



# New Zealand Gazette

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## BULLER ELECTRICITY LIMITED

### INFORMATION FOR DISCLOSURE

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

## BULLER ELECTRICITY LIMITED ■ LINE BUSINESS

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

WE, **Martin Sawyers** and **Coraleen White**, Directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Buller 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 the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Buller 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 measures are based are as at 31 March 2001.

Dated this 16<sup>th</sup> day of August 2001.

For and on behalf of Directors

  
 \_\_\_\_\_  
**M SAWYERS**  
 Director

  
 \_\_\_\_\_  
**C P WHITE**  
 Director

### CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

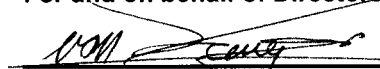
WE, **Martin Sawyers** and **Coraleen White**, Directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached valuation report of Buller Electricity Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The replacement cost of the line business system fixed assets of Buller Electricity Limited is \$23,093,058; and
- (c) The depreciated replacement cost of the line business system fixed assets of Buller Electricity Limited is \$13,242,514; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Buller Electricity Limited is \$13,219,371; and
- (e) The optimised deprival valuation of the line business system fixed assets of Buller Electricity Limited is \$13,219,371; and
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.

Dated this 16<sup>th</sup> day of August 2001.

For and on behalf of Directors

  
 \_\_\_\_\_  
**M SAWYERS**  
 Director

  
 \_\_\_\_\_  
**C P WHITE**  
 Director

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS****STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2001**

	Note	2001 \$	2000 \$
Revenue		4,754,282	4,298,560
Expense		3,332,379	4,086,499
Net Surplus Before Tax		1,421,903	212,061
Less Taxation Expense	2	396,205	(22,994)
Net Surplus after Tax		<u>1,025,698</u>	<u>235,055</u>

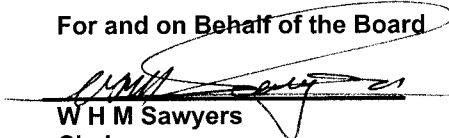
**STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2001**


	Note	2001 \$	2000 \$
Equity as at 1 April 2000		15,437,535	15,301,480
Net Surplus for the Year		1,025,698	235,055
Revaluation Reserve Movements	3	(198,382)	(57,000)
Total Recognised Revenues and Expenses for the Year		827,316	178,055
Reallocation of Equity		686,200	0
Dividend		<u>(240,000)</u>	<u>(42,000)</u>
Equity as at 31 March 2000		<u>16,711,051</u>	<u>15,437,535</u>

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS****STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2001**

	Note	2001 \$	2000 \$
<b>Equity</b>			
Share Capital		4,964,358	4,964,358
Reserves	3	9,083,325	9,281,707
Retained Earnings		2,663,368	1,191,470
<b>Total Equity</b>		<b>16,711,051</b>	<b>15,437,535</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash at Bank and on Hand		20,657	20,750
Short Term Deposits		3,368,000	2,245,000
Receivables and Prepayments		488,378	419,036
Tax Refund Due		0	41,135
Other		4,707	2,086
		<b>3,881,742</b>	<b>2,728,007</b>
<b>Current Liabilities</b>			
Creditors		249,185	406,701
Provision for Dividend		240,000	42,000
Taxation Payable		19,301	0
		<b>508,486</b>	<b>448,701</b>
<b>Net Current Assets</b>		<b>3,373,256</b>	<b>2,279,306</b>
<b>Non Current Assets</b>			
Fixed Assets	4	13,335,297	13,155,731
Long Term Investments		2,498	2,498
		<b>13,337,795</b>	<b>13,158,229</b>
<b>Net Assets</b>		<b>16,711,051</b>	<b>15,437,535</b>

For and on Behalf of the Board

  
 W H M Sawyers  
 Chairman

  
 C P White  
 Director
16<sup>th</sup> August 2001

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS****STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2001**

