

# New Zealand Gazette

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## NELSON ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1999

**NELSON ELECTRICITY LIMITED****Statement of Financial Performance for the 12 Months Ended 31 March 1999**

	Notes	1999 Line Business \$000	1998 Line Business \$000
<b><u>INCOME</u></b>			
Interest Received		191	232
Lease Revenue and Participation Fees		1,467	1,782
		<u>1,658</u>	<u>2,014</u>
<b><u>EXPENDITURE</u></b>			
Administration		135	40
Financial		158	159
Depreciation		411	428
		<u>704</u>	<u>627</u>
<b><u>SURPLUS BEFORE TAXATION</u></b>			
		954	1,387
Provision for Taxation	3	337	476
<b><u>SURPLUS AFTER TAXATION</u></b>			
		<u>617</u>	<u>911</u>

**Statement of Movements in Equity for the Year Ended 31 March 1999**

	1999 Line Business \$000
<b><u>Equity at Beginning of Year</u></b>	6,163
<b><u>Surplus and Revaluations</u></b>	
Net Surplus for Period	617
Total Recognised Revenues and Expenses	<u>617</u>
<b><u>Other Movements</u></b>	
Distributions to Owners	(950)
Equity Adjustment for Removal of Metering Assets	(1,298)
Total Other Movements	<u>(2,248)</u>
<b><u>Equity at End of Year</u></b>	4,532

*The Accompanying Notes form an Integral part of These Financial Statements*

**NELSON ELECTRICITY LIMITED****Statement of Financial Position as at 31 March 1999**

		1999 Line Business \$000	1998 Line Business \$000
<b><u>EQUITY</u></b>			
Share Capital	5	3,702	5,000
Retained Earnings		830	1,163
		<u>4,532</u>	<u>6,163</u>
 <i>Represented by</i>			
<b><u>CURRENT ASSETS</u></b>			
Bank and Cash		2,001	2,439
Accounts Receivable		780	597
Tax Refund Due		476	
		<u>3,257</u>	<u>3,036</u>
 <b><u>CURRENT LIABILITIES</u></b>			
Creditors		129	132
		<u>129</u>	<u>132</u>
Working Capital		3,128	2,904
 <b><u>NON CURRENT ASSETS</u></b>			
Fixed Assets	6	3,543	5,140
		<u>3,543</u>	<u>5,140</u>
 <b><u>NON CURRENT LIABILITIES</u></b>			
Deferred Taxation	4	344	87
Term Loans	7	1,795	1,794
		<u>2,139</u>	<u>1,881</u>
<b><u>NET ASSETS</u></b>		<u>4,532</u>	<u>6,163</u>

*The Accompanying Notes form an Integral part of These Financial Statements*

**NELSON ELECTRICITY LIMITED****Statement of Cash Flows for the Year Ended 31 March 1999**

	1999 Line Business
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
<b>Cash was Provided From</b>	
Receipts from Customers	1,238
Interest Received	168
	<u>1,406</u>
<b>Cash was Applied to</b>	
Payments to Suppliers	(89)
Interest Paid	(157)
Net GST Paid	(14)
Taxation Paid	(483)
	<u>(743)</u>
Net Cash Flow From Operating Activities	663
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>	
<b>Cash was Applied to</b>	
Purchase of Fixed Assets	(151)
Net Cash Flow From Investing Activities	<u>(151)</u>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>	
<b>Cash was Applied to</b>	
Payment of Dividends	(950)
Net Cash Flow From Financing Activities	<u>(950)</u>
Net Increase in Cash Held	(438)
Opening Cash Bought Forward	2,439
<b><u>Cash Balance at End of Year</u></b>	<b>2,001</b>
<b><u>Reconciliation of Surplus After Taxation With Cash Flow From Operating Activities</u></b>	
<b><u>Net Surplus After Taxation</u></b>	<b>617</b>
<b><u>Add/(Less) Non Cash Items</u></b>	
Depreciation	411
Movement in Deferred Taxation	257
Amortisation of Loan Interest	1
	<u>669</u>
<b><u>Add/(Less) Movements in Working Capital</u></b>	
(Increase)/Decrease in Receivables	(182)
Increase/(Decrease) in Creditors and Accruals	(3)
Increase/(Decrease) in Taxation	(476)
	<u>(661)</u>
Add Capital Expenditure in Creditors	38
<b><u>Net cash Flow from Operating Activities</u></b>	<b><u>663</u></b>

**NELSON ELECTRICITY LIMITED****Statement of Accounting Policies****1. Entity Statement**

Nelson Electricity Limited is a public company registered under the Companies Act 1993 and a reporting entity for the purposes of the Financial Reporting Act 1993. Nelson Electricity owns the electricity distribution network which serves the central Nelson City area. The distribution network assets have been leased to Citipower since December 1991.

