



# 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 AND 2001

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND  
STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower  
FOR THE YEAR ENDING 31 MARCH 2002**

**WE, William Henry Martin Sawyers and Coraleen Patricia 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.

**For and on behalf of Directors**

  
\_\_\_\_\_  
**W H M SAWYERS**  
Director

**Date: 30<sup>th</sup> July 2002**

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

**Date: 30<sup>th</sup> July 2002**

**Buller Electricity Limited**  
**Line Business Financial Statements**

**Statement of Financial Performance**  
**for the year ended 31 March 2002**

	Note	2002 \$	2001 \$
Total Operating Revenue		4,679,934	4,754,282
Total Operating Expenditure		3,846,320	3,332,379
Operating Surplus before Interest Expense and Income Tax		833,614	1,421,903
Interest Expense		0	0
Operating Surplus before Income Tax		833,614	1,421,903
Income Tax	2	194,548	396,205
Net Surplus after Tax		<u>639,066</u>	<u>1,025,698</u>

**Statement of Movements in Equity**  
**for the year ended 31 March 2002**

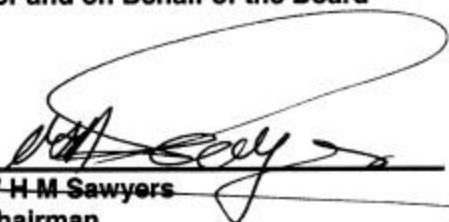
	Note	2002 \$	2001 \$
Equity as at 1 April 2001		16,711,051	15,437,535
Net Surplus after Tax for the Year		639,066	1,025,698
Revaluation Reserve Movements	3	(98,491)	(198,382)
Total Recognised Revenues and Expenses for the Year		<u>540,575</u>	<u>827,316</u>
Reallocation of Equity		0	686,200
Dividend		<u>(240,000)</u>	<u>(240,000)</u>
Equity as at 31 March 2002		<u>17,011,626</u>	<u>16,711,051</u>

**Buller Electricity Limited  
Line Business Financial Statements**

**Statement of Financial Position as at 31 March 2002**

	Note	2002 \$	2001 \$
<b>Equity</b>			
Share Capital		4,964,358	4,964,358
Reserves	3	8,984,834	9,083,325
Retained Earnings		3,062,434	2,663,368
<b>Total Equity</b>		<u>17,011,626</u>	<u>16,711,051</u>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash at Bank and on Hand		66,356	20,657
Term Deposits		3,796,069	3,368,000
Receivables and Prepayments		562,071	488,378
Tax Refund Due		36,495	0
Other		3,685	4,707
		<u>4,464,676</u>	<u>3,881,742</u>
<b>Current Liabilities</b>			
Creditors		560,228	249,185
Provision for Dividend		240,000	240,000
Taxation Payable		0	19,301
		<u>800,228</u>	<u>508,486</u>
<b>Net Current Assets</b>		3,664,448	3,373,256
<b>Non Current Assets</b>			
Fixed Assets	4	13,344,680	13,335,297
Long Term Investments		2,498	2,498
		<u>13,347,178</u>	<u>13,337,795</u>
<b>Net Assets</b>		<u>17,011,626</u>	<u>16,711,051</u>