	Note	2001 \$	2000 \$
<b>Cash Flows from Operating Activities</b>			
Cash was provided from:			
Receipts from customers		4,570,098	4,154,626
Interest received		194,719	109,059
Taxation Refund		0	368,005
Net GST		0	25,256
		<u>4,764,817</u>	<u>4,656,946</u>
Cash was disbursed to:			
Payment to Employees		343,821	330,179
Payments to Suppliers		2,700,685	3,062,484
Income Tax Paid		200,000	172,234
		<u>3,244,506</u>	<u>3,564,897</u>
Net cash inflow from operating activities	10	<u>1,520,311</u>	<u>1,092,049</u>
<b>Cash Flows from Investing Activities</b>			
Cash was provided from:			
Sale of Fixed Assets		9,069	7,660
Sale of Investments		0	151,653
		<u>9,069</u>	<u>159,313</u>
Cash was applied to:			
Purchase of fixed assets		364,473	194,016
		<u>364,473</u>	<u>194,016</u>
Net cash flows from investing activities		<u>(355,404)</u>	<u>(34,703)</u>
<b>Cash Flow from Financing Activities</b>			
Cash was provided from:			
Increase in term liabilities			
Cash was applied to:			
Dividend Paid		42,000	258,762
Net cash outflow from financing activities		<u>(42,000)</u>	<u>(258,762)</u>
Net increase in cash held		1,122,907	798,584
Add opening cash brought forward		2,265,750	1,467,166
Ending cash and Short Term Deposits carried forward		<u>3,388,657</u>	<u>2,265,750</u>
<b>Cash Balances in the Statement of Financial Position</b>			
Cash at Bank and on Hand		20,657	20,750
Short Term Deposits		3,368,000	2,245,000
		<u>3,388,657</u>	<u>2,265,750</u>

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS****Notes to and forming part of the Financial Statements  
for the Year Ended 31 march 2001****1 STATEMENT OF ACCOUNTING POLICIES**

Buller Electricity Limited is a public company registered under the Companies Act 1993. These financial statements have been prepared for the purpose of complying with the requirements of the Electricity [Information Disclosure] Amendment Regulations 2000.

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these statements.

**Specific Accounting Policies**

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

- a) **Revenue**  
Fixed and variable line charges are recognised as actual amounts invoiced during the period together with an accrual for the estimated value of unbilled variable line charges at balance date. Contributions received from customers towards the cost of reticulating subdivisions and constructing line extensions are recognised as revenue in the year received.
- b) **Receivables**  
Receivables are stated at their estimated realisable value after providing for doubtful debts. All known bad debts have been written off during the year.
- c) **Investments**  
Investments are recorded at the lower of cost or net realisable value.
- d) **Fixed Assets**  
The System Fixed Assets were revalued on an optimised depreciated replacement cost basis by independent valuers on 31 March 2001 and subsequently will be revalued at least every 3 years. Additions to the System Fixed Assets since revaluation are stated at cost.

Assets constructed by the company are capitalised at direct cost.

Land and buildings were revalued by Coast Valuations Limited an independent registered valuer as at 31 March 2001 in accordance with the New Zealand Institute of Valuers Asset Valuation Standards at net current value.

All other fixed assets are recorded at cost less accumulated depreciation.

- e) **Depreciation**  
Depreciation is provided on a straight line basis so as to write off the cost of the fixed assets to their expected residual value over their estimated useful lives as follows:

Buildings	40 – 50 years
Distribution System	3 – 60 years
Other	3 – 10 years

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS****f) Employee Entitlements**

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees. Allowance is also made for the present value of future staff retirement and gratuity benefits.

**g) Goods and Services Tax (GST)**

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and creditors which include GST.

**h) Income Tax**

Income tax expense is recognised on the surplus before taxation adjusted for permanent differences between taxable and accounting income. Deferred tax is calculated using the partial basis under the liability method. This basis is applied by considering the cumulative income tax effect of all timing differences, but recognising in the financial statements, as deferred tax, the income tax effect only to the extent that it can be foreseen to crystallise in the future. Deferred tax assets are only recognised to the extent that there is virtual certainty of realisation.

**i) Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and bank balances, investments, receivables and trade creditors. These instruments are carried at their estimated fair value.

**j) Statement of Cash Flows**

The following are the definitions of the terms used in the Statements of Cash Flows.

- (i) Cash means all cash balances, bank accounts and demand deposits which the company invests as part of its day to day cash management.
- (ii) Operating activities include cash received from all revenue sources of the company and records all cash payments made by the company for the supply of goods and services.
- (iii) Investing activities are those activities relating to the ownership of shares in investment companies and disposal/acquisition of fixed assets.
- (iv) Financing activities are those activities which change the debt and equity structure of the company.

