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EASTLAND NETWORK LIMITED

INFORMATION FOR DISCLOSURE

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

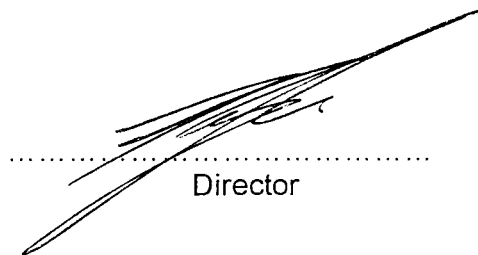
**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES
DISCLOSED BY EASTLAND NETWORK LIMITED**

We, Arthur Patrick Muldoon and Trevor William Taylor, directors of Eastland Network Ltd certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of Eastland Network Ltd, prepared for the purposes of regulation 6 of the Electricity (Information Disclosures) 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 Eastland Network 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.


Director


Director

Dated this *24th* day of August 2001

Statement of financial performance*For the year ended 31 March 2001*

	Note	2001 \$'000	2000 \$'000
Operating Revenue	2	22,053	19,585
Operating Expenses	3	<u>16,048</u>	<u>13,358</u>
Earnings before Interest and Tax		6,005	6,227
Interest Expense	4	<u>451</u>	<u>290</u>
Net Surplus before Taxation		5,554	5,937
Taxation	5	<u>1,591</u>	<u>2,087</u>
Net Surplus after Taxation		<u>3,963</u>	<u>3,850</u>

Statement of movements in equity*For the year ended 31 March 2001*

	Note	2001 \$'000	2000 \$'000
Equity at beginning of year		<u>14,903</u>	<u>16,325</u>
Net surplus after taxation		3,963	3,850
Increase (decrease) in value of land and buildings recognised in equity		<u>(344)</u>	<u>106</u>
Total recognised revenues and expenses		3,619	3,957
Dividends paid	8	<u>793</u>	<u>5,379</u>
Equity at end of year		<u>17,729</u>	<u>14,903</u>

Statement of financial position*For the year ended 31 March 2001*

	Note	2001 \$'000	2000 \$'000
Equity			
Share Capital	9	12,539	12,539
Reserves	10	174	527
Retained earnings		<u>5,016</u>	<u>1,837</u>
Total equity		17,729	14,903
Non-current liabilities			
Borrowings	12	13,200	13,209
Current Liabilities			
Bank Overdraft		1,024	-
Borrowings	12	3,209	3,220
Payables and accruals	13	2,493	1,947
Provision for dividend		-	453
Taxation payable		<u>-</u>	<u>391</u>
<i>Total Current Liabilities</i>		6,726	6,011
Total Equity & Liabilities		<u>37,655</u>	<u>34,123</u>
Non-current Assets			
Property, plant & equipment	11	34,974	30,132
Future Tax benefit	6	<u>155</u>	<u>157</u>
Total non-current assets		35,129	30,289
Current Assets			
Cash		-	1,659
Receivables and prepayments		2,117	2,175
Income Tax refundable		<u>408</u>	<u>-</u>
Total Current Assets		<u>2,525</u>	<u>3,834</u>
Total Assets		<u>37,655</u>	<u>34,123</u>

Statement of cash flows*For the year ended 31 March 2001*

	Note	2001 \$'000	2000 \$'000
Cash flows from operating activities			
Cash was received from (disbursed to):			
Receipts from customers		21,933	18,980
Interest Received		140	189
Payments to suppliers and employees		(13,464)	(11,799)
Interest paid		(395)	(290)
Income Tax paid		(2,208)	(660)
Net GST		<u>(66)</u>	<u>-</u>
Net cash flow from operating activities	16	5,940	6,420
Cash flows from (to) investing activities			
Cash was provided by (applied to)			
Disposal of fixed assets		120	148
Acquisition of fixed assets		<u>(7,488)</u>	<u>(15,819)</u>
Net cash from (to) investing activities		<u>(7,368)</u>	<u>(15,671)</u>
Cash Flows from (to) financing activities			
Cash was provided by (applied to)			
Proceeds of borrowing		-	6,400
Repayment of borrowings		(9)	(20)
Dividends paid		<u>(1,246)</u>	<u>(4,926)</u>
Net cash from (to) financing activities		<u>(1,255)</u>	<u>1,454</u>
Net increase (decrease) in cash held		(2,683)	(7,797)
Add opening cash brought forward		1,659	9,456
Ending cash carried forward		<u><u>(1,024)</u></u>	<u><u>1,659</u></u>

Notes to the financial statements*For the year ended 31 March 2001***1) Statement of accounting policies****Basis of Preparation**

Eastland Network Ltd is registered under the Companies Act 1993 and is a reporting entity for purposes of the Financial Reporting Act 1993.