For and on Behalf of the Board

  
**W H M Sawyers**  
 Chairman  
 30 July 2002

  
**C P White**  
 Director  
 30 July 2002

## Buller Electricity Limited Line Business Financial Statements

### Statement of Cashflows for the year ended 31 March 2002

	Note	2002 \$	2001 \$
<b>Cash Flows from Operating Activities</b>			
Cash was provided from:			
Receipts from customers		4,468,376	4,570,098
Interest received		225,986	194,719
Taxation Refund		0	0
Net GST		0	0
		<u>4,694,362</u>	<u>4,764,817</u>
Cash was disbursed to:			
Payment to Employees		430,702	343,821
Payments to Suppliers		2,984,264	2,700,685
Income Tax Paid		120,544	200,000
		<u>3,535,510</u>	<u>3,244,506</u>
Net cash inflow from operating activities	10	<u>1,158,852</u>	<u>1,520,311</u>
<b>Cash Flows from Investing Activities</b>			
Cash was provided from:			
Sale of Fixed Assets		0	9,069
Sale of Investments		0	0
		<u>0</u>	<u>9,069</u>
Cash was applied to:			
Purchase of fixed assets		445,084	364,473
		<u>445,084</u>	<u>364,473</u>
Net cash flows from investing activities		<u>(445,084)</u>	<u>(355,404)</u>
<b>Cash Flow from Financing Activities</b>			
Cash was provided from:			
Increase in term liabilities			
Cash was applied to:			
Dividend Paid		240,000	42,000
		<u>240,000</u>	<u>42,000</u>
Net cash outflow from financing activities		<u>(240,000)</u>	<u>(42,000)</u>
Net increase in cash held		473,768	1,122,907
Add opening cash brought forward		3,388,657	2,265,750
Ending Cash and Term Deposits carried forward		<u>3,862,425</u>	<u>3,388,657</u>
<b>Cash Balances in the Statement of Financial Position</b>			
Cash at Bank and on Hand		66,356	20,657
Term Deposits		3,796,069	3,368,000
		<u>3,862,425</u>	<u>3,388,657</u>

## **Buller Electricity Limited Line Business Financial Statements**

### **Notes to and forming part of the Financial Statements for the year ended 31 March 2002**

#### **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 2001.

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. 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 as at 31 March 2001 under the comprehensive audit carried out by the Commerce Commission during 2002 on an optimised depreciated replacement cost basis by independent valuers resulting in a reduction in value of \$98,491. Additions to the System Fixed Assets since revaluation are stated at cost less depreciation.

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 Financial Statements**

**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 Financial Statements

	2002 \$	2001 \$
<b>2 INCOME TAX</b>		
Operating Surplus before Income Tax	833,614	1,421,903
Prima Facie Taxation at 33%	275,093	469,228
Plus tax loss not previously applied	0	(7,587)
Plus Tax effect of permanent differences	(30,867)	(14,373)
Less Tax effect of timing differences not Recognised	(49,678)	(34,823)
Less Prior Year Adjustment	0	(16,240)
Total Income Tax Expense (Benefit)	<u>194,548</u>	<u>396,205</u>
The income tax expense comprises:		
- current taxation	<u>194,548</u>	<u>396,205</u>
	<u>194,548</u>	<u>396,205</u>

A deferred tax liability of \$1,576,364 has not been recognised (2001 \$1,446,976). This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

### 3 RESERVES

Share Premium Reserve	255,796	255,795
Revaluation Reserve Land and Buildings	51,093	51,093
Revaluation Distribution System	8,643,987	8,742,387
Revaluation other Assets	<u>33,958</u>	<u>34,050</u>
	<u>8,984,834</u>	<u>9,083,325</u>

The Reserves have reduced by \$98,491 when the distribution assets were revalued as at 31 March 2001 under the comprehensive audit carried out by the Commerce Commission in 2002 resulting in a 0.75% reduction in value.

### 4 FIXED ASSETS

#### System Fixed Assets

Adjusted ODV Valuation at 31/3/01	13,120,880	13,219,371
Plus Additions 2002	355,358	0
Less Depreciation 2002	<u>(293,965)</u>	<u>0</u>
Net Book Value 31/3/02	13,182,273	13,219,371

#### Buildings

Net Book Value at Valuation 31/03/01	33,004	27,500
Accumulated Depreciation	<u>0</u>	<u>0</u>
Net Book Value 31/3/02	33,004	27,500

#### Customer Billing and IS

Cost	191,373	116,112
Accumulated Depreciation	<u>(118,875)</u>	<u>(98,336)</u>
Net Book Value	72,498	17,776



## Buller Electricity Limited Line Business Financial Statements

	2002 \$	2001 \$
<b>Office Equipment</b>		
Cost	76,679	79,599
Accumulated Depreciation	<u>(46,400)</u>	<u>(40,415)</u>
Net Book Value	30,279	39,184
<b>Motor Vehicles</b>		
Cost	38,973	38,973
Accumulated Depreciation	<u>(21,312)</u>	<u>(16,051)</u>
Net Book Value	17,661	22,922
<b>Other</b>		
Cost	67,905	48,042
Depreciation	<u>(58,940)</u>	<u>(39,498)</u>
Net Book Value	8,965	8,544
<b>Total Net Book Value</b>	<u>13,344,680</u>	<u>13,335,297</u>

The System Fixed Assets were revalued as at 31 March 2001 by A C Consulting Group Limited under the comprehensive audit carried out by the Commerce Commission to a value of \$13,120,880 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, Buller Energy Limited and Buller Communications Limited.