**2. Accounting Policies****2.1 Authority**

These financial statements have been prepared for the sole purpose of complying with the requirements of Regulation 6 (2) of the Electricity (Information Disclosure) Regulations 1999. The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historic basis have been followed in the preparation of these financial statements.

**2.2 Measurement Base**

Reliance has been placed on the fact that Nelson Electricity Limited remains a going concern and that its funds will continue to be available to maintain operations. The measurement base adopted is that of historical cost.

**2.3 Matching of Expenses and Revenue**

Accrual accounting has been employed in matching expenses and related revenue.

**2.4 Separation of Line and other Business**

The separation of revenue between line and other business was undertaken on a basis consistent with disclosure in previous years.

**2.5 Depreciation**

Depreciation has been provided on all major assets, excluding land, at the following rates.

Buildings	2% SL
Distribution System	4% SL

**2.6 Financial Instruments**

The company is party to financial instruments as part of its every day operations. These financial instruments include cash and bank deposits, accounts receivable and payable, and loans which have been recognised in the financial statements.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

The following methods and assumptions are used to value each class of financial instrument.

- Debtors are recorded at expected realisable value.
- Investments are recorded at the lower of cost or market value.
- All other financial instruments are recognised at their fair value.

**2.7 Fixed Assets**

Land is stated at cost, all other assets are stated at cost less accumulated depreciation.

**2.8 Taxation**

The Company follows the liability method of accounting for deferred taxation and applies this on the comprehensive basis. A debit balance in the deferred taxation account arising from timing differences is recognised only where there is virtual certainty of realisation.

**2.9 Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on a basis consistent with the previous year. Revenue and expenditure streams and asset values relating to metering have been removed from these accounts in accord with the requirements of the disclosure regulations.

**3. Taxation**

	Year Ended 31-Mar-99 \$000	Year Ended 31-Mar-98 \$000
Surplus Before Taxation	954	1,387
Taxation @ 33 %	315	458
Permanent Differences	22	18
Tax Expense as per Statement of financial Performance	337	476

*Comprising:*

Current Taxation	80	472
Deferred Taxation	257	4
	337	476

**4. Deferred Taxation**

Opening Balance	87	83
Deferred Tax Prior Period	190	0
Deferred Tax Current Period	67	4
Closing Balance	344	87

**5. Share Capital**

	As At 31-Mar-99 \$000	As At 31-Mar-98 \$000
Authorised Issued and Paid up Share Capital	3,702	5,000

**6. Fixed Assets**

	As At 31-Mar-99 \$000	As At 31-Mar-98 \$000
Land (at cost)	15	15
Buildings (at cost)	144	144
Accumulated Depreciation	62	59
Book Value	82	85
Distribution System	9,298	10,622
Accumulated Depreciation	5,852	5,582
Book Value	3,446	5,040
<b>Total Fixed Assets</b>	<b>3,543</b>	<b>5,140</b>

**7. Term Loans**

	As At 31-Mar-99 \$000	As At 31-Mar-98 \$000
Reserve Bank Loan (Interest Rate 8.7 %) Unsecured, Total Repayable 15 February 2001	1,795	1,794

**8. Related Party Transactions**

Network Tasman Limited owns 50% of the shares in Nelson Electricity Limited and has in the past year provided management and administrative services for no consideration to Nelson Electricity Limited.

Marlborough Lines Limited owns 50% of the shares in Nelson Electricity Limited and has in the past year provided management and administrative services for no consideration to Nelson Electricity Limited.

There are no other related party disclosures required under Regulation 9 of the Electricity (Information Disclosure) Regulations 1999.

**9. Events Subsequent to Balance Date**

As a result of agreement reached on 1 April 1999 between Nelson Electricity Limited, Trans Alta Limited and Citipower Limited, the Nelson Electricity network lease in favour of Citipower was terminated on that date.

