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WEL ENERGY GROUP LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

Form 5

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

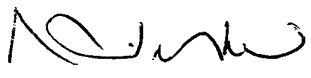
We, Sir Dryden Spring and Rodger Fisher, directors of WEL Energy Group Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) the attached audited financial statements of WEL Energy Group 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 WEL Energy Group 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 1998.



Sir Dryden Spring



Rodger Fisher

Date: 19 July 2000

Date: 19 July 2000

WEL ENERGY GROUP LIMITED

Statement of Financial Performance
For the year ended 31 March 2000

| | Note | Line Business | |
|---|------|----------------------|------------------|
| | | 2000 (\$000s) | 1999 (\$000s) |
| Total revenue | 1 | 54,993 | 52,490 |
| Operating expenses | 2 | (29,436) | (28,549) |
| Operating surplus before interest & taxation | | <u>25,557</u> | 23,941 |
| Interest expense | 3 | (40) | (51) |
| Operating surplus before taxation | | <u>25,517</u> | 23,890 |
| Taxation expense | 4 | (9,273) | (9,438) |
| Surplus attributable to the shareholders of the parent company | | <u><u>16,244</u></u> | <u>14,452</u> |

Statement of Movements in Equity
For the year ended 31 March 2000

| | Note | Line Business | |
|---|------|-----------------------|------------------|
| | | 2000 (\$000s) | 1999 (\$000s) |
| Equity as at 1 April | | <u>224,656</u> | 134,225 |
| Net Surplus for the year | | 16,244 | 14,452 |
| Total Recognised Revenue and Expenses | | <u>16,244</u> | <u>14,452</u> |
| Dividends | | (13,994) | (6,073) |
| Allocation in compliance with Electricity (Information Disclosure) Regulations | | | |
| Cash & Bank | | - | 85,918 |
| Fixed assets | | - | (3,022) |
| Other | | - | (844) |
| | | <u>(13,994)</u> | <u>75,979</u> |
| Equity as at 31 March | | <u><u>226,906</u></u> | <u>224,656</u> |

WEL ENERGY GROUP LIMITED**Statement of Financial Position
As at 31 March 2000**

| | Note | Line Business | |
|-------------------------------------|------|------------------|------------------|
| | | 2000 (\$000s) | 1999 (\$000s) |
| Tangible assets | | | |
| Current assets | 6 | 96,421 | 90,404 |
| Fixed assets | 7 | 146,793 | 142,009 |
| Other tangible assets | | - | - |
| Total tangible assets | | 243,214 | 232,413 |
| Intangible assets | | | |
| Goodwill | | - | - |
| Other intangible assets | | - | - |
| Total intangible assets | | - | - |
| Total Assets | | 243,214 | 232,413 |
| Liabilities | | | |
| Current liabilities | 8 | 10,257 | 2,675 |
| Non current liabilities | 9 | 6,051 | 5,082 |
| Total liabilities | | 16,308 | 7,757 |
| Equity | | | |
| Capital Notes | | - | - |
| Equity | 5 | 226,906 | 224,656 |
| Total capital funds | | 226,906 | 224,656 |
| Total equity and liabilities | | 243,214 | 232,413 |

19 July 2000

WEL ENERGY GROUP LIMITED

Statements of Cash Flows
For the year ended 31 March 2000

| | Note | Line Business | |
|---|------|------------------|------------------|
| | | 2000 (\$000s) | 1999 (\$000s) |
| Cash Flows From Operating Activities | | | |
| Cash received from operations | | | |
| Receipts from customers | | 47,388 | 58,236 |
| Interest received | | 4,502 | 1,001 |
| Total cash received from operations | | <u>51,890</u> | <u>59,237</u> |
| Cash disbursed on operations | | | |
| Payments to employees and suppliers | | (22,794) | (26,426) |
| Interest paid | | (40) | (51) |
| Income tax paid | | (6,554) | (6,256) |
| Total cash disbursed on operations | | <u>(29,388)</u> | <u>(32,733)</u> |
| Net cash flow from operations | | <u>22,502</u> | <u>26,504</u> |
| (refer to reconciliation below) | | | |
| Cash Flows From Investing Activities | | | |
| Cash received from investing activities | | | |
| Investments maturing | | - | 251 |
| Total cash from investing activities | | <u>-</u> | <u>251</u> |
| Cash disbursed on investing activities | | | |
| Fixed asset purchases | | (10,609) | (13,120) |
| Total cash disbursed on investing activities | | <u>(10,609)</u> | <u>(13,120)</u> |
| Net cash flow applied to/(from) investing activities | | <u>(10,609)</u> | <u>(12,868)</u> |
| Cash Flows From Financing Activities | | | |
| Cash received from financing activities | | | |
| Allocation in accordance with the Regulations (refer Statement of movements in Equity) | | - | 82,053 |
| Total cash received from financing activities | | <u>-</u> | <u>82,053</u> |
| Cash disbursed on financing activities | | | |
| Dividend Paid | | (9,017) | (9,769) |
| Total cash disbursed on financing activities | | <u>(9,017)</u> | <u>(9,769)</u> |
| Net cash flow applied to/(from) financing activities | | <u>(9,017)</u> | <u>72,284</u> |
| Net increase in cash held | | 2,876 | 85,920 |
| Cash at the beginning of the year | | 85,920 | - |
| Cash at the end of the year | | <u>88,796</u> | <u>85,920</u> |