(i) The company is 100% owned by the Buller Electric Power Trust. During the year the company:

- paid the Trust \$240,000 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 services at cost from its contracting division for the period 1 April 2001 to 31 March 2002. Buller Electricity Limited purchased maintenance services at cost plus a margin from its contracting division for the period 1 April 2001 to 31 March 2002. At year end there were no outstanding balances for related parties and no debts were written off or forgiven during the year.

	2002 \$	2001 \$
Construction of subtransmission assets	12,992	32,020
Construction of zone substations	0	0
Construction of distribution lines and cables	122,745	85,116
Construction of medium voltage switchgear	24,071	64,128
Construction of distribution transformers	26,511	108,216
Construction of distribution substations	16,316	46,308
Construction of low voltage reticulation	14,355	24,545
Construction of other system fixed assets	138,368	4,140
Maintenance of assets	808,171	412,907
Consumer connections and disconnections	1,441	1,925
Other Services	5,953	1,337

## Buller Electricity Limited

### Line Business Financial Statements

#### 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, 100% are due from TrustPower Limited, Meridian Energy Limited and Genesis Power 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 81% of short term deposits reprice within six months, and 19% reprice between six months and one year.
- ii) Deposit interest rates range from 4.74% pa – 5.94% 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.

(2001Nil)

#### 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 2001.

	2002 \$	2001 \$
<b>10 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Reported Net Surplus after tax	639,066	1,025,698
Add (Less) Non Cash Items:		
Depreciation	337,210	342,931
Add (Less) Movements in Working Capital Items:		
Decrease (Increase) in Tax Receivable	(55,796)	60,434
Decrease (Increase) in Receivables	(73,693)	(69,342)
(Decrease) Increase in Creditors	296,461	(157,516)
Decrease (Increase) in other Current Assets	1,022	(2,621)
Other business Working Capital Movements included in Operating Cash Flows	14,582	254,768
	<u>1,158,852</u>	<u>85,723</u>
Add (Less) Movements in Non-current Items:		
Net Loss (Gain) on Disposal of Assets	<u>0</u>	<u>65,959</u>
	0	65,959
Net Cash Inflows from Operating Activities	<u>1,158,852</u>	<u>1,520,311</u>