The financial statements are those of the Line Business Activities only of Eastland Network Ltd and have been prepared in accordance with the Electricity (information Disclosure) Regulations 1999 and only for that purpose.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed, with the exception that certain property has been revalued.

Specific accounting policies

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

(A) Fixed Assets**Owned Assets**

Fixed assets are initially stated at cost and depreciated as outlined below. Where appropriate, the cost of fixed assets includes site preparation costs, installation costs, and the cost of obtaining resource consents.

Leased Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the present value of the future minimum lease payments, and are depreciated as outlined below.

Revaluations

Land and buildings are stated at valuation as determined on a cyclical basis not exceeding three years by an independent valuer. The basis of valuation is market value less the estimated costs of disposal, on an existing use basis. Any surplus on revaluation of a class of land and buildings is transferred directly to equity unless it offsets a previous decrease in value recognised in the statement of financial performance, in which case it is recognised in the statement of financial performance. A decrease in value relating to the class of land and buildings is recognised in the statement of financial performance where it exceeds the surplus previously transferred to equity.

Notes to the financial statements (continued)*For the year ended 31 March 2001***Disposal of Fixed Assets**

Where a fixed asset is disposed of, the profit or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying value of the fixed asset.

Depreciation

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its useful life.

Major depreciation periods are:

Buildings	40 – 100 years
Distribution system	10 - 50 years
Motor Vehicles	5 - 10 years
Plant & Equipment	5 - 10 years

(B) Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful.

(C) Taxation

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

(D) Financial instruments

The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, accounts receivable, accounts payable and term borrowings. All financial instruments are recognised in the statement of financial position and all revenues in relation to financial instruments are recognised in the statement of financial performance.

Except for those items covered by a separate accounting policy, all financial instruments are shown at their fair value.

Notes to the financial statements (continued)
For the year ended 31 March 2001

(E) Employee Entitlements

A liability for annual leave and long service leave is accrued and recognised in the statement of financial position. The liability is calculated on an actual entitlement basis.

(F) Changes in Accounting Policies

There have been no changes in accounting policies. All Policies have been applied on bases consistent with those in the prior year.

Notes to the financial statements (continued)

For the year ended 31 March 2001

	2001 \$'000	2000 \$'000
2) Operating revenue comprises		
Revenue from line/access charges	19,532	18,823
Revenue from "Other" business for services carried out by the line business (transfer payment)	46	279
Interest on cash, bank balances and short term investments	154	189
AC loss-rental rebates	790	232
Other revenue	<u>1,531</u>	<u>62</u>
Total Operating revenue	22,053	19,585
3) Operating Expenditure includes		
(a) Payment for transmission charges	5,132	4,635
(b) Transfer payments for "Other" business for:		
(i) Asset maintenance	-	-
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer based load control services	-	-
(v) Royalty and patent expenses	-	-
(vii) Avoided transmission charges on account owned generation	396	117
(viii) Other goods & services not listed in (i) to (vi) above		38
(viii) Total transfer payment to "Other" business	396	155
(c) Expense to entities that are not related parties for:		
(i) Asset Maintenance	5,896	3,727
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Total of specified expenses to non-related parties	5,896	3,727
(d) Employee salaries, wages and redundancies	1,137	1,111
(e) Consumer billing and information system expense	127	134
(f) Depreciation on:		
(i) System fixed assets:	1,797	1,415
(ii) Other assets not listed in (i)	299	385
(iii) Total depreciation	2,096	1,800
(g) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	374	424
(i) Human Resource expenses	112	228
(j) Marketing advertising	18	1

