

New Zealand Gazette

OF THURSDAY, 16 DECEMBER 1999

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AGL NZ ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION
DISCLOSURE) REGULATIONS 1997

AGL NZ Energy Ltd – Gas Distribution Activities
Statement of Financial Performance
For the period ended 30 June 1999
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands
	Note	June 1999
Revenue		<u>3,451</u>
Surplus before Taxation	2.	2,112
Income Tax Expense	3.	<u>772</u>
Net Surplus for the Year		<u>1,340</u>

The notes form an integral part of these financial statements.

AGL NZ Energy Ltd – Gas Distribution Activities
Statement of Financial Position
For period ending 30 June 1999
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$ Thousands
	Note	1999
Fixed and Long Term Assets		
Fixed Assets	4.	111,535
Deferred Expenditure		
Total Non Current Assets		<u>111,535</u>
Current Assets		
Cash and Short Term Deposits		241
Trade Debtors		1,636
Current tax		(66)
Inventories – Consumable Spares		
Total Current Assets		<u>1,811</u>
Total Assets		<u>113,346</u>
Equity		
Reserves		<u>1340</u>
Total Equity		<u>1,340</u>
Non Current Liabilities		
Related Party Advance		110,400
Deferred Taxation		<u>705</u>
Total Non Current Liabilities		<u>111,105</u>
Current Liabilities		
Accounts Payable and Accruals		<u>901</u>
Total Current Liabilities		<u>901</u>
Total Liabilities and Equity		<u>113,346</u>

The notes form an integral part of these financial statements

AGL NZ Energy Ltd – Gas Distribution Activities
Notes to the Financial Statements
For the period ended 30 June 1999

I. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of AGL NZ Energy Ltd – Gas Distribution Activities. Gas Distribution Activities involves the ownership and supply of line function services for the transportation of gas.

The gas distribution business was acquired from TransAlta NZ Limited on 31 March 1999. The financial results reported in this document are for the three months to 30 June 1999.

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997, the Companies Act 1993 and the Financial Reporting Act 1993.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

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

i) Revenues and Expenses

Revenues and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Accounts Receivable

Accounts receivables are valued at their estimated realisable value.

iii) Taxation

AGL NZ Energy Ltd recognises deferred taxation using the liability method and on a comprehensive basis.

iv) Fixed Assets

Reticulation fixed assets are recorded at ODV, as determined by Ernst & Young during independent review as at 31 March 1997, with the exception of meters and regulators which are recorded at cost of acquisition.

Additions to the network post March 1997 have been added to the ODV value. Other fixed assets are recorded at cost of acquisition, less accumulated depreciation.

Work in Progress is recorded at cost. Assets constructed by AGL NZ Energy Limited are commissioned and transferred from work in progress to fixed assets as each facility or operating unit within a facility becomes operational and available for use.

Capital spares are recorded at the lower of cost or net realisable value. Cost is determined on a first in first out basis. Capital spares are made up of reticulation asset spares and for this reason are included in the total for fixed assets.

v) Depreciation

Rates of depreciation vary according to the nature and economic lives of the assets and fall with in the following ranges;

Pipelines, Meters and Regulators	1.7% - 5.6% of cost price
Motor Vehicles	20% of cost price
Plant & Equipment	20% of cost price

vi) Intangible Assets**Identifiable Intangible Asset**

The identifiable intangible asset recognises the purchase price for the gas network acquired over and above the certified ODV valuation.

The identifiable intangible assets are amortised over the expected average remaining life of the network assets of 42 years, a straight-line basis.

vii) Easements

The easements confer on AGL NZ Energy Limited the legal right to convey natural gas, as well as the right to operate, maintain and construct gas pipelines. AGL NZ Energy Limited holds these rights in perpetuity.

viii) Operating Leases

Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods the amounts are payable.

(e) Changes in Accounting Policies

There have been no changes in accounting policies.

2. Surplus before Taxation**\$ Thousands****1999**

 Surplus before Taxation is stated after charging:

Directors & Audit fees and expenses	5
Fees for other services paid to the Auditors	
Depreciation	449
Amortisation	316
Leasing Costs	17

3. Income Tax**\$ Thousands****1999**

The Income Tax Expense has been calculated as follows:

Surplus before Taxation	2,112
Income Tax at 33%	697
Adjustments to taxation for: Permanent Differences	104
Deferred Taxation	<u>(29)</u>
Taxation charge in Statement of Financial Performance	772

Deferred Taxation Reconciliation

Opening Balance	-
Deferred Tax Asset Acquired	(29)
Net Effect of Timing Differences in Year	<u>734</u>
	705

4. Fixed Assets

	Cost/ Valuation	\$Thousands 1999 Accumulated Depreciation	Net Book Value
Pipelines, Meters and Regulators	57,277	438	56,839
Vehicles Machinery and Equipment	245	12	233
Property Rights	1,080	-	1,080
Identifiable Intangible	53,205	316	52,889
Work in Progress	194	-	194
Consumable Spares	300	-	300
	112301	766	111535

5.