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies and all policies have been applied on a basis consistent with those used in previous years.

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

	2001 \$	2000 \$
<b>2 TAXATION</b>		
Net Surplus before Taxation	1,421,903	212,061
Prima Facie Taxation at 33%	469,228	69,980
Plus tax loss not previously applied	(7,587)	
Plus Tax effect of permanent differences	(14,373)	151,579
Less Tax effect of timing differences not Recognised	(34,823)	(240,236)
Less Prior Year Adjustment	(16,240)	(4,317)
Total Taxation Expense (Benefit)	<u>396,205</u>	<u>(22,994)</u>
The Taxation charge comprises:		
- current taxation	396,205	131,099
- deferred taxation	<u>0</u>	<u>(154,093)</u>
	<u>396,205</u>	<u>(22,994)</u>

A deferred tax liability of \$1,446,976 has not been recognised. This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

**3 RESERVES**

Share Premium Reserve	255,795	255,795
Revaluation Reserve Land and Buildings	51,093	132,351
Revaluation Distribution System	8,742,387	8,859,511
Revaluation other Assets	<u>34,050</u>	<u>34,050</u>
	<u>9,083,325</u>	<u>9,281,707</u>

**4 FIXED ASSETS****System Fixed Assets**

At Valuation	13,219,371	13,956,966
Accumulated Depreciation	<u>0</u>	<u>(1,112,127)</u>
Net Book Value at Valuation 31/3/01	13,219,371	12,844,839

**Land**

At Valuation 31/03/01	0	22,579
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**Buildings**

At Valuation	27,500	183,247
Accumulated Depreciation	<u>0</u>	<u>(10,736)</u>
Net Book Value at Valuation 31/3/01	27,500	172,511

**Customer Billing and IS**

Cost	116,112	107,348
Accumulated Depreciation	<u>(98,336)</u>	<u>(78,848)</u>
Net Book Value	17,776	28,500



**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
<b>Office Equipment</b>		
Cost	79,599	76,665
Accumulated Depreciation	(40,415)	(31,984)
Net Book Value	39,184	44,681
<b>Motor Vehicles</b>		
Cost	38,973	38,973
Accumulated Depreciation	(16,051)	(10,789)
Net Book Value	22,922	28,184
<b>Other</b>		
Cost	48,042	47,953
Depreciation	(39,498)	(33,516)
Net Book Value	8,544	14,437
Total Net Book Value	<u>13,335,297</u>	<u>13,155,731</u>

The System Fixed Assets were revalued by A C Consulting Group Limited on 31 March 2001 to a value of \$13,219,371 on an optimised depreciated replacement cost basis. Land and Buildings were revalued by Coast Valuation Limited on 31 March 2001.

**5 SEGMENTAL REPORTING**

Buller Electricity operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand and are therefore within one geographical segment for reporting purposes.

**6 RELATED PARTIES**

The related parties of Buller Electricity Limited are the Buller Electric Power Trust and Buller Energy Limited.

- (i) The company is 100% owned by the Buller Electric Power Trust. During the year the company:
- paid the Trust \$42,000 as a dividend relating to the previous years provision
  - provision has been made in the accounts for payment of a dividend of \$240,000
- (ii) Buller Electricity Limited purchased line construction and maintenance services at cost from its contracting division for the period 1 April 2000 to 31 March 2001. At year end there were no outstanding balances for related parties and no debts were written off or forgiven during the year.

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
Construction of subtransmission assets	32,020	0
Construction of zone substations	0	90,776
Construction of distribution lines and cables	85,116	43,044
Construction of medium voltage switchgear	64,128	7,647
Construction of distribution transformers	108,216	753
Construction of distribution substations	46,308	2,519
Construction of low voltage reticulation	24,545	16,129
Construction of other system fixed assets	4,140	0
Maintenance of assets	412,907	695,776
Consumer connections and disconnections	1,925	4,157
Other Services	1,337	13,380

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS****7 Financial Instruments****(a) Credit Risk**

- i) In the normal course of business the company incurs credit risks being cash, bank deposits and debtors transactions with electricity retailers and financial institutions.
- ii) The company has a credit evaluation policy and requires a bond or a guarantee from customers.
- iii) The company has concentrations of credit risk in accounts receivable balances. Of total electricity line charges receivable, 96% are due from TrustPower Limited and Meridian Energy Limited.
- iv) The company has a policy that minimises its credit risk to financial institutions by limiting the amount of cash and short term investments placed with any one financial institution at any one time.