Notes to the financial statements (continued)*For the year ended 31 March 2001*

	2001 \$'000	2000 \$'000
3) Operating Expenditure (continued)		
(k) Merger and acquisition expenses	77	-
(l) Takeover defense expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	266	209
(o) Donations	-	-
(p) Directors' fees	123	109
(q) Auditors' fees:		
(i) <i>audit fees paid to principal auditors</i>	28	23
(ii) <i>audit fees paid to other auditors</i>	-	-
(iii) <i>fees paid for other services provided by principal and other auditors</i>	3	2
(iv) Total auditors fees	31	25
(r) Costs of offering credit		
(i) <i>Bad debts written off</i>	12	-
(ii) <i>Increase in estimated doubtful debts</i>	-	-
(iii) Total cost of offering credit	12	-
(s) Local authority rates	9	8
(t) AC loss-rentals (distribution to retailers /customers) expense	-	-
(u) Rebates to consumers due to ownership interest	-	-
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	<u>242</u>	<u>792</u>
Total operating expenditure	16,048	13,358
4) Interest expense		
(a) <i>Interest expense on borrowings</i>	449	283
(b) <i>Financing charges related to finance leases</i>	2	7
(c) <i>Other Interest expense</i>	-	-
(d) Total Interest Expense	<u>451</u>	<u>290</u>
5) Taxation		
Profit before taxation	5,554	5,937
Prima facie taxation at 33 %	1,833	1,959
Add (subtract) tax effect of permanent differences	<u>(242)</u>	<u>95</u>
Income tax expense	<u>1,591</u>	<u>2,053</u>
Income Tax expense is made up of	1,589	1,904
Current Taxation	<u>2</u>	<u>183</u>
	<u>1,591</u>	<u>2,087</u>

Notes to the financial statements (continued)
For the year ended 31 March 2001

	2001 \$'000	2000 \$'000
6) Deferred Taxation		
Balance at beginning of year	157	340
Recognised in the statement of financial performance	<u>(2)</u>	<u>(183)</u>
Balance at end of year	<u>155</u>	<u>157</u>
7) Imputation credits		
Balance at beginning of year	1,911	3,531
Taxation paid	2,208	60
Imputation credits attached to dividends paid	(686)	(2,280)
Balance at end of year	<u>3,433</u>	<u>1,911</u>
8) Dividend		
Proposed Dividend on ordinary shares	-	453
Interim dividends paid	<u>793</u>	<u>4,926</u>
	<u>793</u>	<u>5,379</u>
9) Paid in share capital		
Balance at beginning of year	12,539	8,503
Transfer from share premium reserve	-	222
Transfer from retained earnings	-	3,814
	<u>12,539</u>	<u>12,539</u>
10) Asset revaluation reserve		
Balance at beginning of year	527	1,605
Revaluation current year	(344)	107
Revalued content of disposed assets	<u>(9)</u>	<u>(1,585)</u>
	<u>174</u>	<u>527</u>

Notes to the financial statements (continued)
For the year ended 31 March 2001

	2001 \$'000	2000 \$'000
11) Fixed assets		
System fixed assets at cost	51,101	41,892
Less accumulated depreciation	<u>(17,780)</u>	<u>(15,223)</u>
	33,321	26,669
Customer billing & information system assets at cost	310	296
Less accumulated depreciation	<u>(132)</u>	<u>170</u>
	178	126
Motor vehicles at cost	164	446
Less accumulated depreciation	<u>(70)</u>	<u>(171)</u>
	94	275
Office equipment at cost	472	888
Less accumulated depreciation	<u>(348)</u>	<u>(484)</u>
	124	404
Land & building at cost	136	-
Land and buildings at valuation	696	1,417
Less accumulated depreciation	<u>(19)</u>	<u>(38)</u>
	813	1,379
Capital works under construction at cost	25	581
Other plant and equipment at cost	897	1,519
Less accumulated depreciation	<u>(478)</u>	<u>(821)</u>
	419	698
Total fixed assets	<u>34,974</u>	<u>30,132</u>

Notes to the financial statements (continued)
For the year ended 31 March 2001

	2001 \$'000	2000 \$'000
12) Borrowings		
a. Non-Current		
Bank loans unsecured	3,200	3,200
Lease Liability	-	9
Shareholder subordinated Debt	<u>10,000</u>	<u>10,000</u>
	13,200	13,209
b. Current		
Bank loans unsecured	3,200	3,200
Lease Liability	<u>9</u>	<u>20</u>
	3,209	3,220
13) Payables and accruals		
Trade Creditors	2,299	1,747
Other accruals	36	-
Employee provisions	<u>158</u>	<u>200</u>
	2,493	1,947

14) Bank Loans

Total bank borrowings of \$6,400,000 are in two parts, \$3,200,000 on a 5 year term loan due for repayment on 30 July 2004. Interest on this loan is fixed for a 2 year period expiring 30 July 2001. The current interest rate is 6.56%.