## Buller Electricity Limited

### Line Business Financial Statements

#### 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 and 2001.

##### Statement of Financial Position Disclosure (Schedule 1, Part 2)

<b>1</b>	<b>Current Assets</b>		
(a)	Cash & Bank balances	66,356	20,657
(b)	Short term investments	3,796,069	3,368,000
(c)	Inventories	0	0
(d)	Accounts receivable	562,071	488,378
(e)	Other current assets not listed in (a) to (d)	40,180	4,707
(f)	<b>Total current assets</b>	<b>4,464,676</b>	<b>3,881,742</b>
<b>2</b>	<b>Fixed Assets</b>		
(a)	System fixed assets	13,182,273	13,219,371
(b)	Customer billing and information system assets	72,498	17,776
(c)	Motor Vehicles	17,661	22,922
(d)	Office Equipment	30,279	39,184
(e)	Land and Buildings	33,004	27,500
(f)	Capital works under construction	0	0
(g)	Other fixed assets not listed in (a) to (f)	8,965	8,544
(h)	<b>Total fixed assets</b>	<b>13,344,680</b>	<b>13,335,297</b>
<b>3</b>	<b>Other tangible assets not listed above</b>	<b>2,498</b>	<b>2,498</b>
<b>4</b>	<b>Total tangible assets</b>	<b>17,811,854</b>	<b>17,219,537</b>
<b>5</b>	<b>Intangible assets</b>		
(a)	Goodwill	0	0
(b)	Other intangible not listed in (a)	0	0
(c)	<b>Total intangible assets</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b>Total Assets</b>	<b>17,811,854</b>	<b>17,219,537</b>
<b>7</b>	<b>Current Liabilities</b>		
(a)	Bank Overdraft	0	0
(b)	Short term borrowings	0	0
(c)	Payables and accruals	560,228	249,185
(d)	Provision for dividend payable	240,000	240,000
(e)	Provision for income tax	0	19,301
(f)	Other Current Liabilities not listed in (a) to (e)	0	0
(g)	<b>Total Current Liabilities</b>	<b>800,228</b>	<b>508,486</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 (e)	0	0
(e)	<b>Total Non-current Liabilities</b>	<b>0</b>	<b>0</b>
<b>9</b>	<b>Equity</b>		
(a)	Shareholders equity		
(i)	Share Capital	4,964,358	4,964,358
(ii)	Retained Earnings	3,062,434	2,663,368
(iii)	Reserves	8,984,834	9,083,325
(iv)	<b>Total Shareholders equity</b>	<b>17,011,626</b>	<b>16,711,051</b>
(b)	Minority interests in subsidiaries	0	0
(c)	<b>Total Equity</b>	<b>17,011,626</b>	<b>16,711,051</b>
(d)	Capital Notes	0	0
(e)	<b>Total capital funds</b>	<b>17,011,626</b>	<b>16,711,051</b>
<b>10</b>	<b>Total equity and liabilities</b>	<b>17,811,854</b>	<b>17,219,537</b>

## Buller Electricity Limited

### Line Business Financial Statements

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

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
<b>11 Operating revenue</b>		
(a) Revenue from line/access charges	4,095,582	4,102,425
(b) Revenue from "Other" business (transfer payment)	0	0
(c) Income from interest on bank & short term investments	225,986	194,719
(d) AC loss rental rebates	237,321	309,915
(e) Other operating revenue not listed in (a) to (d)	121,045	147,223
(f) Total operating revenue	4,679,934	4,754,282
<b>12 Operating expenditure</b>		
(a) Transmission Charges	<b>1,670,883</b>	<b>1,566,767</b>
(b) Transfer payments to "Other" business		
(i) Asset maintenance	808,171	412,907
(ii) Consumer disconnections and reconnections	1,441	1,925
(iii) Meter data	0	0
(iv) Consumer based load control	5,953	1,337
(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	815,565	416,169
(c) Payments to non-related entities		
(i) Asset maintenance	0	0
(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	0
(d) Employee salaries, wages and redundancies	430,702	343,821
(e) Consumer billing and information system expense	25,849	19,211
(f) Depreciation on		
(i) System fixed assets	293,965	290,736
(ii) Other assets not listed in (i)	43,245	52,195
(iii) Total depreciation expense	337,210	342,931
(g) Amortisation of		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	138,880	195,959
(i) Human resource expense	22,495	29,491
(j) Marketing and advertising	20,082	4,463
(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	185,478	200,012
(o) Donations	32,500	35,555
(p) Directors fees	64,000	62,750
(q) Audit fees		
(i) Audit fees paid to principal auditors	18,200	26,057
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by auditors	36,334	0
(iv) Total auditors fees	54,534	26,057
(r) Costs of offering credits		
(i) Bad debts written off	0	0
(ii) Increase in estimated doubtful debts	0	0
(iii) Total costs of offering credit	0	0