On 31 May 1999 the Nelson Electricity metering assets were sold to Trustpower Limited.

**Nelson Electricity Limited - Network Operations**  
**Information to be Disclosed in Accord With Schedule 1 Part 2**  
**of the ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999**

YEAR ENDED 31 MARCH 1999	Year to 31 March 1999	Year to 31 March 1998
	\$(000)	\$(000)
<b>1 CURRENT ASSETS</b>		
a Bank, cash, short-term investments:	2,001	2,439
b Trade Debtors:	780	597
c Other Debtors:	476	(87)
d Prepayments:		
e Electricity Hedges:		
f Other Current assets not listed in (a) to (e):		
<b>g Total current assets</b>	<b>3,257</b>	<b>2,949</b>
<b>2 FIXED ASSETS</b>		
a System fixed assets:	3,446	5,040
b Centralised load control equipment:		
c Consumer billing and information system assets:		
d Motor vehicles:		
e Office equipment:		
f Land and buildings:	97	100
g Capital works under construction:		
i Subtransmission assets (transfer payment):		
ii Zone substations (transfer payment):		
iii Distribution lines and cables (transfer payment):		
iv Medium voltage switchgear (transfer payment):		
v Distribution transformers (transfer payment):		
vi Distribution substations (transfer payment):		
vii Low voltage lines and cables (transfer payment):		
viii Other system fixed assets (transfer payment), as categorised in standard asset tables in the ODV Handbook:		
h Other fixed assets not listed in (a) to (g):		
<b>i TOTAL FIXED ASSETS</b>	<b>3,543</b>	<b>5,140</b>
j Other tangible assets not listed above:		
<b>3 TOTAL TANGIBLE ASSETS (total current assets plus total fixed assets plus other tangible assets):</b>	<b>6,800</b>	<b>8,089</b>
Intangibles		
a Goodwill assets:		
b Other intangibles not listed in (a):		
<b>c TOTAL INTANGIBLES</b>		-
<b>4 TOTAL ASSETS (total current assets plus fixed assets plus other tangible assets plus intangibles):</b>	<b>6,800</b>	<b>8,089</b>
<b>5 CURRENT LIABILITIES</b>		
a Accounts payable:	129	132
b Accrued payroll:		
c Other accruals:		
d Dividend provision:		
e Electricity Hedges:		
f Other liabilities not listed in (a) to (e):	344	
<b>g TOTAL CURRENT LIABILITIES</b>	<b>473</b>	<b>132</b>
<b>6 FUNDING</b>		
a Long term debt:	1,795	1,794
b Equity:	4,532	6,163
c Other funding not listed in (a) or (c):		
<b>d TOTAL FUNDING</b>	<b>6,327</b>	<b>7,957</b>
<b>7 TOTAL EQUITY AND LIABILITIES (total assets)</b>	<b>6,800</b>	<b>8,089</b>

**8 REVENUE**

a	Revenue from line/access charges		
	i	Revenue from line/access charges invoiced to consumers by electricity retailers who are not in prescribed business relationships with the line owner:	
	ii	Revenue from line/access charges invoiced to consumers by that line owner:	
b	Revenue from "Other" business for services carried out by the line business (transfer payment):		
c	Income from interest on short term investments:	191	232
d	AC loss-rental rebates:		
e	Electricity Hedges:		
f	Other revenue not listed in (a) to (e) Lease revenue and participation fee :	1,467	1,782
g	<b>TOTAL REVENUE</b>	<b>1,658</b>	<b>2,014</b>