\$3,200,000 Multi open current loan limit (MOCL) expires 30 July 2001. Drawings under this limit are for periods between 90 and 180 days. The current balance is repayable on 26 April 2001 at an interest rate of 6.86%. The interest rate on this facility is hedged within the range 5.0% to 7.55% until 30 July 2001. The bank borrowings are not secured.

15) Finance Lease

The finance lease is secured over the office telephone equipment.

Notes to the financial statements (continued)*For the year ended 31 March 2001*

	2001 \$'000	2000 \$'000
16) Net Cash Flow from Operating Activities		
The following is a reconciliation between the surplus after taxation shown in the statement of financial performance and the net cash flow from operating activities.		
Surplus after taxation	3,963	3,850
Add/(less) items classified as investing/ financing activities:		
Add/(less) non-cash items		
Depreciation	2,096	1,799
Decrease in future tax benefit	2	-
Loss(gain) on disposal of assets	85	-
Reallocation of equity	<u>-</u>	<u>42</u>
	2,183	1,841
Add/(less) movement in working capital		
Decrease/(increase) in trade debtors and other receivables	58	(348)
Decrease/(increase) in inventories	-	57
(Decrease)/increase in trade creditors and other payables	536	1,020
(Decrease)/increase in Income Tax payable	(800)	-
Net cash flow from operations	5,940	6,420

17) Subordinated Debt

In accordance with the Establishment Plan creating Eastland Network Ltd (formerly Eastland Energy Limited) as an energy company under the Energy Companies Act 1992, Eastland Energy Community Trust provided the Company with loan finance of \$10,000,000. This debt is subordinate to all other liabilities of the Company, and is interest free.

Discussions are continuing with the Trust as to the future of this debt. Options being considered include payment of interest and refinancing of debt.

18) Contingent Liabilities

As at 31 March 2001, The Company has a contingent liability of \$112,299 (2000: \$137,300) in respect of Subdivision Developers' Rebates on sections that are reticulated but undeveloped. The individual liabilities will be brought to charge as a section is developed and line charges become payable.

Notes to the financial statements (continued)*For the year ended 31 March 2001*

During the year Transpower invoiced the Company \$1,935,648 (plus GST) in respect of their costs to date in respect to the formerly proposed Frasertown – Gisborne transmission line. The Directors, having sought legal advice, dispute that the Company is liable for these costs. Negotiations are continuing with Transpower towards resolving this issue.

19) Contingent Asset

In September 2000 the network was subjected to a wide ranging and slow moving wind storm, which caused extensive damage to parts of the network. Storm repairs cost the company in excess of \$2 million. The company carried storm insurance for such an event. To date an interim payment of \$750,000 has been approved. The company is still working through the final claim and expects final settlement to be between \$1.25 million and \$1.5 million.

20) Commitments

	2001 \$'000	2000 \$'000
(a) Capital Commitments	<u>-</u>	<u>160</u>
Contracted for but not provided for	<u>-</u>	<u>160</u>

21) Financial instruments**Credit risk**

Financial assets which potentially subject the Company to a credit risk principally consist of bank balances and accounts receivable. The maximum credit risk is the book value of these financial instruments however, the Company considers the risk of non recovery of these amounts to be minimal.

Bank balances and investments in short term deposits are made with registered bank with satisfactory credit ratings. Exposure with any one financial institution is restricted in accordance with company policy.

Currency risk

The Company has no material exposure to currency risk.

Interest risk

The interest rate risk is limited to bank borrowings. As indicated at note 14 the interest rates are hedged until 28 July 2001.

Fair Values

The carrying value of cash and bank deposits, accounts receivable and accounts payable is equivalent to their fair value.

Notes to the financial statements (continued)*For the year ended 31 March 2001***22) Transactions with related parties**

- (a) The Company is 100% owned by Eastland Energy Community Trust.

Other than the distributions shown in the statement of movements in equity there have been no significant transactions with related parties.

- (b) Port of Gisborne
One of the Directors is also a director of Port of Gisborne Limited.

Eastland Network Ltd leases land from Port of Gisborne Limited for a substation. Lease payments are \$280 per annum.