**(b) Interest Rate Risk**

- i) The exposure to interest rate risk arises from the level of short term deposits held. At balance date 36% of short term deposits reprice within six months, and 64% reprice between six months and one year.
- ii) Deposit interest rates range from 6.2% pa - 7.25% pa at balance date.

**(c) Fair Values**

The directors consider that the carrying amount of financial instruments in the statement of financial position is equal to their fair value.

**8 Commitments**

There are no capital commitments at balance date.

(2000  
Nil)

**9 Contingent Liabilities**

There is a contingent liability for discrepancies that may arise on the reconciliation of energy transported versus energy charged by the various energy retailers. The potential or maximum liability is not able to be estimated. The same contingent liability existed in 2000.

	2001 \$	2000 \$
<b>10 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Reported Net Surplus after tax	1,025,698	235,055
Add (Less) Non Cash Items:		
Depreciation	342,931	531,716
Add (Less) Movements in Working Capital Items:		
Decrease (Increase) in Tax Receivable/Payable	60,434	172,777
Decrease (Increase) in Receivables	(69,342)	13,452
(Decrease) Increase in Creditors	(157,516)	148,195
Decrease (Increase) in other Current Assets	(2,621)	(2,086)
Estimated other business Working Capital Movements included in Operating Cash Flows	254,768	(39,353)
	<u>85,723</u>	<u>292,985</u>
Add (Less) Movements in Non-current Items:		
Add (Less) Items Classified as Investing Activities	65,959	32,293
Net Loss (Gain) on Disposal of Assets	<u>65,959</u>	<u>32,293</u>
Net Cash Inflows from Operating Activities	<u>1,520,311</u>	<u>1,092,049</u>

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS****11 Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.****Statement of Financial Position Disclosure (Schedule 1, Part 2)**

<b>1</b>	<b>Current Assets</b>		
	(a) Cash & Bank balances	20,657	20,750
	(b) Short term investments	3,368,000	2,245,000
	(c) Inventories	0	0
	(d) Accounts receivable	488,378	419,036
	(e) Other current assets not listed in (a) to (d)	4,707	43,221
	(f) Total current assets	<b>3,881,742</b>	<b>2,728,007</b>
<b>2</b>	<b>Fixed Assets</b>		
	(a) System fixed assets	13,219,371	12,844,839
	(b) Customer billing and information system assets	17,776	28,500
	(c) Motor Vehicles	22,922	28,184
	(d) Office Equipment	39,184	44,681
	(e) Land and Buildings	27,500	195,090
	(f) Capital works under construction	0	0
	(g) Other fixed assets not listed in (a) to (f)	8,544	14,437
	(h) Total fixed assets	<b>13,335,297</b>	<b>13,155,731</b>
<b>3</b>	<b>Other tangible assets not listed above</b>	2,498	2,498
<b>4</b>	<b>Total tangible assets</b>	<b>17,219,537</b>	<b>15,886,236</b>
<b>5</b>	<b>Intangible assets</b>		
	(a) Goodwill	0	0
	(b) Other intangible not listed in (a)	0	0
	(c) Total intangible assets	0	0
<b>6</b>	<b>Total Assets</b>	<b>17,219,537</b>	<b>15,886,236</b>
<b>7</b>	<b>Current Liabilities</b>		
	(a) Bank Overdraft	0	0
	(b) Short term borrowings	0	0
	(c) Payables and accruals	249,185	406,701
	(d) Provision for dividend payable	240,000	42,000
	(e) Provision for income tax	19,301	0
	(f) Other Current Liabilities not listed in (a) to (e)	0	0
	(g) Total Current Liabilities	<b>508,486</b>	<b>448,701</b>
<b>8</b>	<b>Non-current Liabilities</b>		
	(a) Payables and accruals	0	0
	(b) Borrowings	0	0
	(c) Deferred tax	0	0
	(d) Other Non-current Liabilities not listed in (a) to (c)	0	0
	(e) Total Non-current Liabilities	0	0
<b>9</b>	<b>Equity</b>		
	(a) Shareholders equity		
	(i) Share Capital	4,964,358	4,964,358
	(ii) Retained Earnings	2,663,368	1,191,470
	(iii) Reserves	9,083,325	9,281,707
	(iv) Total Shareholders equity	16,711,051	15,437,535
	(b) Minority interests in subsidiaries	0	0
	(c) Total Equity	16,711,051	15,437,535
	(d) Capital Notes	0	0
	(e) Total capital funds	16,711,051	15,437,535
<b>10</b>	<b>Total equity and liabilities</b>	<b>17,219,537</b>	<b>15,886,236</b>

