	No entry	$= (s_0 + s_1 + s_0 t + s_1 t)/2$		N/A	divide by 2	0		N/A
System Fixed assets at year beginning at book value (SFA_{bv0})		715,377,000			715,377,000		715,377,000		715,377,000
System Fixed assets at year end at book value (SFA_{bv1})		710,139,000		add	710,139,000	add	710,139,000	add	710,139,000
Average value of system fixed assets at book value	f	No entry	$= (SFA_{bv0} + SFA_{bv1})/2$	divide by 2	712,758,000	divide by 2	712,758,000	divide by 2	712,758,000
(SFA_{odv0})		715,377,000		add	715,377,000	add	715,377,000		715,377,000
System Fixed assets at year end at ODV value (SFA_{odv1})		710,139,000		add	710,139,000	add	710,139,000	add	710,139,000
Average value of system fixed assets at ODV value	h	No entry	$= (SFA_{odv0} + SFA_{odv1})/2$	divide by 2	712,758,000	divide by 2	712,758,000	divide by 2	712,758,000
Denominator (as adjusted)				= c - e - f + h	643,056,000	= k - e - m + v - f + h	386,427,500	= c - e - ½r - f + h	635,651,500
Financial Performance Measure:				$EBIT^{ADJ}/ATFE^{ADJ} \times 100/1$	9.44%	$PAT^{ADJ}/ATE^{ADJ} \times 100/$	5.76%	$EBIT^{ADJ}/ATFE^{ADJ} \times 100/1 =$	8.83%

Key:
- t = standard entity tax rate
- bv = book value
- ave = average
- ^{ADJ} = as adjusted
- odv = optimised deprival valuation
- subscript '0' = beginning of the financial year
- subscript '1' = end of the financial year

vector

CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

We, Peter Menzies and John Wells, directors of VECTOR Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

(a) The attached valuation report of VECTOR 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 VECTOR Limited is $710.9 million; and

(c) The Optimised Deprival Valuation of the line business system fixed assets of VECTOR Limited is $710.1 million, and

(d) The valuation of the line business assets of VECTOR Limited, including system and non-system, fixed assets and net working capital, is $746.5 million; and

(e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 1999.

Signature of Directors:

Date: 31 August 1999

vector

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

We, Peter Menzies and John Wells, directors of VECTOR Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

(a) The attached audited financial statements of VECTOR 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 VECTOR 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 31 March 1999.

Signature of Directors: ____________________

____

Date: 31 August 1999

ERNST & YOUNG ■ Chartered Accountants

CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Vector Limited and dated 31 August 1999, which report contains valuations of system fixed assets as at 31 March 1999.

We certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of $710,138,809, have been made in accordance with the ODV Handbook.

Ernst + Young

Ernst & Young
Auckland

31 August 1999

ERNST & YOUNG ■ Chartered Accountants

AUDITOR'S REPORT

To the readers of the financial statements of Vector Limited.

We have audited the accompanying financial statements of Vector Limited. The financial statements provide information about the past financial performance of the company 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 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 the company 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 the company'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.

Ernst & Young provides taxation advice and undertakes consulting projects for the company.

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

In our opinion:

- proper accounting records have been maintained by the company 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 the company 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 31 August 1999 and our opinion is expressed as at that date.

Ernst + Young

Auckland

ERNST & YOUNG ■ Chartered Accountants

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

We 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
c) Financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule.

and having been prepared by Vector Limited and dated 31 August 1999 for the purposes of regulation 15 of those regulations.

We certify that, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

Ernst & Young

Ernst & Young
Auckland

31 August 1999

DEPARTMENT OF INTERNAL AFFAIRS
TE TARI TAIWHENUA

PUBLISHED BY AUTHORITY OF DEPARTMENT OF INTERNAL AFFAIRS:
LEGISLATION DIRECT, WELLINGTON, NEW ZEALAND—1999

ISSN 0111-5650
Price $3.95 (inc. G.S.T.)
32352—99A