23) Financial and efficiency performance measures under Regulation 15 of the Electricity (Information Disclosure) Regulations 1999

	2001	2000	1999	1998
1) Financial performance measures				
a) Return on funds	11.3	9.40	1.30	5.76
b) Return on Equity	11.2	8.00	1.01	4.53
c) Return on Investment	-2.6	-11.40	0.95	90.99
2) Efficiency performance measures				
a) Direct line costs per Kilometre	\$1,837	\$1,300	\$1,471	\$1,327
b) Indirect line costs per electricity consumer	\$52	\$72	\$94	\$112

24) Delivery efficiency performance measures under Regulation of the Electricity (Information Disclosure) Regulations 1999

1. Load factor	58%	57%	59%	59%
2. Loss ratio	8.51%	6.2%	7.3%	7.3%
3. Capacity utilisation	27.1%	28.5%	26.5%	26.9%

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	6,005				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	6,005				
Interest on cash, bank balances, and short-term investments (ISTI)	153				
OSBIT minus ISTI	5,852	a	5,852		5,852
Net surplus after tax from financial statements	3,962				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	3,962	n		3,962	
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	add 0
Subvention payment	0	s	add 0	add 0	add 0
Depreciation of SFA at BV (x)	1,797				
Depreciation of SFA at ODV (y)	1,331				
ODV depreciation adjustment	466	d	add 466	add 466	add 466
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	98	q			deduct 98
Revaluations	-6,168	r			add -6,168
Income tax	1,591	p			deduct 1,591
Numerator			6,318 OSBIT ^{ADJ} = a + g + s + d	4,428 NSAT ^{ADJ} = n + g + s - s*t + d	-1,539 IT ^{ADJ} = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	30,132				
Fixed assets at end of current financial year (FA ₁)	34,974				
Adjusted net working capital at end of previous financial year (ANWC ₀)	228				
Adjusted net working capital at end of current financial year (ANWC ₁)	-378				
Average total funds employed (ATFE)	32,479 (or regulation 33 time-weighted average)	c	32,479		32,479
Total equity at end of previous financial year (TE ₀)	14,903				
Total equity at end of current financial year (TE ₁)	17,729				
Average total equity	16,316 (or regulation 33 time-weighted average)	k		16,316	
WUC at end of previous financial year (WUC ₀)	581				
WUC at end of current financial year (WUC ₁)	26				
Average total works under construction	303 (or regulation 33 time-weighted average)	e	deduct 303	deduct 303	deduct 303
Revaluations	-6,168	r			
Half of revaluations	-3,084	r/2			deduct -3,084
Intangible assets at end of previous financial year (IA ₀)	0				
Intangible assets at end of current financial year (IA ₁)	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year (S ₀)	0				
Subvention payment at end of current financial year (S ₁)	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	
System fixed assets at end of previous financial year at book value (SFA _{bv,0})	26,669				
System fixed assets at end of current financial year at book value (SFA _{bv,1})	33,321				
Average value of system fixed assets at book value	29,995 (or regulation 33 time-weighted average)	f	deduct 29,995	deduct 29,995	deduct 29,995
System Fixed assets at year beginning at ODV value (SFA _{odv,0})	53,251				
System Fixed assets at end of current financial year at ODV value (SFA _{odv,1})	54,017				
Average value of system fixed assets at ODV value	53,634 (or regulation 33 time-weighted average)	h	add 53,634	add 53,634	add 53,634
Denominator			55,815 ATFE ^{ADJ} = c - e - f + h	39,652 Ave TE ^{ADJ} = k - e - m + v - f + h	58,899 ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:			ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 = 11.3	ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100 = 11.2	ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 = -2.6

Annual Valuation Reconciliation Report

Year ended 31 March 2001

\$'000

	Systems fixed assets at ODV - end of the previous year	53,251
<i>Add</i>	system fixed assets acquired during the year at ODV	7,921
<i>less</i>	system fixed assets disposed of during year at ODV	-
<i>less</i>	depreciation on system fixed assets at ODV	1,331
<i>Add</i>	revaluations of system fixed assets	(5,824)
<i>equals</i>	system fixed assets at ODV - end of financial year	<u>54,017</u>

2 Efficiency Performance Measures (Schedule 1, Part 3)

	2001	2000	1999	1998
(a) Direct line costs per kilometre	1,837	1,297	1,472	1,326
Direct expenditure	6,500,929	4,535,030	4,159,959	3,749,932
System length	3,538.02	3,495.52	2,827.00	2,827.00

	2001	2000	1999	1998
(b) Indirect line costs per consumer	52	72	94	112
Indirect expenditure	1,355,848	1,699,925	1,864,051	2,223,005
Total consumers	26,128	23,694	19,843	19,797