WEL ENERGY GROUP LIMITED

Statements of Cash Flows (continued)

For the year ended 31 March 2000

| | Note | Line Business | |
|--|------|------------------|------------------|
| | | 2000 (\$000s) | 1999 (\$000s) |
| Reconciliation of net cash flows from operating activities with surplus after taxation. | | | |
| Surplus after taxation | | 16,244 | 14,452 |
| Non cash items | | | |
| Depreciation | | 5,821 | 5,044 |
| Total non cash items | | 5,821 | 5,044 |
| Increase/(decrease) in working capital | | | |
| Trade Debtors | | (3,106) | 6,746 |
| Other current assets | | (34) | 896 |
| Trade & other creditors | | 800 | (3,270) |
| Customer deposits | | - | (331) |
| Annual and long service leave provision | | 55 | (216) |
| Provision for taxation | | 1,750 | 1,028 |
| Deferred tax | | 969 | 2,155 |
| Net decrease/(increase) in working capital | | 434 | 7,008 |
| Items classified as investing activities | | | |
| Net loss/(gain) on sale of fixed assets | | 3 | - |
| Net cash inflow from operating activities | | 22,502 | 26,504 |

WEL ENERGY GROUP LIMITED**Statement of Accounting Policies
For the Year Ended 31 March 2000**

These financial statements are prepared and presented in accordance with the Electricity (Information Disclosure) Regulations 1999 (as amended)

A. General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of results and the financial position have been followed in the preparation of these financial statements.

The historical cost method, as modified by the revaluation of certain assets, has been followed.

The Electricity Information Disclosure Handbook 2000 has been followed in the preparation of these financial statements.

B. Particular Accounting Policies

The particular accounting policies which have a significant effect on the financial performance and financial position are as follows:

(a) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method, and is accounted for using the comprehensive basis, except that deferred tax is not provided on asset revaluation's of the distribution system.

(b) Trade Debtors

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

(c) Revenue Recognition

Line revenues include an accrual for charges incurred by customers but not billed at balance date.

(d) Inventories

Inventories are valued at the lower of weighted average cost and net realisable value. Work in Progress is valued at cost comprising direct labour, materials, freight and a proportion of production overheads based on a normal level of activity.

WEL ENERGY GROUP LIMITED**(e) Fixed Assets**

The distribution system is revalued by independent valuers every three years based on an optimised deprival value basis. Additions to the distribution system are stated at cost.

Land and buildings are revalued by independent valuers every three years on the basis of open market value for existing use.

Cost for internally constructed assets comprise direct labour, materials, freight, and a proportion of production overheads based on a normal level of activity. All other fixed assets are recorded at cost less accumulated depreciation.

(f) Depreciation of Fixed Assets

Depreciation of the distribution system and buildings is provided for on a straight line basis over their estimated useful lives as follows:

| | |
|---------------------|------|
| Buildings | 3.0% |
| Distribution system | 2.9% |

Depreciation of other fixed assets is provided for on a diminishing value basis as follows:

| | |
|---------------------|----------|
| Furniture | 20 - 25% |
| Plant and Equipment | 20 - 30% |
| Vehicles | 25% |

(g) Principles of Line Business Split

The line business forms a segment of the operations of the Group. The allocation of costs, revenue, assets and liabilities was carried out on a basis which reflects the items attributable to this segment of the Group.

Where possible, financial statement items were allocated directly to the line business. In those instances where direct allocation was not possible, the avoidable cost allocation methodology was employed, which has resulted in allocations as follows:

Corporate Overheads

Corporate overhead costs were allocated as follows:

| | |
|--------------------------------------|------------------------|
| Directors fees and associated costs | Weighted fixed assets |
| Chief executive and associated costs | Weighted fixed assets |
| Consultants and business analysts | Weighted fixed assets |
| All other costs | Weighted staff numbers |

Items have been weighted by multiplying the value attributable to Other by 33%

Property Costs

Allocated using market based rentals.