\$ Thousands
1999

Operating Lease Commitments

Non cancelable operating lease rentals are payable as follows:

Not later than one year	58,750
Between one and two years	55,000
Between two and five years	165,000
Later than five years	<u>55,000</u>
	<u>333,750</u>

6. Contingent Liabilities

There are no material contingent liabilities.

AGL NZ Energy Ltd – Gas Distribution Activities
Statement of Performance Measures
For the period ended 30 June 1999
For the purposes of the Gas (Information Disclosure) Regulations 1997

	1999
1. Financial Performance Measures	
Accounting Return on Total Assets	4.08%
* Accounting Return on Equity	(3.2)%
Accounting Rate of Profit	4.08%
2. Efficiency Performance Measures	
Direct Line Costs per Kilometre	\$459
Indirect Line Costs per Gas Customer	\$5
Total Costs per Kilometer	\$600
Total Costs per Customer	\$21
3. Energy Delivery Efficiency Performance Measures	
Load Factor	79.39%
Unaccounted for Gas Ratio	0.5% loss
4. Statistics	
System Length (km)	954
Maximum Monthly Amount of Gas Entering System	214,139 GJ
Total Annual Amount of Gas Conveyed through System	510,044 GJ
Total Annual Amount of Gas Conveyed through System For persons not in a prescribed business relationship	Nil
Total Number of Customers	26,697
5. Reliability Performance Measures	
Unplanned Transmission System Interruptions (hours)	Nil
Unplanned Distribution System Interruptions not related to Transmission System Interruptions (hours/customer) Interruptions attributable to third party interference	Nil
Unplanned Distribution System Interruptions related to Transmission System Interruptions (hours/customer)	Nil

* An advance from the Parent Company of \$100,400,000 to facilitate the purchase of AGL NZ Energy Ltd, is treated as a long term loan. If included as equity the Return on Equity percentage would be 2.81%.

**Deloitte Touche
Tohmatsu**



AGL NZ ENERGY LIMITED

GAS (INFORMATION DISCLOSURE) REGULATIONS 1997

Certification by Auditor in Relation to Financial Statements

We have examined the attached financial statements prepared by AGL NZ Energy Limited dated 30 November 1999 for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997.

We certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements have been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.

A handwritten signature in cursive script, appearing to read 'Deloitte Touche Tohmatsu'.

**Deloitte Touche Tohmatsu
Hamilton
30 November 1999**

**Deloitte Touche
Tohmatsu****AGL NZ ENERGY LIMITED****GAS (INFORMATION DISCLOSURE) REGULATIONS 1997***Certification of Performance Measures by Auditor*

We have examined the performance measures set out in Notes 1 to 2 on page 7 to the attached financial statements being:

- (a) Financial performance measures specified in clause 1 of Part 2 of Schedule 1 of the Gas (Information Disclosure) Regulations 1997; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part 2 of that schedule;

and having been prepared by AGL NZ Energy Limited and dated 30 November 1999 for the purposes of regulations 15 and 16 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 requirements of the Gas (Information Disclosure) Regulations 1997.

Deloitte Touche Tohmatsu
Hamilton
30 November 1999



AGL NZ Limited

646 Victoria Street
Private Bag 3022
Hamilton
New Zealand
Telephone: (07) 834 8500
Facsimile: (07) 839 3695

In reply please quote

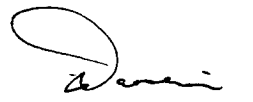
STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO SECRETARY OF COMMERCE

I, Phil Harris, of Hamilton, being a director of AGL NZ Energy Limited, solemnly and sincerely declare that, having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Gas (Information Disclosure) Regulations 1997.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the Oaths and Declarations Act 1957.


.....

Declared at Hamilton this 30th day of November 19.....


.....
(I. C. DAVIDSON)

~~Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration)~~



AGL NZ Limited

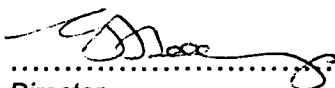
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Telephone: (07) 834 8500
Facsimile: (07) 839 3695

In reply please quote


**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES,
AND STATISTICS DISCLOSED BY PIPELINE OWNERS OTHER THAN THE
CORPORATION**

We, Geoff Hollings and Phil Harris, directors of AGL NZ Energy Limited, certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of AGL NZ Energy Limited, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997, comply with the requirements of that regulation; and
- (b) The attached information, being financial performance measure, efficiency performance measures, energy delivery performance measures and statistics, and reliability performance measures in relation to AGL NZ Energy Limited, and having been prepared for the purposes of regulations 15 to 19 of the Gas (Information Disclosure) Regulations 1997, complies with the requirements of those regulations.


.....
Director

30th November 1999
.....
Date


.....
Director

30th Nov 1999
.....
Date