## Buller Electricity Limited Line Business Financial Statements

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
(s) Local authority rates	5,315	5,751
(t) AC loss-rental (distribution of) expense	0	0
(u) Rebates to customers due to ownership interest	0	0
(v) Subvention payments	0	0
(w) Unusual expenses	0	0
(x) Other expenditure not listed in (a) to (w)	42,827	83,442
<b>13 Total operating expenditure</b>	<b>3,846,320</b>	<b>3,332,379</b>
<b>14 Operating surplus before interest and income tax</b>	<b>833,614</b>	<b>1,421,903</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>833,614</b>	<b>1,421,903</b>
<b>17 Income Tax</b>	<b>194,548</b>	<b>396,205</b>
<b>18 Net surplus after tax</b>	<b>639,066</b>	<b>1,025,698</b>
<b>19 Annual Valuation Reconciliation Report at 31 March 2002</b>		
System Fixed Assets at ODV – end of the previous financial year	13,219,371	
Add System Fixed Assets acquired during the year at ODV	355,358	
Less System Fixed Assets disposed of during the year at ODV	0	
Less Depreciation on System Fixed Assets at ODV	(293,965)	
Add or (Less) Revaluations of System Fixed Assets	(98,491)	
<b>Equals System Fixed Assets at ODV – end of financial year</b>	<b>13,182,273</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 and 2001.

	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>1 Financial Performance Measures</b>				
(a) Return on Funds	4.53%	9.20%	0.75%	5.47%
(b) Return on Equity	3.79%	6.38%	1.53%	3.63%
(c) Return on Investment	2.89%	5.19%	0.77%	96.46%
<b>2 Efficiency Performance Measures</b>				
(a) Direct line costs per kilometre	\$2,094	\$1,179	\$1,886	\$1,565
System Length	595.03	592.93	578.50	574.27
(b) Indirect line costs per electricity customer	\$144	\$154	\$163	\$127
Total consumers	4,108	4,258	4,241	4,243

## Buller Electricity Limited Line Business Performance Measures

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 and 2001.

	2002	2001	2000	1999
1 Energy Delivery efficiency performance measures:				
(a) Load Factor (=a/b*c*100)	67.98%	70.17%	70.81%	65.39%
a = kWh of electricity entering system				
b = Maximum demand				
c = Total number of hours in year				
(b) Loss Ratio (=a/b*100)	3.52%	2.53%	2.86%	3.40%
a = losses in electricity in kWh				
b = kWh of electricity entering system				
(c) Capacity Utilisation (=a/b*100)	56.25%	55.05%	56.08%	59.2%
a = Maximum demand				
b = Transformer Capacity				
2 Statistics				
(a) System Length				
Circuit Kilometres 33kV	111.49	111.49	111.49	111.31
Circuit Kilometres 11kV	354.80	350.50	336.27	332.82
Circuit Kilometres 400V	128.74	130.94	130.74	130.14
Total	<u>595.03</u>	<u>592.93</u>	<u>578.50</u>	<u>574.27</u>
(b) System Length Overhead				
Circuit Kilometres 33kV	111.31	111.31	111.31	111.31
Circuit Kilometres 11kV	350.10	346.10	333.01	330.11
Circuit Kilometres 400V	117.25	119.45	119.25	119.25
Total Overhead	<u>578.66</u>	<u>576.86</u>	<u>563.57</u>	<u>560.67</u>
(c) System Length Underground				
Circuit Kilometres 33kV	0.18	0.18	0.18	0
Circuit Kilometres 11kV	4.70	4.40	3.26	2.71
Circuit Kilometres 400V	11.49	11.49	11.49	10.89
Total Underground	<u>16.37</u>	<u>16.07</u>	<u>14.93</u>	<u>13.60</u>
(d) Transformer Capacity (In Kilovolt Amperes)	27,820	27,380	26,875	26,640
(e) Maximum Demand	15,648	15,072	15,072	15,818

## Buller Electricity Limited Line Business Performance Measures

	2002	2001	2000	1999
(f) Total electricity supplied from the system after losses (in Kilowatt Hours)	93,180,424	90,304,332	91,068,243	90,609,887
(g) Electricity conveyed for each retailer including losses.	89,897,259	92,646,248	93,745,841	87,519,601
Retailer 1	49,654,881	48,750,538	50,522,001	
Retailer 2	33,742,055	38,518,486	40,926,034	
Retailer 3	4,199,511	3,327,295	1,451,263	
Retailer 4	2,295,022	2,049,929	846,543	
Retailer 5	5,790			
	<u>89,897,259</u>	<u>92,646,248</u>	<u>93,745,841</u>	<u>                    </u>
(h) Total Customers	4,108	4,258	4,241	4,243

## Buller Electricity Limited Line Business Performance Measures

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.