WEL ENERGY GROUP LIMITED**Expenditure**

Where a segment of the Group performs line activities in addition to other functions each item of expenditure incurred by that segment has been allocated to the line business in proportion to the total level of line business activity undertaken by the segment. This has been achieved using the following methodologies:

| | |
|---------------------------|-----------|
| Customer services/billing | 10% Lines |
| Marketing | Revenue |

Bank Balances

Cash and bank balances have been allocated based on cash movements as per the cash flow statement.

Fixed Assets

Fixed assets used by both the line and another activity have been allocated to the line business on the following basis:

| | |
|--------------------------------|------------------------|
| Motor vehicles | Weighted staff numbers |
| Plant, Furniture and equipment | Weighted staff numbers |

Items have been weighted by multiplying the value attributable to Other by 33%

Creditors

Creditors not directly attributable to the line business have been allocated in proportion to the expenditure allocation as noted above.

Provision for Annual and Long Service Leave

The amount of the provision attributable to employees working on both the line business and other activities has been allocated to the line business in proportion to wages expenditure.

C. Changes in Accounting Policy

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

WEL ENERGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

| | Line Business | |
|--|------------------|------------------|
| | 2000 (\$000s) | 1999 (\$000s) |
| 1 Operating Revenue | | |
| Line access charges | 49,817 | 49,704 |
| Interest | 4,502 | 1,001 |
| AC Rental Rebates | 674 | 1,785 |
| Revenue from other business | - | - |
| Other operating revenue | - | - |
| Total Operating Income | 54,993 | 52,490 |
| 2 Operating Expenditure | | |
| Transmission charges | 12,122 | 10,910 |
| Transfer payments to Other business for: | | |
| Asset Maintenance | 3,964 | 3,827 |
| Disconnection's/Reconnection | - | - |
| Meter data | - | - |
| Consumer based load control | - | - |
| Avoided transmission (own generation) | - | - |
| Royalties & patents | - | - |
| Other goods/services | - | - |
| Total | 3,964 | 3,827 |
| Expenses to entities that are not related parties for: | | |
| Asset Maintenance | - | - |
| Disconnection's/Reconnection | - | - |
| Meter data | - | - |
| Consumer based load control | - | - |
| Royalties & patents | - | - |
| Other goods/services | - | - |
| Total | - | - |
| Employee salaries and redundancies | 3,660 | 2,539 |
| Customer billing & Information System expense | 2 | 177 |
| Depreciation on: | | |
| Distribution system | 4,264 | 3,956 |
| Other assets | 1,557 | 1,087 |
| Total | 5,821 | 5,044 |
| Amortisation of: | | |
| Goodwill | - | - |
| Other Intangibles | - | - |
| Total | - | - |
| Corporate & administration | 667 | 396 |
| Human resource expenses | 503 | 190 |
| Marketing & advertising | 371 | 289 |
| Merger and acquisition | - | 497 |
| Take-over defence | - | - |
| Research & development | 1 | 8 |
| Consultancy & legal | 1,053 | 2,566 |

WEL ENERGY GROUP LIMITED

| | Line Business | |
|---|------------------|------------------|
| | 2000 (\$000s) | 1999 (\$000s) |
| Operating Expenditure <i>(continued)</i> | | |
| Donations | - | - |
| Directors' Fees | 235 | 124 |
| Other payments to directors | - | 119 |
| Audit Fees | | |
| Audit Fees to principal auditors | 20 | 20 |
| Audit Fees to other auditors | - | - |
| Other Fees paid to principal & other auditors | 57 | - |
| Total | <u>77</u> | <u>20</u> |
| Net loss on sale of fixed assets | 3 | 25 |
| Cost of offering credit | | |
| Bad Debts | 1 | 298 |
| Movement in provision for doubtful debts | - | - |
| Total | <u>1</u> | <u>298</u> |
| Local Authority rates | 36 | 38 |
| AC Loss-rental expense | - | - |
| Rebates to customers due to ownership | - | - |
| Subvention payments | - | - |
| Unusual expenses | - | - |
| Other expenditure | 920 | 1,482 |
| Total expenditure | <u>29,436</u> | <u>28,549</u> |
| | | |
| 3 Interest | | |
| Interest expense on borrowings | 40 | 51 |
| Finance charges relating to finance leases | - | - |
| Other interest expenses | - | - |
| | <u>40</u> | <u>51</u> |