Energy Delivery Efficiency Performance Measures (Schedule 1, Part 4)

	2001	2000	1999	1998
(a) Load Factor (= [a/bc]*100/1)	57.99%	56.59%	59.25%	59.24%
where -				
a = Kwh of electricity entering system during the financial year (this figure should be same as the total for (g) from Statistics)	289,321,000	269,881,692	223,221,000	224,965,100
b = Maximum Demand	56,950	54,446	43,010	43,354
c = Total number of hours in financial year	8760	8,760	8,760	8,760

	2001	2000	1999	1998
(b) Loss Ratio (= a/b*100/1)	8.51%	6.18%	7.26%	7.29%
where -				
a = losses in electricity in kWh (this figure should be the difference between (f) and (g) from Statistics)	24,612,917	16,679,992	16,205,845	16,399,956
b = Kwh of electricity entering system during the financial year	289,321,000	269,881,692	223,221,000	224,965,100

	2001	2000	1999	1998
(c) Capacity Utilisation (= a/b*100/1)	27.12%	28.47%	26.45%	26.91%
where -				
a = Maximum Demand	56,950	54,446	43,010	43,354
b = Transformer Capacity	209,991	191,218	162,619	161,094

Statistics (Schedule 1, Part 4)

Statistics		Nominal Voltage	2001	2000	1999	1998	
(a)	System Length (Total) (kms)						
	50kV		253.55	295.69	258.00	258.00	
	33kV		35.50	0.00	0.00	0.00	
	11kV		2,569.33	2,599.42	2,080.00	2,081.00	
	230/400 V		679.64	600.41	489.00	488.00	
	Total		3,538.02	3,495.52	2,827.00	2,827.00	
(b)	Circuit Length (Overhead) (kms)						
	50kV		253.55	295.69	258.00	258.00	
	33kV		35.40				
	11kV		2,472.49	2,499.60	1,983.00	1,984.00	
	230/400 V		529.15	472.07	397.00	397.00	
	Total		3,290.59	3,267.36	2,638.00	2,639.00	
(c)	Circuit Length (Underground) (kms)						
	33kV		0.10				
	11kV		96.84	99.82	97.00	97.00	
	230/400 V		150.49	128.34	92.00	91.00	
	Total		247.43	228.16	189.00	188.00	
(d)	Transformer Capacity (kVA)	in kVA	209,991	191,218	162,619	161,094	
(e)	Maximum Demand (kWh)	in kW	56,950	54,446	43,010	43,354	
(f)	Total Electricity Supplied from System, after losses of electricity (kWh)	in kWh	264,950,786	253,201,700	207,015,155	208,565,144	
(g)		Name of retailer/generator					
	Total amount of electricity conveyed through the system, before losses of electricity, on behalf of each person that is an electricity generator or electricity retailer or both:	Contact Energy Ltd		175,682,056	189,333,898	86,410,000	
		Eastland Energy Ltd				112,924,700	224,965,100
		Mercury Energy Ltd		33,849,956	10,491,973	4,944,000	
		Transalta NZ Ltd		13,736,539	5,672,613	1,646,300	
		Waipapa Electricity Ltd				17,296,000	
		Trustpower Ltd		58,779,358	41,639,810		
		Meridian Energy Ltd		3,304,322	291,630		
		Genesis Energy Ltd		3,266,993	22,451,767		
		NGC/Energy		16,338			
Empower			928,140				
	TOTAL		289,563,702	269,881,692	223,221,000	224,965,100	
(h)	Total number of consumers	Number	26,128	23,694	19,843	19,797	

Reliability Performance Measures (Schedule 1, Part 5)

Para

1 to 3

Interruptions	Class	Average Interruption Targets	Interruption Targets	Actual Interruptions			
		2002/06	2002	2001	2000	1999	1998
Planned Interruptions	Class A			7	1	0	
Unplanned Interruptions	Class B	66	100	137	156	376	485
	Class C	122	170	224	179	140	131
	Class D			5	2	0	
	Class E					0	
	Class F					0	
	Class G					0	
	Class H					0	
	Class I					0	
Total				373	338	516	616

4

Proportion of Total Class C Interruptions not restored: (= a/b*100/1)				Within 3 Hours	Within 24 Hours
where -					
a = No. of interruptions not restored within				174	224
b = Total number of Class C interruptions				224	224
Proportion expressed as a percentage				77.68%	100.00%