	2002	2001	2000	1999
1 Total Number of Interruptions				
Class A - Planned by Transpower	0	0	0	0
Class B - Planned by Line Owners	8	21	33	51
Class C - Unplanned by Line Owners	63	45	58	56
Class D - Unplanned by Transpower	0	0	1	0
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	0	1	0
	<u>71</u>	<u>66</u>	<u>93</u>	<u>107</u>
2 Interruption Targets for 2002/2003				
Class B - Planned by Line Owners	30			
Class C - Unplanned by Line Owners	55			
3 Average Interruption Targets for 2003/2007				
Class B - Planned by Line Owners	20			
Class C - Unplanned by Line Owners	38			
4 Proportion of Class C Interruptions not restored within:				
3 Hours	17.46%			
24 Hours	0%			
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
11kV	17	13	17	24.32
33kV	4	1	2	6
(b) Target for 2002/2003 year				
11kV	23			
33kV	4			
(c) Average Target for 2003/2007 years				
11kV	12			
33kV	2			
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
11kV	0	23	67	0
7 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
11kV	17	1	2	6
33kV	4	12	16	14
8 The SAIDI for the total number of interruptions	279.61	313.66	365.88	381.50
9 SAIDI targets for 2002/2003				
Class B - Planned by Line Owners	259			
Class C - Unplanned by Line Owners	148			



## Buller Electricity Limited Line Business Performance Measures

	2002	2001	2000	1999
10	Average SAIDI targets for 2003/2007 years			
	Class B - Planned by Line Owners	198		
	Class C - Unplanned by Line Owners	120		
11	The SAIDI for the total number of interruptions within each interruption class			
	Class A - Planned by Transpower	0	0	0
	Class B - Planned by Line Owners	131.53	172.62	218.41
	Class C - Unplanned by Line Owners	148.08	141.05	146.51
	Class D - Unplanned by Transpower	0	0	0.32
	Class E - Unplanned by ECNZ	0	0	0
	Class F - Unplanned by other generator	0	0	0
	Class G - Any Other Loss of Supply	0	0	0.64
12	The SAIFI for the total number of Interruptions	1.77	2.14	3.11
13	SAIFI Targets for 2002/2003			
	Class B - Planned by Line Owners	0.72		
	Class C - Unplanned by Line Owners	1.34		
14	Average SAIFI targets for 2003/2007 years			
	Class B - Planned by Line Owners	0.65		
	Class C - Unplanned by Line Owners	1.28		
15	The SAIFI for the total number of interruptions within each interruption class			
	Class A - Planned by Transpower	0	0	0
	Class B - Planned by Line Owners	0.43	0.71	0.95
	Class C - Unplanned by Line Owners	1.34	1.43	2.15
	Class D - Unplanned by Transpower	0	0	0.01
	Class E - Unplanned by ECNZ	0	0	0
	Class F - Unplanned by other generator	0	0	0
	Class G - Any Other Loss of Supply	0	0	0
16	The CAIDI for the total number of interruption	157.7	146.4	117.0
17	CAIDI targets for 2002/2003			
	Class B - Planned by Line Owners	360		
	Class C - Unplanned by Line Owners	110		
18	Average CAIDI Target for 2003/2007 years			
	Class B - Planned by Line Owners	304		
	Class C - Unplanned by Line Owners	94		
19	The CAIDI for the total number of interruptions within each interruption class			
	Class A - Planned by Transpower	0	0	0
	Class B - Planned by Line Owners	305	242	230
	Class C - Unplanned by Line Owners	110	99	68
	Class D - Unplanned by Transpower	0	0	27
	Class E - Unplanned by ECNZ	0	0	0
	Class F - Unplanned by other generator	0	0	0
	Class G - Any Other Loss of Supply	0	0	340