WEL ENERGY GROUP LIMITED

| | Line Business | |
|---|--------------------------------|--------------------------------|
| | 2000 (\$000s) | 1999 (\$000s) |
| 4 Taxation | | |
| Profit before taxation | 25,517 | 23,890 |
| Tax on profit at 33% | 8,421 | 7,884 |
| Tax effect of permanent differences | 852 | 1,554 |
| Total taxation expense | <u>9,273</u> | <u>9,438</u> |
| Represented by: | | |
| Deferred income tax liability | 969 | 2,155 |
| Current taxation provision | 8,304 | 7,283 |
| | <u>9,273</u> | <u>9,438</u> |
| Deferred income tax liability | | |
| Balance at the beginning of the year | 5,082 | 2,927 |
| Current year timing differences | 969 | 2,155 |
| Balance at the end of the year | <u>6,051</u> | <u>5,082</u> |
| The tax effect of timing differences arising from asset revaluation's of the distribution system approximating \$8,700,000, which would only crystallise on disposal, have not been recognised. | | |
| 5 Shareholders Funds | | |
| Issued and Paid In Capital | 131 | 131 |
| All ordinary shares carry equal voting rights | | |
| Asset revaluation reserve | 82,799 | 82,799 |
| Retained earnings | 22,152 | 19,902 |
| Other Reserves | 121,824 | 121,824 |
| Minority interests | - | - |
| Total Equity | <u>226,906</u> | <u>224,656</u> |
| Asset Revaluation Reserve | | |
| Balance at the beginning of the year | 82,799 | 82,799 |
| Balance at the end of the year | <u>82,799</u> | <u>82,799</u> |
| Retained Earnings | | |
| Balance at the beginning of the year | 19,902 | 11,523 |
| Net surplus after tax | 16,244 | 14,452 |
| Dividends | (13,994) | (6,073) |
| Balance at the end of the year | <u>22,152</u> | <u>19,902</u> |
| Other Reserves | | |
| Balance at the beginning of the year | 121,824 | 39,772 |
| Allocation in compliance with Regulations (refer Statement of Movements in Equity) | - | 82,052 |
| Balance at the end of the year | <u>121,824</u> | <u>121,824</u> |

WEL ENERGY GROUP LIMITED

| | | Line Business | |
|----------|---------------------------------------|----------------------|-----------------|
| | | 2000 | 1999 |
| | | (\$000s) | (\$000s) |
| 6 | Current assets | | |
| | Cash and Bank | 88,796 | 85,919 |
| | Trade debtors | 7,573 | 4,467 |
| | Short term investments | - | - |
| | Inventories | - | - |
| | Other assets | 52 | 18 |
| | | <u>96,421</u> | <u>90,404</u> |
| 7 | Fixed Assets | | |
| | Freehold Land and Buildings | | |
| | Land | | |
| | At cost | 85 | 85 |
| | At valuation | 744 | 744 |
| | Buildings | | |
| | At cost | 1,355 | 1,355 |
| | At valuation | 1,366 | 1,366 |
| | | <u>3,550</u> | <u>3,550</u> |
| | Accumulated depreciation | | |
| | At cost | (393) | (393) |
| | At valuation | (123) | (41) |
| | Net book value | <u>3,034</u> | <u>3,116</u> |
| | Vehicles | | |
| | Cost | 557 | 525 |
| | Accumulated depreciation | (256) | (282) |
| | Net book value | <u>301</u> | <u>243</u> |
| | Furniture, Plant and Equipment | | |
| | Cost | 7,943 | 7,056 |
| | Accumulated depreciation | (4,459) | (3,892) |
| | Net book value | <u>3,484</u> | <u>3,164</u> |

WEL ENERGY GROUP LIMITED

| | Line Business | |
|---|------------------|------------------|
| | 2000 (\$000s) | 1999 (\$000s) |
| Fixed Assets (continued) | | |
| Distribution System | | |
| Cost | 20,155 | 10,438 |
| Valuation | 127,380 | 127,380 |
| | <u>147,535</u> | <u>137,818</u> |
| Accumulated depreciation values | | |
| Cost | (777) | (207) |
| Valuation | (7,388) | (3,694) |
| Net book value | <u>139,370</u> | <u>133,917</u> |
| Total before assets under construction | <u>146,189</u> | <u>140,440</u> |
| Capital assets under construction | 604 | 1,569 |
| Consumer billing & information system assets | - | - |
| Other fixed assets | - | - |
| Total net book value | <u>146,793</u> | <u>142,009</u> |

Land and Buildings were revalued on 31 March 1998 by Ford Valuations Limited Registered Valuers.