Reliability Performance Measures (Schedule 1, Part 5)

para

5

Faults	Nominal Voltage	Average Faults Targets	Faults Targets	Actual number of faults			
		2002/06	2002	2001	2000	1999	1998
Faults per 100 circuit kilometres of prescribed voltage electric line							
	50kV	3.1	3.5	4	4	5	6
	33kV						
	11kV	6	7.5	7	6	6	6
Total				7	6	6	6

6

Faults		Actual number of faults				
		2001	2000	1999	1998	1997
Faults per 100 circuit kilometres of underground prescribed voltage electric line	Nominal Voltage					
	50kV					
	33kV					
	11kV	1	4	9	5	10
Total		1	4	9	5	10

7

Faults		Actual number of faults				
		2001	2000	1999	1998	1997
Faults per 100 circuit kilometres of overhead prescribed voltage electric line	Nominal Voltage					
	50kV	4	4	5	6	7
	33kV					
	11kV	8	6	6	6	8
Total		7	6	6	6	8

Reliability Performance Measures (Schedule 1, Part 5)

Para

SAIDI	Class	Average SAIDI Targets	SAIDI Targets	Actual SAIDI			
		2001/05	2001	2001	2000	1999	1998
8	SAIDI for total number of interruptions (= a/b) where - a = sum of interruption duration factors for <u>all</u> interruptions b = Total consumers			1,043.04	235.34	404.01	518.77
9, 10	SAIDI Targets (=a/b) Planned Interruptions Unplanned Interruptions where- Planned Interruptions (pi) a ^u = sum of interruption duration factors for all interruptions Unplanned Interruptions (ui) a ^u = sum of interruption duration factors for all interruptions b = Projected total consumers	Class B 45 Class C 165 Class B 1,148,616 Class C 4,621,644 25,800	57 293 1,467,504 7,562,754 25,800				
11	SAIDI for total number of interruptions within each interruption class (= a/b) Class A Class B Class C Class D SAIDI for total of interruptions where - a = sum of interruption duration factors for all interruptions within the particular interruption class Class A Class B Class C Class D b = Total consumers			1.27 24.12 642.95 374.71 1,043.04	1.68 47.95 183.43 2.28 235.34	0.00 164.46 239.55 0.00 404.01	0.00 235.95 253.16 29.86 518.77
				32,862 626,231 16,690,867 9,727,476 25,960	39,732 1,136,102 4,346,118 54,126 23,694	3,263,380 4,753,391 19,843	4,671,102 5,011,809 587,179 19,797

Reliability Performance Measures (Schedule 1, Part 5)

Para

SAIFI	Class	Average SAIFI Targets	SAIFI Targets	Actual SAIFI			
		2002/06	2002	2001	2000	1999	1998
12	SAIFI for total number of interruptions (= a/b) where - a = sum of electricity consumers affected by each of those interruptions b = Total consumers			4.39	3.55	4.16	8.72
13, 14	SAIFI Targets (=a/b) Planned Interruptions Class B Unplanned Interruptions Class C where- Planned Interruptions a = projected number of electricity consumers affected by each of those interruptions b = Projected total customers Unplanned Interruptions a = projected number of electricity consumers affected by each of those interruptions b = Projected total customers	0.38 2.15 9,778 25,800 55,418 25800	0.44 2.48 11,300 25,800 63,958 25800				
15	SAIFI for total number of interruptions within each interruption class (= a/b) Class A Class B Class C Class D SAIFI for total of interruptions where - a = sum of electricity consumers affected by each of those interruptions within that interruption class Class A Class B Class C Class D b = Total consumers			0.11 0.42 3.59 0.27 4.39	0.02 0.45 2.58 0.50 3.55	0.00 1.33 2.83 0.00 4.16	0.00 2.44 4.12 2.16 8.72
				2,889 10,841 93,310 6,955 25,960	462 10,714 61,081 11,743 23,694	26,391 56,156 19,843	48,305 81,563 42,762 19,797

Reliability Performance Measures (Schedule 1, Part 5)