**9 EXPENDITURE**

a	Payment for transmission charges:		
b	Expense of asset maintenance carried out by "Other" business (transfer payments):		
c	Expense of consumer disconnection's and reconnections carried out by "Other" business (transfer payment):		
d	Expense of providing meter data carried out by "Other" business (transfer payment):		
e	Expense of providing consumer based load control services carried out by "Other" business (transfer payment):		
f	Expense of avoided transmission charges on account of own generation (transfer payment):		
g	Expense of other goods and services provided by "Other" business (transfer payment):		
h	Expenses to non-related entities for asset maintenance services:		
i	Expenses to non-related entities for disconnection's/reconnections services:		
j	Payment to non-related entities for providing meter data:		
k	Payment to non-related entities for providing consumer-based load control services:		
l	Employee salaries and redundancies:		
m	Consumer billing and information system expense:		
n	Depreciation expense on system fixed assets:	408	
o	Depreciation on capital works under construction:		
p	Total depreciation expense:	411	428
q	Corporate and administration:	54	40
r	Total other human resource expense:		
s	Marketing/advertising:		
t	Merger and acquisition expenses:		
u	Takeover defence expenses:		
v	Research and development expenses:		
w	Consultancy and legal expense:	81	
x	Electricity Hedges:		
y	Amortised goodwill:		
z	Subvention payments:		
za	Other expenditure not listed in (a) to (z):		
zb	<b>TOTAL EXPENDITURE</b>	<b>546</b>	<b>468</b>
10	<b>EARNINGS BEFORE INTEREST AND TAX (total revenue minus total expenditure)</b>	<b>1,112</b>	<b>1,546</b>
11	<b>INTEREST EXPENSE</b>	<b>158</b>	<b>159</b>
12	<b>TAXATION EXPENSE</b>	<b>337</b>	<b>476</b>
13	<b>NET PROFIT AFTER TAX</b>	<b>617</b>	<b>911</b>



**NELSON ELECTRICITY LIMITED**  
**PERFORMANCE MEASURES**  
 PREPARED IN ACCORDANCE WITH THE  
 ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

sched 1 pt3 1 Financial Performance Measures

	1999	1998	1997	1996
(a) Return on Funds	5.14%	8.39%	9.36%	10.63%
(b) Return on Equity	3.10%	5.50%	6.20%	7.27%
(c) Return on Investment	3.33%	34.15%	8.38%	9.32%

2 Efficiency Performance Measures

(a) Direct Line Costs per Kilometre	\$3,404	\$1,594	\$4,386	\$5,318
(b) Indirect line costs per Consumer	\$22 -	\$45	\$413	\$435

sched 1 pt4 1 Energy Delivery Efficiency Performance Measures

(a) Load Factor	58.9%	57.7%	58.1%	57.5%
(b) Loss Ratio	5.0%	5.0%	5.0%	5.0%
(c) Capacity Utilisation	39.0%	40.0%	38.3%	39.1%

2 Statistics

(a) System Length Break Down in Kilometres

33kV	20.7	22.5	22.5	22.5
11kV	75.0	79.3	79.1	79.0
LV	142.5	115.8	115.2	114.3
Total	238.1	217.6	216.8	215.8

(b) Circuit Length of Overhead System in Kilometres

33kV	11.0	12.6	12.6	12.6
11kV	9.7	11.1	11.2	11.2
LV	21.9	26.7	27.2	27.4
Total	42.6	50.4	51.0	51.2

(c) Circuit Length of Underground System in Kilometres

33kV	9.7	9.9	9.9	9.9
11kV	65.3	68.2	67.9	67.8
LV	120.6	89.1	88.0	86.9
Total	195.6	167.2	165.8	164.6

(d) Transformer Capacity in kVA 72,270      70,470      72,520      71,820

(e) Maximum demand in kW 28,185      28,185      28,095      28,100

(f) Total Electricity supplied from the System in kWh 145,416,396      142,458,214      142,529,169      141,566,178

(g) Total Electricity Conveyed through the System on behalf of each generator and retailer in kWh

Retailer A 145,416,396      142,458,214      142,529,169      141,566,178

(h) Total Consumers 8,461      8,341      8,359      8,322

sched1 pt5

## Reliability Performance Measures

## 1 Number of interruption by class

Class Description	1999	1998	1997	1996
	number of interruptions			
A Transpower Planned	0	0	0	0
B CitiPower Planned	41	35	16	9
C CitiPower Unplanned	4	8	7	7
D Transpower Unplanned	1	2	0	0
E ECNZ Unplanned	0	0	0	0
F Other Generation	0	0	0	0
G Unplanned	0	0	0	0
<b>Total</b>	<b>46</b>	<b>45</b>	<b>23</b>	<b>16</b>

## 2 Interruption Targets for the following financial year

Class Description	2000
	number of interruptions
(a) B CitiPower Planned	40
(b) C CitiPower Unplanned	8

## 3 Average interruption targets for the subsequent four years

Class Description	2001	2002	2003	2004
	number of interruptions			
(a) B CitiPower Planned	40	40	40	40
(b) C CitiPower Unplanned	8	8	8	8