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	833,614				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	833,614				
Interest on cash, bank balances, and short-term investments (ISTI)	225,966				
OSBIT minus ISTI	607,628	a	607,628		607,628
Net surplus after tax from financial statements	639,066				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	639,066	n		639,066	
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)	293,965				
Depreciation of SFA at ODV (y)	293,965				
ODV depreciation adjustment	0	d	add 0	add 0	add 0
Subvention payment tax adjustment	0	s <sup>1</sup>	deduct 0	deduct 0	deduct 0
Interest tax shield	-74,575	q	deduct -74,575	deduct -74,575	deduct -74,575
Revaluations	-98,491	r	add -98,491	add -98,491	add -98,491
Income tax	194,548	p	deduct 194,548	deduct 194,548	deduct 194,548
Numerator			OSBIT <sup>ROU</sup> = a + g + s + d	NSAT <sup>ROU</sup> = n + g + s - s <sup>1</sup> + d	OSBIT <sup>ROU</sup> = a + g - q + r + s + d - p - s <sup>1</sup>
			607,628	639,066	389,164
Fixed assets at end of previous financial year (FA <sub>0</sub> )	13,335,297				
Fixed assets at end of current financial year (FA <sub>1</sub> )	13,344,680				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	170,601				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-4,723				
Average total funds employed (ATFE)	13,422,928 (or regulation 33 time-weighted average)	c	13,422,928		13,422,928
Total equity at end of previous financial year (TE <sub>0</sub> )	16,711,051				
Total equity at end of current financial year (TE <sub>1</sub> )	17,011,626				
Average total equity	16,861,339 (or regulation 33 time-weighted average)	k		16,861,339	
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	0	0	0
Revaluations	-98,491	r	deduct -98,491	deduct -98,491	deduct -98,491

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
Half of revaluations	-49,246	r/2			deduct -49,246
Intangible assets at end of previous financial year (IA <sub>v</sub> )	0				
Intangible assets at end of current financial year (IA <sub>t</sub> )	0				
Average total intangible asset (or regulation 33 time-weighted average)	0	m		add 0	
Subvention payment at end of previous financial year (S <sub>v</sub> )	0				
Subvention payment at end of current financial year (S <sub>t</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	
System fixed assets at end of previous financial year at book value (SFA <sub>bov,t</sub> )	13,219,371				
System fixed assets at end of current financial year at book value (SFA <sub>bov,t</sub> )	13,182,273				
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	13,200,822	f	deduct 13,200,822	deduct 13,200,822	deduct 13,200,822
System Fixed assets at year beginning at ODV value (SFA <sub>odv,t</sub> )	13,219,371				
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,t</sub> )	13,182,273				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	13,200,822	h	add 13,200,822	add 13,200,822	add 13,200,822
<b>Denominator</b>			ATFE <sup>ADU</sup> = c · e · f + h 13,422,928	Ave TE <sup>ADU</sup> = k · e · m + v · f + h 16,861,339	ATFE <sup>ADU</sup> = c · e · h 13,472,173
<b>Financial Performance Measure:</b>			ROF = OSBIT <sup>ADU</sup> /ATFE <sup>ADU</sup> x 100 4.53	ROE = NSAT <sup>ADU</sup> /ATE <sup>ADU</sup> x 100 3.79	ROI = OSBIT <sup>ADU</sup> /ATFE <sup>ADU</sup> x 100 2.89

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



## **REPORT OF THE AUDITOR-GENERAL**

### **TO THE READERS OF THE FINANCIAL STATEMENTS OF BULLER ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2002**

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 2002. 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 as at 31 March 2002 and the results of its operations and cash flows for the year ended on that date.

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

Section 15 of the Public Audit Act 2001 and Regulation 31 of the Electricity (Information Disclosure) Regulations 1999 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Bruce Loader 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. 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's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with Auditing Standards published by the Auditor-General, which incorporate 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 obtain 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.



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 of Buller Electricity Limited on pages 1 to 12 –
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Buller Electricity Limited's financial position as at 31 March 2002 and the results of its operations and cash flows for the year ended on that date; and
  - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 30 July 2002 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Bruce Loader', with a long, sweeping flourish extending to the right.

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



**AUDITOR-GENERAL'S 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;
- (b) the annual ODV reconciliation report in regulation 16A;
- (c) the financial performance measures in clause 1 of Part 3 of the 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 Buller Electricity Limited and dated 30 July 2002 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 'Bruce Loader', written in a cursive style.

Bruce Loader  
KPMG  
On behalf of the Controller and Auditor-General  
Christchurch, New Zealand  
30 July 2002