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

Statement of Financial Performance Disclosure (Schedule 1, Part 2)

	2001 \$	2000 \$
<b>11 Operating revenue</b>		
(a) Revenue from line/access charges	4,102,425	3,982,792
(b) Revenue from "Other" business (transfer payment)	0	0
(c) Income from interest on bank & short term investments	194,719	109,247
(d) AC loss rental rebates	309,915	87,064
(e) Other operating revenue not listed in (a) to (d)	147,223	119,457
(f) Total operating revenue	4,754,282	4,298,560
<b>12 Operating expenditure</b>		
(a) Transmission Charges	<b>1,566,767</b>	<b>1,471,675</b>
(b) Transfer payments to "Other" business		
(i) Asset maintenance	412,907	695,776
(ii) Consumer disconnections and reconnections	1,925	4,157
(iii) Meter data	0	264
(iv) Consumer based load control	1,337	13,116
(v) Royalty and patent expenses	0	0
(vi) Avoided transmission charges for own generation	0	0
(vii) Other goods & services not listed in (i) to (vi) above	0	0
(viii) Total transfer payment to the "Other" business	416,169	713,313
(c) Payments to non-related entities		
(i) Asset maintenance	0	5,157
(ii) Consumer disconnections and reconnections	0	0
(iii) Meter data	0	0
(iv) Consumer based load control	0	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties	0	5,157
(d) Employee salaries, wages and redundancies	343,821	355,112
(e) Consumer billing and information system expense	19,211	15,557
(f) Depreciation on		
(i) System fixed assets	290,736	477,407
(ii) Other assets not listed in (i)	52,195	54,309
(iii) Total depreciation expense	342,931	531,716
(g) Amortisation of		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	195,959	70,084
(i) Human resource expense	29,491	47,436
(j) Marketing and advertising	4,463	7,049
(k) Merger and acquisition expenses	0	0
(l) Takeover defence expenses	0	0
(m) Research and development expenses	0	0
(n) Consultancy and legal expenses	200,012	193,445
(o) Donations	35,555	3,757
(p) Directors fees	62,750	64,401
(q) Audit fees		
(i) Audit fees paid to principal auditors	26,057	20,000
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by auditors	0	3,000
(iv) Total auditors fees	26,057	23,000
(r) Costs of offering credits		
(i) Bad debts written off	0	2,237
(ii) Increase in estimated doubtful debts	0	7,600
(iii) Total costs of offering credit	0	9,837
(s) Local authority rates	5,751	3,817
(t) AC loss-rental (distribution of) expense	0	0

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

	2001	2000
	\$	\$
(u) Rebates to customers due to ownership interest	0	299,602
(v) Subvention payments	0	0
(w) Unusual expenses	0	103,708
(x) Other expenditure not listed in (a) to (w)	83,442	167,833
<b>13 Total operating expenditure</b>	<b>3,332,379</b>	<b>4,086,499</b>
<b>14 Operating surplus before interest and income tax</b>	<b>1,421,903</b>	<b>212,061</b>
<b>15 Interest</b>		
(a) Interest expenses on borrowings	0	0
(b) Financing charges related to finance leases	0	0
(c) Other interest expense	0	0
(d) Total interest expense	0	0
<b>16 Operating surplus before income tax</b>	<b>1,421,903</b>	<b>212,061</b>
<b>17 Income Tax</b>	396,205	(22,994)
<b>18 Net surplus after tax</b>	<b>1,025,698</b>	<b>235,055</b>