## 4 Percentage of Class C interruptions not restored within-

	1999
	% of total class interruptions
(a) Three hours	0.0%
(b) 24 hours	0.0%

## 5 Faults (Class C) per 100 kilometres

(a) Total number of faults per 100 km	1999	1998	1997	1996
Voltage				
33 kV	4.8	8.7	4.4	4.4
11kV	4.0	10.1	7.6	5.1
Total	1.7	3.7	3.2	3.2

## (b) Total number of faults per 100 km following year

Voltage	2000
33 kV	4.0
11kV	4.0
Total	3.8

## (c) Total number of faults per 100 km following years

Voltage	2001	2002	2003	2004
33 kV	4.0	4.0	4.0	4.0
11kV	4.0	4.0	4.0	4.0
Total	3.8	3.8	3.8	3.8

## 6 Faults (Class C) per 100 kilometres underground

Voltage	1999	1998	1997	1996
33 kV	4.6	10.0	0.0	7.9
11kV	0.0	7.4	5.9	4.4
Total	4.0	7.7	5.1	4.9

## 7 Faults (Class C) per 100 kilometres overhead

Voltage	1999	1998	1997	1996
33 kV	0.0	7.7	10.1	0.0
11kV	9.1	27.3	17.9	8.9
Total	4.8	16.7	14.2	4.7

8	SAIDI	1999	1998	1997	1996
	Customer Minutes	56	94	28	53
9	SAIDI target				2000
(a)	Class B				30
(b)	Class C				20
10	SAIDI target	2001	2002	2003	2004
(a)	Class B	30	30	30	30
(b)	Class C	20	20	20	20
11	SAIDI per interruption class	1999	1998	1997	1996
	Class Description		customer minutes		
	A Transpower Planned	0	0	0	0
	B CitiPower Planned	29	29	3	4
	C CitiPower Unplanned	22	22	25	49
	D Transpower Unplanned	6	43	0	0
	E ECNZ Unplanned	0	0	0	0
	F Other Generation	0	0	0	0
	G Other	0	0	0	0
	<b>Total</b>	<b>57</b>	<b>94</b>	<b>28</b>	<b>53</b>
12	SAIFI	1999	1998	1997	1996
	Total Interruptions	1.33	1.93	0.82	3.10
13	SAIFI target				2000
(a)	Class B Planned				0.30
(b)	Class C Unplanned				0.60
14	SAIFI target	2001	2002	2003	2004
(a)	Class B Planned	0.30	0.30	0.30	0.30
(b)	Class C Unplanned	0.60	0.60	0.60	0.60
15	SAIFI per interruption class	1999	1998	1997	1996
	Class Description		customer minutes		
	A Transpower Planned	0.00	0.00	0.00	0.00
	B CitiPower Planned	0.19	0.20	0.01	0.04
	C CitiPower Unplanned	0.74	0.33	0.81	3.06
	D Transpower Unplanned	0.41	1.40	0.00	0.00
	E ECNZ Unplanned	0.00	0.00	0.00	0.00
	F Other Generation	0.00	0.00	0.00	0.00
	G Other	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>1.34</b>	<b>1.93</b>	<b>0.82</b>	<b>3.10</b>
16	CAIDI	1999	1998	1997	1996
	Customer minutes	41.9	49.1	273.5	17.2
17	CAIDI target				2000
(a)	Class B Planned				100.0
(b)	Class C Unplanned				33.0
18	CAIDI target	2001	2002	2003	2004
(a)	Class B Planned	100.0	100.0	100.0	100.0
(b)	Class C Unplanned	33.0	33.0	33.0	33.0
19	CAIDI per interruption class	1999	1998	1997	1996
	Class Description		customer minutes		
	A Transpower Planned	0.0	0.0	0.0	0.0
	B CitiPower Planned	152.8	146.9	192.5	97.0
	C CitiPower Unplanned	29.1	68.0	31.0	16.1
	D Transpower Unplanned	14.0	80.9	0.0	0.0
	E ECNZ Unplanned	0.0	0.0	0.0	0.0
	F Other Generation	0.0	0.0	0.0	0.0
	G Other	0.0	0.0	0.0	0.0