The distribution system was revalued on 31 March 1998 by Sinclair Knight Merz (NZ) Limited (trading as Leyland Consultants).

Buildings at cost represents the amount paid to Hamilton City Council in 1989 for the use of substations buildings. This amount is being depreciated over a period of 33 years.

| | | |
|---|-------|-------|
| Centralised load control equipment (included as part of the distribution system) | 1,073 | 1,105 |
|---|-------|-------|

8 Current liabilities

| | | |
|--|---------------|--------------|
| Bank overdraft & short term borrowings | - | - |
| Trade creditors | 2,244 | 1,363 |
| Provision for annual and long service leave | 218 | 163 |
| Provision for dividend | 5,701 | 724 |
| Provision for tax | 1,809 | 59 |
| Other current liabilities | 285 | 366 |
| | <u>10,257</u> | <u>2,675</u> |

WEL ENERGY GROUP LIMITED

| | | Line Business | |
|----------|--------------------------------|--------------------------|--------------------------|
| | | 2000 | 1999 |
| | | (\$000s) | (\$000s) |
| 9 | Non-current Liabilities | | |
| | Payables and accruals | - | - |
| | Borrowings | - | - |
| | Deferred tax | 6,051 | 5,082 |
| | Other non-current liabilities | - | - |
| | | <hr/> 6,051 <hr/> | <hr/> 5,082 <hr/> |

10 Contingencies

There are no contingent liabilities (1999: nil)

11 Capital commitments

There are no capital commitments in the line business (1999: Nil).

12 Financial Instruments**(a) Risk**

Nature of activities and management policies with respect to financial instruments:

(i) Concentrations of Credit Risk

In the normal course of its business, the Group incurs credit risk from trade receivables from customers and transactions with financial institutions. A provision has been set up for trade receivables which are unlikely to be collected.

The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures with counterparties have been set and are monitored on a regular basis.

The Group has in excess of 90% of its trade debtors owing from the incumbent retailer. This debt is subject to a written agreement and regular credit checks. The Group does not require any collateral.

(b) Fair Values

The Directors estimate that the carrying amounts of financial instruments in the Statement of Financial Position equal their fair values.

WEL ENERGY GROUP LIMITED**13 Related Party Transactions**

The Lines Business has received services from WEL Energy Operations Division. Both entities form part of WEL Energy Group. All transactions between the two parties are at arms length and at market rates. There have been no transactions at nil or nominal value.

There are no outstanding balances between the two parties. No debts were forgiven or written off.

Details of the transactions are as follows:

| | Line Business | |
|---|--------------------------------|--------------------------------|
| | 2000 (\$000s) | 1999 (\$000s) |
| (a) Construction of subtransmission assets Approximately 15 km of 33kV underground cable laid. | 1,657 | 2,436 |
| (b) Construction of zone substations Upgrading of six substations | 3,228 | 3,159 |
| (c) Construction of distribution lines and cables. Cost of undergrounding 11kV cable | 1,699 | 1,624 |
| WEL Energy was involved in Krone 11kV switchgear replacement. | | |
| (d) Construction of medium voltage switchgear | 124 | 157 |
| (e) Construction of distribution transformers. | 641 | 588 |
| (f) Construction of distribution substations | 757 | 537 |
| (g) Construction of Low voltage lines & cables | 676 | 652 |
| WEL Energy was involved in connecting new consumers to its network and the following costs were incurred: | | |
| (h) Relays for new connections | 203 | 368 |
| Consumer connections | 935 | 931 |
| (i) Maintenance of distribution system | 3,964 | 3,827 |
| | 13,884 | 14,279 |

In some cases estimates have been used to apportion costs between the categories listed above.

WEL ENERGY GROUP LIMITED

| | | Line Business | |
|-----------|---|----------------------|-----------------|
| | | 2000 | 1999 |
| | | (\$000s) | (\$000s) |
| 14 | Imputation Credit Memorandum Account | | |
| | Balance at the beginning of the year | 11,458 | 10,380 |
| | Dividends allocated | (6,612) | (2,634) |
| | Taxation paid | 6,435 | 3,712 |
| | Balance at the end of the year | 11,281 | <u>11,458</u> |
| 15 | Adjusted net working capital | 3,889 | 2,593 |
| 16 | Interest tax shield | (1,472) | (314) |