**12 PERFORMANCE MEASURES**

Disclosure of financial performance measures and efficiency performance measures under regulation 15 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	2001	2000	1999	1998
<b>1 Financial Performance Measures</b>				
(a) Return on Funds	9.20%	0.75%	5.47%	6.19%
(b) Return on Equity	6.38%	1.53%	3.63%	4.41%
(c) Return on Investment	5.19%	0.77%	96.46%	7.26%
<b>2 Efficiency Performance Measures</b>				
(a) Direct line costs per kilometre	\$1,179	\$1,886	\$1,565	\$1,222
System Length	592.93	578.50	574.27	574.27
(b) Indirect line costs per electricity customer	\$154	\$163	\$127	\$169
Total consumers	4,258	4,241	4,243	4,250

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

Disclosure of energy delivery efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	2001	2000	1999	1998
1 Energy Delivery efficiency performance measures:				
(a) Load Factor (=a/b*c*100)	70.17%	70.81%	65.39%	64.66%
a = kWh of electricity entering system				
b = Maximum demand				
c = Total number of hours in year				
(b) Loss Ratio (=a/b*100)	2.53%	2.86%	3.40%	4.32%
a = losses in electricity in kWh				
b = kWh of electricity entering system				
(c) Capacity Utilisation (=a/b*100)	55.05%	56.08%	59.2%	62.3%
a = Maximum demand				
b = Transformer Capacity				
2 Statistics				
(a) System Length				
Circuit Kilometres 33kV	111.49	111.49	111.31	111.31
Circuit Kilometres 11kV	350.50	336.27	332.82	332.82
Circuit Kilometres 400V	130.94	130.74	130.14	130.14
Total	<u>592.93</u>	<u>578.50</u>	<u>574.27</u>	<u>574.27</u>
(b) System Length Overhead				
Circuit Kilometres 33kV	111.31	111.31	111.31	111.31
Circuit Kilometres 11kV	346.10	333.01	330.11	330.11
Circuit Kilometres 400V	119.45	119.25	119.25	119.25
Total Overhead	<u>576.86</u>	<u>563.57</u>	<u>560.67</u>	<u>560.67</u>
(c) System Length Underground				
Circuit Kilometres 33kV	0.18	0.18	0	0
Circuit Kilometres 11kV	4.40	3.26	2.71	2.71
Circuit Kilometres 400V	11.49	11.49	10.89	10.89
Total Underground	<u>16.07</u>	<u>14.93</u>	<u>13.60</u>	<u>13.60</u>
(d) Transformer Capacity (In Kilovolt Amperes)	27,380	26,875	26,640	25,930
(e) Maximum Demand	15,072	15,072	15,818	16,150

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

(f)	Total electricity supplied from the system after losses (in Kilowatt Hours)	90,304,332	91,068,243	90,609,887	91,472,062
(g)	Electricity conveyed for each retailer including losses.	92,646,248	93,745,841	87,519,601	87,525,038
	Retailer 1	48,750,538	50,522,001		
	Retailer 2	38,518,486	40,926,034		
	Retailer 3	3,327,295	1,451,263		
	Retailer 4	<u>2,049,929</u>	<u>846,543</u>		
		<u>92,646,248</u>	<u>93,745,841</u>		
(h)	Total Customers	4,258	4,241	4,243	4,250