Para

CAIDI	Class	Average CAIDI Targets	CAIDI Targets	Actual CAIDI			
		2002/06	2002	2001	2000	1999	1998
16	CAIDI for total number of interruptions (= a/b) where - a = sum of interruption duration factors for all interruptions b = sum of electricity consumers affected by each of those interruptions			238	66	97	59
17, 18	CAIDI Targets (=a/b) Planned Interruptions Unplanned Interruptions where- Planned Interruptions a = sum of interruption duration factors for all interruptions b = projected number of electricity consumers affected by each of those interruptions Unplanned Interruptions a = sum of interruption duration factors for all interruptions b = projected number of electricity consumers affected by each of those interruptions	Class B 120 Class C 76 Class B 1,148,616 9,778 Class C 4,621,644 55,418	130 118 1,467,504 11,300 7,562,754 63,958				
19	CAIDI for total number of interruptions within each interruption class (= a/b) CAIDI for total of interruptions where - a = sum of interruption duration factors for all interruptions b = sum of electricity consumers affected by each of those interruptions within that interruption class	Class A Class B Class C Class D		11 58 179 1,399	86 106 71 5	#DIV/0! 124 85 #DIV/0!	#DIV/0! 97 61 14
				238	66	97	59
		Class A Class B Class C Class D		32,862 626,231 16,690,867 9,727,476	39,732 1,136,102 4,346,118 54,126	0 3,263,380 4,753,391 0	0 4,671,102 5,011,809 587,179
		Class A Class B Class C Class D Class I		2,889 10,841 93,310 6,955 0	462 10,714 61,081 11,743 0	0 26,391 56,156 0 0	0 48,305 81,563 42,762 0



REPORT OF THE AUDIT OFFICE
TO THE READERS OF THE FINANCIAL STATEMENTS OF
EASTLAND NETWORK LIMITED
FOR THE YEAR ENDED 31 MARCH 2001

We have audited the financial statements of Eastland Network Limited on pages 2 to 15. The financial statements provide information about the past financial performance of Eastland Network 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 to 7.

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 Eastland Network Limited as at 31 March 2001, and results of 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 L H Desborough, 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. 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 Eastland Network Limited's 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 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 Eastland Network Limited.

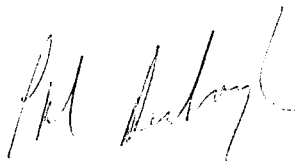
Unqualified opinion

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

In our opinion:

- ▲ proper accounting records have been kept by Eastland Network Limited as far as appears from our examination of those records *and*
- ▲ the financial statements on pages 2 to 15:
 - comply with generally accepted accounting practice *and*
 - give a true and fair view of the financial position of Eastland Network Limited as at 31 March 2001 and the results of its operations and cash flows for the year ended on that date; *and*
 - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 27 August 2001 and our unqualified opinion is expressed as at that date.



L H Desborough
Audit New Zealand
On behalf of the Controller and Auditor-General
Napier, New Zealand



Audit New Zealand

**AUDIT OFFICE OPINION
ON THE PERFORMANCE MEASURES OF
EASTLAND NETWORK LIMITED**

We have examined the information on pages 15 to 17 being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulations 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 Eastland Network Limited and dated 31 March 2001 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.

L H Desborough
Audit New Zealand
On behalf of the Controller and Auditor-General
Napier, New Zealand

27 August 2001



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Fax (03) 363-5765

AUDITORS OPINION IN RELATION TO ODV VALUATION
EASTLAND NETWORK LIMITED

I have examined the valuation report of Eastland Network Limited by KPMG and dated 6 August 2001, which contains valuations of system fixed assets as at 31 March 2001.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report, including the total valuation of system fixed assets of \$54,017,395 have been made in accordance with the ODV Handbook.

A handwritten signature in black ink, appearing to read 'Peter Young', written over the printed name and title.

Peter Young
Partner

6 August 2001

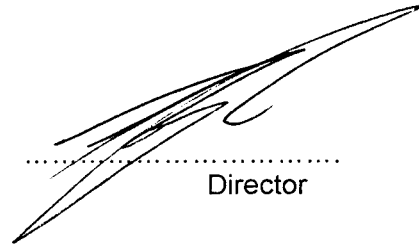
CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

We, Arthur Patrick Muldoon and Trevor William Taylor, directors of Eastland Network Ltd certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached valuation report of Eastland Network 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 Eastland Network Limited is \$54,771,000; and
- (c) The Optimised Deprival Valuation of the line business system fixed assets of Eastland Network Limited is \$54,017,395; and
- (d) The valuation of the line business assets of Eastland Network Limited including system and non-system fixed assets and net working capital is \$51,624,395; and
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.


.....
Director


.....
Director

Dated this *24th* day of August 2001