**Statement of Performance Measures
For the year ended 31 March 2000**

| | 2000 | 1999 | 1998 | 1997 |
|--|----------------|---------|---------|---------|
| Financial measures | | | | |
| Return on Funds | 14.4% | 12.6% | 16.2% | 15.8% |
| Return on Equity | 7.2% | 8.1% | 10.5% | 8.9% |
| Return on Investment | 9.0% | 7.4% | 27.9% | 8.8% |
| Efficiency Measures | | | | |
| Direct Line cost per Kilometre | \$1,533 | \$1,613 | \$1,885 | \$1,795 |
| Indirect line costs per Electricity Customer | \$71.07 | \$84.79 | \$49.60 | \$54.57 |

The latest available ODV Valuation was prepared by Sinclair Knight Merz (NZ) Limited (trading as Leyland Consultants) as at 31 March 1998 and amounted to \$129,438,500 (1 July 1995 \$104,383,000).

Comparative numbers have not been restated to comply with the current regulations.

FORM FOR DERIVATION OF FINANCIAL AND EFFICIENCY MEASURES FROM THE FINANCIAL STATEMENTS

| | Input & calculations 000's | Symbol in formula | ROF 000's | ROE 000's | ROI 000's |
|---|-------------------------------|----------------------|---------------|---------------|---------------|
| Operating surplus before interest and income tax from financial statements | 25,557 | | | | |
| Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT) | 25,557 | | | | |
| Interest on cash bank balances and short term investments (ISTI) | 4,502 | | | | |
| OSBIT minus ISTI | | a | 21,055 | | 21,055 |
| Net surplus after tax from Financial Statements | 16,244 | | | | |
| Net surplus after tax adjusted pursuant to regulation 18 (NSAT) | | n | | 16,244 | |
| Amortisation of goodwill and other intangibles | | | | | |
| Subvention Payment | | | | | |
| Depreciation of SFA at BV (x) | 4,264 | | | | |
| Depreciation of SFA at ODV (y) | 4,264 | | | | |
| ODV Depreciation tax adjustment | | d | | | |
| Subvention Payment tax adjustment | = x - y | s* | | | |
| Interest Tax Shield | = s*t | q | | | |
| Revaluation's | (1,472) | | | | |
| Income Tax | 9,273 | | | | |
| Numerator (as adjusted) | | r | 21,055 | 16,244 | 13,254 |
| | | p | | | |

| Input & calculations | Symbol in formula | ROF | ROE | ROI |
|--|-------------------|----------------|----------------|----------------|
| Fixed Assets at end of previous financial year (FA0) | | | | |
| Fixed Assets at end of current financial year (FA1) | | | | |
| Adjusted Net Working Capital at end of previous financial year (ANWC0) | | | | |
| Adjusted Net Working Capital at end of current financial year (ANWC1) | | | | |
| Average total funds employed (AEFE) | c | 147,642 | | 147,642 |
| Total Equity at end of previous financial year (TE0) | | | | |
| Total Equity at end of current financial year (TE1) | | | | |
| Average total equity | k | | 225,781 | |
| Works under construction at end of previous financial year (WUC0) | | | | |
| Works under construction at end of current financial year (WUC1) | | | | |
| Average total Works under construction | e | 1,087 | | 1,087 |
| Revaluation's | r | | | |
| Half of revaluation's | r/2 | | | |
| Intangible assets at end of previous financial year (IA0) | | | | |
| Intangible assets at end of current financial year (IA1) | | | | |
| Average Total Intangible asset | m | | | |
| Subvention payment for previous financial year (S0) | | | | |
| Subvention payment current financial year (S1) | | | | |
| Subvention payment tax adjustment for previous financial year | | | | |
| Subvention payment tax adjustment for current financial year | | | | |
| Average subvention payment & related tax adjustment | v | | | |
| System Fixed assets at end of previous financial year at book value (SFAbv0) | | | | |
| System Fixed assets at end of current financial year at book value (SFAbv1) | | | | |
| Average value of system fixed assets at book value | f | 136,644 | 136,644 | 136,644 |
| System Fixed assets at end of previous financial year at ODV value (SFAodv0) | | | | |
| System Fixed assets at end of current financial year at ODV value (SFAodv1) | | | | |
| Average value of system fixed assets at ODV value | h | 136,644 | 136,644 | 136,644 |
| Denominator (as adjusted) | | | | |
| Financial Performance Measure: | | 146,554 | 224,694 | 146,554 |
| | | 14.4% | 7.2% | 9.0% |

Key:

t = maximum statutory income tax rate applying to corporate entities bv= book value ave = average odv = optimised deprival valuation subscript '0' = end of the previous financial year subscript '1' = end of the current financial year ROF = Return on funds ROE = return on equity ROI = return on investment