**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

Disclosure of reliability performance measures under regulation 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	2001	2000	1999	1998
1 Total Number of Interruptions				
Class A - Planned by Transpower	0	0	0	0
Class B - Planned by Line Owners	21	33	51	36
Class C - Unplanned by Line Owners	45	58	56	97
Class D - Unplanned by Transpower	0	1	0	1
Class E - Unplanned by ECNZ	0	0	0	0
Class F - Unplanned by other generation	0	0	0	0
Class G - Any Other Loss of Supply	0	1	0	0
	<u>66</u>	<u>93</u>	<u>107</u>	<u>134</u>
2 Interruption Targets for 2001/2002				
Class B - Planned by Line Owners	45			
Class C - Unplanned by Line Owners	65			
3 Average Interruption Targets for 2002/2006 to 2004/2005 years				
Class B - Planned by Line Owners	45	45	45	41
Class C - Unplanned by Line Owners	65	65	65	65
4 Proportion of Class C Interruptions not restored within: (=a/b*100)	20%			
3 Hours				
a = number of interruptions not restored within 3	9			
b = Total number of Class C interruptions	45			
24 Hours				
a = number of interruptions not restored within 2	0			
b = Total number of Class C interruptions	45			
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
11kV	13	17	24.32	29.95
33kV	1	2	6	0
(b) Target for 2001/2002 year				
11kV	15			
33kV	2			
(c) Average Target for 2002/2006 years				
11kV	12			
33kV	12			
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
11kV	23	67	0	0
7 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
33kV	1	2	6	30.13
11kV	12	16	14	2.70
8 The SAIDI for the total number of interruptions	313.66	365.88	381.50	369.80
9 SAIDI targets for 2001/2002				
Class B - Planned by Line Owners	188			
Class C - Unplanned by Line Owners	141			



**BULLER ELECTRICITY LIMITED ■ LINE BUSINESS**

	2001	2000	1999	1998	
10	Average SAIDI targets for 2002/2006 years				
	Class B - Planned by Line Owners	141	141	125	120
	Class C - Unplanned by Line Owners	117	118	250	250
11	The SAIDI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0	0	0
	Class B - Planned by Line Owners	172.62	218.41	147.88	123.16
	Class C - Unplanned by Line Owners	141.05	146.51	233.63	201.61
	Class D - Unplanned by Transpower	00	0.32	0	45.03
	Class E - Unplanned by ECNZ	0	0	0	0
	Class F - Unplanned by other generator	0	0	0	0
	Class G - Any Other Loss of Supply	0	0.64	0	0
12	The SAIFI for the total number of Interruptions	2.14	3.11	3.30	4.90
13	SAIFI Targets for 2001/2002				
	Class B - Planned by Line Owners	0.90			
	Class C - Unplanned by Line Owners	0.70			
14	Average SAIFI targets for 2002/2006 years				
	Class B - Planned by Line Owners	0.80	0.80	0.83	0.80
	Class C - Unplanned by Line Owners	0.70	1.80	2.30	2.30
15	The SAIFI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0	0	0
	Class B - Planned by Line Owners	0.71	0.95	0.91	0.79
	Class C - Unplanned by Line Owners	1.43	2.15	2.39	3.11
	Class D - Unplanned by Transpower	0	0.01	0	1.00
	Class E - Unplanned by ECNZ	0	0	0	0
	Class F - Unplanned by other generator	0	0	0	0
	Class G - Any Other Loss of Supply	0	0	0	0
16	The CAIDI for the total number of interruption	146.4	117.0	115.7	75.50
17	CAIDI targets for 2001/2002				
	Class B - Planned by Line Owners	200			
	Class C - Unplanned by Line Owners	78			
18	Average CAIDI Target for 2002/2006 years				
	Class B - Planned by Line Owners	163			
	Class C - Unplanned by Line Owners	75			
19	The CAIDI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0	0	0
	Class B - Planned by Line Owners	242	230	163.14	156.41
	Class C - Unplanned by Line Owners	99	68	97.68	64.83
	Class D - Unplanned by Transpower	0	27	0	45.0
	Class E - Unplanned by ECNZ	0	0	0	0
	Class F - Unplanned by other generator	0	0	0	0
	Class G - Any Other Loss of Supply	0	340	0	0