NELSON ELECTRICITY LIMITED

Derivation Table	Symbol in formula	Input Column	Calculations	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	1,112,423		1,112,423	N/A	1,112,423
Net profit after tax (NPAT)	n	617,169		N/A	617,169	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	408,615		add 408,615	add 408,615	add 408,615
Depreciation of SFA at ODV	d	531,827		deduct 531,827	deduct 531,827	deduct 531,827
ODV Depreciation tax adjustment	b	-40,860		N/A	deduct -40,860	deduct -40,860
Subvention Payment tax adjustment		0	s*t	N/A	deduct 0	deduct 0
Interest Tax Shield	q	52,010		N/A	deduct 0	deduct 52,010
Revaluations	r	0		N/A	add 0	add 0
Income tax	p	337,647		N/A	deduct 337,647	deduct 337,647
<b>Numerator (as adjusted)</b>		No entry		= a + g + s + d 989,211	= n + g + s - s*t + d - b 534,617	= a + g - q + r + s + d - p - s*t - b 640,214
Fixed Assets at year beginning (FA <sub>0</sub> )		5,140,000		5,140,000	N/A	5,140,000
Fixed Assets at year end (FA <sub>1</sub> )		3,543,734		add 3,543,734	N/A	add 3,543,734
Net Working Capital at year beginning (NWC <sub>0</sub> )		2,904,000		add 2,904,000	N/A	add 2,904,000
Net Working Capital at year end (NWC <sub>1</sub> )		3,127,278		add 3,127,278	N/A	add 3,127,278
<b>Average total funds employed (ATFE)</b>	c	No entry	= (FA <sub>0</sub> + FA <sub>1</sub> + NWC <sub>0</sub> + NWC <sub>1</sub> )/2	divide by 2 7,357,506	N/A	divide by 2 7,357,506
Total Equity at year beginning (TE <sub>0</sub> )		6,163,000		N/A	6,163,000	N/A
Total Equity at year end (TE <sub>1</sub> )		4,531,592		N/A	add 4,531,592	N/A
<b>Average total equity</b>	k	No entry	= (TE <sub>0</sub> + TE <sub>1</sub> )/2	N/A	divide by 2 5,347,296	N/A
WUC at year beginning (WUC <sub>0</sub> )		0		0	0	0
WUC at year end (WUC <sub>1</sub> )		0		add 0	add 0	add 0
<b>Average total Works under Construction</b>	e	No entry	= (WUC <sub>0</sub> + WUC <sub>1</sub> )/2	divide by 2 0	divide by 2 0	divide by 2 0
Revaluations	r	0		N/A	N/A	0
Goodwill asset at year beginning (GW <sub>0</sub> )		0		N/A	0	N/A
Goodwill asset at year end (GW <sub>1</sub> )		0		N/A	add 0	N/A
<b>Average Goodwill asset</b>	m	No entry	= (GW <sub>0</sub> + GW <sub>1</sub> )/2	N/A	divide by 2 0	N/A
Subvention payment at year beginning (S <sub>0</sub> )		0		N/A	0	N/A
Subvention payment at year end (S <sub>1</sub> )		0		N/A	add 0	N/A
Subvention payment tax adjustment at year beginning		0	= s <sub>0</sub> *t	N/A	deduct 0	N/A
Subvention payment tax adjustment at year end		0	= s <sub>1</sub> *t	N/A	deduct 0	N/A
<b>Average subvention payment &amp; related tax adjustment</b>	v	No entry	= (s <sub>0</sub> + s <sub>1</sub> + s <sub>0</sub> *t + s <sub>1</sub> *t)/2	N/A	divide by 2 0	N/A
System Fixed assets at year beginning at book value (SFA <sub>bo0</sub> )		5,040,000		5,040,000	5,040,000	5,040,000
System Fixed assets at year end at book value (SFA <sub>bo1</sub> )		3,446,344		add 3,446,344	add 3,446,344	add 3,446,344
<b>Average value of system fixed assets at book value</b>	f	No entry	= (SFA <sub>bo0</sub> + SFA <sub>bo1</sub> )/2	divide by 2 4,243,172	divide by 2 4,243,172	divide by 2 4,243,172
System Fixed assets at year beginning at ODV value (SFA <sub>od0</sub> )		17,737,000		add 17,737,000	add 17,737,000	17,737,000
System Fixed assets at year end at ODV value (SFA <sub>od1</sub> )		14,540,949		add 14,540,949	add 14,540,949	add 14,540,949
<b>Average value of system fixed assets at ODV value</b>	h	No entry	= (SFA <sub>od0</sub> + SFA <sub>od1</sub> )/2	divide by 2 16,138,975	divide by 2 16,138,975	divide by 2 16,138,975
<b>Denominator (as adjusted)</b>				= c - e - f + h 19,253,309	= k - e - m + v - f + h 17,243,099	= c - e - 1/2r - f + h 19,253,309
<b>Financial Performance Measure:</b>				EBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100/1 = 5.14%	NPAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100/1 = 3.10%	EBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100/1 = 3.33%