ANNUAL VALUATION RECONCILIATION REPORT

\$000's

Year ending 31 March 2000

| | |
|---|----------------|
| System fixed assets at ODV - end of previous financial year | 133,917 |
| Add system fixed asset acquired during the year | 9,717 |
| Less system fixed asset disposed of during the year | - |
| Less depreciation on system fixed assets at ODV | (4,264) |
| Add revaluation's of system fixed assets | - |
| Equals system fixed assets at ODV - end of the financial year | <u>139,370</u> |

Schedule 1 Part 4 Energy Delivery Efficiency Performance Measures and Statistics

| | 2000 | 1999 | 1998 | 1997 |
|--|-------------|-------------|-------------|-------------|
| 1 a) Load factor | 60.1% | 62.5% | 62.0% | 58.0% |
| b) Loss ratio | 5.5% | 5.5% | 5.5% | 5.5% |
| c) Capacity utilisation | 37.6% | 33.8% | 34.3% | 36.0% |
| 2 a) Circuit km (total) | | | | |
| 33 kV | 270.70 | 264.00 | 251.40 | 248.00 |
| 11 kV | 2,293.30 | 2,279.00 | 2,131.10 | 2,120.30 |
| 400 V | 1,677.70 | 1,661.00 | 1,230.90 | 1,215.60 |
| TOTAL | 4,241.70 | 4,204.00 | 3,613.40 | 3,583.90 |
| b) Circuit km (overhead) | | | | |
| 33 kV | 196.50 | 196.50 | 188.50 | 186.40 |
| 11 kV | 1,917.20 | 1,912.00 | 1,776.60 | 1,772.60 |
| 400 V | 974.10 | 972.00 | 840.80 | 840.80 |
| TOTAL | 3,087.80 | 3,080.50 | 2,805.90 | 2,799.80 |
| c) Circuit km (underground) | | | | |
| 33 kV | 74.70 | 67.50 | 62.90 | 61.60 |
| 11 kV | 376.10 | 367.00 | 354.50 | 347.70 |
| 400 V | 703.60 | 689.00 | 390.10 | 374.80 |
| TOTAL | 1,154.40 | 1,123.50 | 807.50 | 784.10 |
| d) Transformer capacity (kVA) | 492,330 | 487,500 | 479,202 | 468,317 |
| e) Maximum demand (kW) | 185,000 | 164,700 | 164,330 | 167,380 |
| f) Total electricity supplied from the system (kWh) (excluding losses) | 922,180,000 | 851,690,000 | 845,085,000 | 811,599,531 |
| g) Electricity conveyed through the system for other ER's and generators (kWh) | | | | |
| A | 102,750,000 | 826,000 | | |
| B | 20,293,000 | 3,590,000 | | |
| C | 23,719,000 | 2,447,000 | | |
| D | 24,842,000 | 4,052,000 | | |
| E | 1,892,000 | 2,596,000 | | |
| F | 16,638,000 | 3,800,000 | | |
| G | 38,648,000 | 25,265,000 | | |
| H | 733,000,000 | 71,640,000 | | |
| J | 1,018,000 | | | |
| | 962,800,000 | 114,216,000 | 27,176,000 | 37,700,000 |
| h) Total customers | 70,202 | 68,580 | 67,265 | 65,985 |

Schedule 1 Part 5 Reliability Performance Measures to be Disclosed by Line Owners Other Than TransPower

| | | Target 2001 to 2005 | Target 2001 | Actual 2000 | Actual 1999 | Actual 1998 | Actual 1997 |
|-------|--|------------------------|----------------|----------------|----------------|----------------|----------------|
| 1,2,3 | Total Interruptions | | | | | | |
| | Class A Planned outages TransPower | | | | | | |
| | Class B Planned outages WEL | 30 | 35 | 50 | 46 | 50 | 36 |
| | Class C Unplanned outages WEL | 156 | 173 | 195 | 258 | 261 | 263 |
| | Class D Unplanned outages TransPower | | | 2 | 1 | 1 | - |
| | Class E Unplanned Interruption ECNZ | | | - | - | - | - |
| | Class F Unplanned Interruption other generator | | | - | - | - | - |
| | Class G Other Interruption | | | - | - | - | - |
| | Total | | | 247 | 305 | 312 | 299 |
| 4 | Class C interruptions not restored within 3 hours | | | 14.4% | 0.21 | | |
| | Class C interruptions not restored within 24 hours | | | 0.0% | 0.00 | | |
| 5 | Faults per 100 km (Total) | | | | | | |
| | 33 kV | 0.86 | 1.09 | 6.65 | 2.27 | 10.08 | 15.02 |
| | 11 kV | 6.58 | 7.36 | 7.72 | 11.01 | 16.56 | 15.35 |
| | TOTAL | 5.97 | 6.70 | 7.61 | 10.11 | 15.73 | 15.17 |
| 6 | Faults per 100 km (Overhead) | | | | | | |
| | 33 kV | | | 8.67 | 2.04 | 10.08 | 15.02 |
| | 11 kV | | | 8.40 | 12.60 | 12.89 | 12.75 |
| | TOTAL | | | 8.33 | 11.62 | 12.62 | 12.97 |