SCHEDULE 1 - PART 7  
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	1,421,903				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	1,421,903				
Interest on cash, bank balances, and short-term investments (ISTI)	194,719				
OSBIT minus ISTI	1,227,184	a	1,227,184		1,227,184
Net surplus after tax from financial statements	1,025,698				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,025,698	n		1,025,698	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	290,736				
Depreciation of SFA at ODV (y)	290,736				
ODV depreciation adjustment	0	d	add	add	add
Subvention payment tax adjustment	0	s <sup>t</sup>	deduct	deduct	deduct
Interest tax shield	-64,257	q			-64,257
Revaluations	-198,382	r			-198,382
Income tax	396,205	p			396,205
<b>Numerator</b>			OSBIT <sup>ROF</sup> = a + g + s + d	NSAT <sup>ROE</sup> = n + g + s - s <sup>t</sup> + d	OSBIT <sup>ROI</sup> = a + g - q + r + s + d - p - s <sup>t</sup>
Fixed assets at end of previous financial year (FA <sub>0</sub> )	13,155,731				
Fixed assets at end of current financial year (FA <sub>1</sub> )	13,335,297				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	7,364				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	170,601				
Average total funds employed (ATFE)	13,334,497 (or regulation 33 time-weighted average)	c	13,334,497		13,334,497
Total equity at end of previous financial year (TE <sub>0</sub> )	15,437,535				
Total equity at end of current financial year (TE <sub>1</sub> )	16,711,051				
Average total equity	16,074,293 (or regulation 33 time-weighted average)	k		16,074,293	
WUC at end of previous financial year (WUC <sub>0</sub> )	0				
WUC at end of current financial year (WUC <sub>1</sub> )	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct	deduct	deduct

SCHEDULE 1 - PART 7  
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Revaluations	-198,382	r			
Half of revaluations	-99,191	r/2			deduct -99,191
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0				
Intangible assets at end of current financial year (IA <sub>1</sub> )	0				
Average total intangible asset	0	m		add 0	
(or regulation 33 time-weighted average)					
Subvention payment at end of previous financial year (S <sub>0</sub> )	0				
Subvention payment at end of current financial year (S <sub>1</sub> )	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v		add 0	
(or regulation 33 time-weighted average)					
System fixed assets at end of previous financial year at book value (SFA <sub>book,0</sub> )	12,844,839				
System fixed assets at end of current financial year at book value (SFA <sub>book,1</sub> )	13,219,371				
Average value of system fixed assets at book value	13,032,105	f	deduct 13,032,105	deduct 13,032,105	deduct 13,032,105
(or regulation 33 time-weighted average)					
System Fixed assets at year beginning at ODV value (SFA <sub>odv,0</sub> )	12,844,839				
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,1</sub> )	13,219,371				
Average value of system fixed assets at ODV value	13,032,105	h	add 13,032,105	add 13,032,105	add 13,032,105
(or regulation 33 time-weighted average)					
<b>Denominator</b>					
<b>Financial Performance Measure:</b>			ROF = OSBIT <sup>odv</sup> /ATFE <sup>odv</sup> x 100	ROE = NSAT <sup>odv</sup> /ATE <sup>odv</sup> x 100	ROI = OSBIT <sup>odv</sup> /ATFE <sup>odv</sup> x 100
			13,334,497	16,074,293	13,433,688
			ATFE <sup>odv</sup> = c - e - f + h	Ave TE <sup>odv</sup> = k - e - m + v - f + h	ATFE <sup>odv</sup> = c - e - 1/2r - f + h
			9.20	6.38	5.19

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



**AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES OF  
BULLER ELECTRICITY LIMITED**

We have examined the information on pages 10 to 18, being –

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

that were prepared by Buller Electricity Limited and dated 16 August 2001 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In my opinion, 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, appearing to read 'Peter Young', written in a cursive style.

Peter Young  
KPMG

On behalf of the Controller and Auditor-General  
Christchurch, New Zealand  
16 August 2001



## **REPORT OF THE AUDIT OFFICE**

### **TO THE READERS OF THE FINANCIAL STATEMENTS OF BULLER ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2001**

We have audited the financial statements of Buller Electricity Limited on pages 1 to 12. The financial statements provide information about the past financial performance of Buller Electricity Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages 5 and 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 Buller Electricity Limited at 31 March 2001 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 Peter Young of KPMG 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 Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Buller Electricity Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and performance information 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.



We have carried out other assignments for Buller Electricity Limited in the areas of taxation and business advisory matters. Other than these assignments, we have no relationship with or interests in Buller Electricity Limited.

### **Unqualified Opinion**

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

In our opinion –

- proper accounting records have been kept by Buller Electricity Limited as far as appears from our examination of those records; and
- the financial statements on pages 1 to 12 –
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of Buller Electricity Limited as at 31 March 2001 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 16 August 2001 and our unqualified opinion is expressed as at that date.

Peter Young  
KPMG

On behalf of the Controller and Auditor-General  
Christchurch, New Zealand