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



## Audit New Zealand

### AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF NELSON ELECTRICITY LIMITED

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

#### **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 Nelson Electricity Limited as at 31 March 1999 and the results of its operations and cash flows for the year then ended.

#### **Auditor's Responsibilities**

It is the responsibility of the Audit Office to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Controller and Auditor-General has appointed K J Boddy, of Audit New Zealand, 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 and performance information. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Nelson Electricity Limited 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, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Nelson Electricity Limited.

### Qualified Opinion – Comparative Figures Omitted

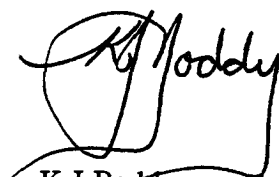
Paragraph 2.18 of the Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits energy companies to exclude comparative figures where disclosures are made for the first time for the current disclosure year. Nelson Electricity Limited has taken advantage of this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of Nelson Electricity Limited do not comply with Financial Reporting Standard No. 2, *Presentation of Financial Reports*, or the Electricity (Information Disclosure) Regulations 1999.

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

In our opinion:

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

Our audit was completed on 2 December 1999 and our qualified opinion is expressed as at that date.



K J Boddy  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Christchurch, 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 the 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 Nelson Electricity Limited and dated 2 December 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 that reads "K J Boddy". The signature is written in a cursive style and is enclosed within a simple rectangular box.

K J Boddy  
Audit New Zealand  
On behalf of the Controller & Auditor-General  
Christchurch, New Zealand  
2 December 1999

**Deloitte Touche  
Tohmatsu**



**CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS**

**Reg 31(3)**

We have examined the attached information, being

- (c) Financial components of the efficiency performance measures specified in clause 2 of Part 3 of Schedule 1, and having been prepared by Citipower Limited and dated 31 March 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.

*Deloitte Touche Tohmatsu.*

Deloitte Touche Tohmatsu  
Chartered Accountants  
Wellington  
New Zealand

20 August 1999



PRICEWATERHOUSECOOPERS 

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Mr G Hoare  
Company Secretary  
Nelson Electricity  
P O Box 144  
Blenheim

**PricewaterhouseCoopers**


23-29 Albert Street  
Private Bag 92162  
Auckland, New Zealand  
DX CP24073  
Telephone +64 9 355 8000  
Facsimile +64 9 355 8001

2 December 1999

**Subject: Certification By Auditor In Relation To ODV Valuation Of Lines Business**

I have examined the valuation report of Nelson Electricity dated 5 November 1999 which report contains valuations of system fixed assets as 31 March 1999.

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 \$14,540,949 have been made in accordance with the ODV Handbook



Murray Cook

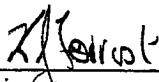
**Certification of Financial Statements, Performance Measures,  
and Statistics Disclosed by Line Owners other than Transpower.**


We, Kenneth John Forrest and Geoffrey John Hoare, principals of Nelson Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Nelson Electricity 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 from the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Nelson Electricity 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 figures are based as at 31 March 1999.

Dated this 2 December 1999.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Company Secretary

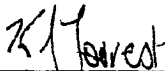
### Certification of Valuation Report of Line Owners


We, Kenneth John Forrest and Geoffrey John Hoare, Principals of Nelson Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge-

- (a) The attached valuation report of Nelson Electricity 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 Nelson Electricity Limited is \$14,540,949 and
- (c) The Optimised Deprival Valuation of the line business system fixed assets of Nelson Electricity Limited is \$14,540,949; and
- (d) The valuation of the line business assets of Nelson Electricity Limited, including system and non-system fixed assets and net working capital, is \$17,421,162 and
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

The valuations are as at 31 March 1999.

Dated this 2 December 1999.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Company Secretary