Schedule 1 Part 5 Reliability Performance Measures to be Disclosed by Line Owners Other Than TransPower

| | | Target 2001 to 2005 | Target 2001 | Actual 2000 | Actual 1999 | Actual 1998 | Actual 1997 |
|-----|---------------------------------|------------------------|----------------|----------------|----------------|----------------|----------------|
| 7 | Faults per 100 km (Underground) | | | | | | |
| | 33 kV | | | 1.34 | 2.96 | - | - |
| | 11 kV | | | 4.25 | 2.72 | 3.67 | 2.60 |
| | TOTAL | | | 3.77 | 2.99 | 3.11 | 2.20 |
| 8,9 | SAIDI | | | | | | |
| | Class A | | | | | | |
| | Class B | | | | | | |
| | Class C | | | | | | |
| | Class D | | | | | | |
| | Class E | | | | | | |
| | Class F | | | | | | |
| | Class G | | | | | | |
| | TOTAL | | | 116.21 | 184.61 | 191.19 | 175.79 |

Schedule 1 Part 5 Reliability Performance Measures to be Disclosed by Line Owners Other Than TransPower

| | | Target 2001 to 2005 | Target 2001 | Actual 2000 | Actual 1999 | Actual 1998 | Actual 1997 |
|-------|---------|------------------------|----------------|----------------|----------------|----------------|----------------|
| 10,11 | SAIFI | | | | | | |
| | Class A | | 0.05 | 0.06 | 0.05 | - | - |
| | Class B | 0.05 | 0.05 | 0.06 | 0.05 | 0.06 | 0.04 |
| | Class C | 1.46 | 1.65 | 2.31 | 1.84 | 2.12 | 3.15 |
| | Class D | | | 0.08 | 0.59 | 0.14 | - |
| | Class E | | | - | - | - | - |
| | Class F | | | - | - | - | - |
| | Class G | | | - | - | - | - |
| | TOTAL | | | 2.45 | 2.48 | 2.32 | 3.19 |
| 12,13 | CAIDI | | | | | | |
| | Class A | | 85.00 | 78.15 | 94.71 | - | - |
| | Class B | 80.00 | 85.00 | 78.15 | 94.71 | 79.58 | 84.93 |
| | Class C | 61.00 | 65.00 | 46.25 | 71.97 | 67.73 | 54.83 |
| | Class D | | | 63.31 | 80.07 | 301.34 | - |
| | Class E | | | - | - | - | - |
| | Class F | | | - | - | - | - |
| | Class G | | | - | - | - | - |
| | TOTAL | | | 47.52 | 74.39 | 82.56 | 55.16 |



PricewaterhouseCoopers
113-119 The Terrace
PO Box 243
Wellington, New Zealand
Telephone +64 4 462 7000
Facsimile +64 4 462 7001

Auditor's Report

To the readers of the financial statements of WEL Energy Group Limited – Lines Business

We have audited the accompanying financial statements of WEL Energy Group Limited – Lines Business. The financial statements provide information about the past financial performance of WEL Energy Group Limited – Lines Business and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 WEL Energy Group Limited – Lines Business as at 31 March 2000, and the 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 WEL Energy Group Limited – Lines Business' 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 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 auditors and consultants we have no relationship with or interests in WEL Energy Group Limited.



Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been kept by WEL Energy Group Limited as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of WEL Energy Group Limited – Lines Business as at 31 March 2000 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 19 July 2000 and our unqualified opinion is expressed as at that date.

A handwritten signature in cursive script that reads "Price Waterhouse Coopers".

Chartered Accountants

Auckland



PricewaterhouseCoopers
113-119 The Terrace
PO Box 243
Wellington, New Zealand
Telephone +64 4 462 7000
Facsimile +64 4 462 7001

Auditors' Opinion of Performance Measures

WEL Energy Group Limited – Lines Business

We have examined the attached information, being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, -

that were prepared by WEL Energy Group Limited – Lines Business and dated 19 July 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, 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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

Chartered Accountants

Auckland