



# New Zealand Gazette

OF THURSDAY, 8 AUGUST 2002

---

WELLINGTON: MONDAY, 12 AUGUST 2002 — ISSUE NO. 97

---

## ELECTRA LIMITED

### INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1999 AND THE  
ELECTRICITY (INFORMATION DISCLOSURE)  
AMENDMENT REGULATIONS 2000 AND 2001

**Index**

Statement of Financial Performance  
Statement of Movements in Equity  
Statement of Financial Position  
Statement of Cash Flows  
Notes to the Financial Statements  
Annual Valuation Reconciliation Report  
Financial and Performance Measures  
Reliability Performance Measure Targets  
Derivation of Financial Measures  
Auditors Report  
Certificate of Performance Measures by Auditors  
ODV Valuation  
Directors Certificate  
Certificate of Valuation Report of Line Owners  
Directory

*All values in this report are in thousands (000's) of New Zealand dollars (rounded) and are for years ended 31 March unless otherwise stated.*

*"This year" means the year ended 31 March 2002  
"Last year" means the year ended 31 March 2001  
"Next year" means the year ending 31 March 2003*

# Electra Limited

## Line Business - Statement of financial performance

for the year ended 31 March 2002

	<i>Note</i>	2002 \$000	2001 \$000
Operating revenue	2	21,138	20,080
Discount		(6,951)	(7,181)
Operating expense	2	(11,552)	(11,098)
Earnings Before Interest and Tax		2,635	1,801
Interest Expense		(639)	(772)
Net profit before taxation		1,996	1,029
Taxation	3	-	-
Net profit after taxation		<b>\$1,996</b>	<b>\$1,029</b>

# Electra Limited

## Line Business - Statement of movements in equity

for the year ended 31 March 2002

	<i>Note</i>	2002 \$000	2001 \$000
Equity at beginning of the year		63,758	51,723
Net profit for the year		1,996	1,029
Revaluation of assets	6	(606)	10,383
Total recognised revenues and expenses		1,390	11,412
<i>Other movements</i>			
Dividends	4	(190)	(50)
Funds transferred from non-line business activities		575	673
Total other movements		385	623
Equity at end of the year		<b>\$65,533</b>	<b>\$63,758</b>

The notes on pages 5 to 18 form part of these financial statements.

# Electra Limited

## Line Business - Statement of financial position

as at 31 March 2002

	Note	2002 \$000	2001 \$000
<b>Equity</b>			
Share capital	5	18,000	18,000
Reserves	6	37,724	38,330
Retained earnings		9,809	7,428
<b>Total equity</b>		<b>65,533</b>	<b>63,758</b>
<b>Non-current liabilities</b>			
Borrowings	7	9,000	9,000
<b>Current liabilities</b>			
Other provisions		86	164
Accounts payable and accruals	8	6,306	6,221
<b>Total current liabilities</b>		<b>6,392</b>	<b>6,385</b>
<b>Total equity and liabilities</b>		<b>\$80,925</b>	<b>\$79,143</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	78,128	74,954
<b>Current assets</b>			
Cash		353	1,989
Receivables and prepayments	10	2,444	2,200
<b>Total current assets</b>		<b>2,797</b>	<b>4,189</b>
<b>Total assets</b>		<b>\$80,925</b>	<b>\$79,143</b>

The notes on pages 5 to 18 form part of these financial statements.

For and on behalf of the Board



**W R Thessman**  
Director



**Piers Hamid**  
Director

# Electra Limited

## Line Business - Statement of cash flows

for the year ended 31 March 2002

	Note	2002 \$000	2001 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Receipts from customers		13,905	12,875
Interest received		38	94
		<b>13,943</b>	<b>12,969</b>
Cash was disbursed to:			
Payments to suppliers and employees		(10,609)	(10,287)
Interest paid		(639)	(772)
		<b>(11,248)</b>	<b>(11,059)</b>
Net cash flows from operating activities	12	<b>2,695</b>	<b>1,910</b>
<b>Cash flows to investing activities</b>			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		18	278
Proceeds from non-line business activities		575	650
		<b>593</b>	<b>928</b>
Cash was applied to:			
Purchase of property, plant and equipment		(4,734)	(1,948)
		<b>(4,734)</b>	<b>(1,948)</b>
Net cash from investing activities		<b>(4,141)</b>	<b>(1,020)</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Loans raised		-	-
		<b>-</b>	<b>-</b>
Cash was applied to:			
Repayment of loans		-	(3,750)
Payment of dividends		(190)	(50)
		<b>(190)</b>	<b>(3,800)</b>
Net cash flows used in financing activities		<b>(190)</b>	<b>(3,800)</b>
Net increase in cash held		<b>(1,636)</b>	<b>(2,910)</b>
Add opening cash brought forward		<b>1,989</b>	<b>4,899</b>
Ending cash carried forward		<b>\$353</b>	<b>\$1,989</b>

# Notes to the financial statements

---

## 1. Statement *of accounting policies*

---

### Reporting entity

Electra Limited is registered under the Companies Act 1993.

The Company was previously named Horowhenua Energy Limited. On the 14 November 2001 the Company changed its name to Electra Limited.

The financial statements are those of the Line Business Activities only of Electra Limited and have been prepared in accordance 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, plant and equipment have 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) Property, plant and equipment*

*The Company has five classes of property, plant and equipment:*

1. Land and buildings
2. Distribution Assets
3. Plant and Equipment
4. Vehicles
5. Work in Progress

The Company uses Optimised Deprival Value ("ODV") methodology in valuing distribution assets. This methodology recognises the economic value of distribution assets based on the earnings of segments of the network to the Company. The ODV of distribution assets is updated every three years to reflect network extensions and the earnings derived. The ODV was updated at 31 March 2001 and was subsequently reduced by \$605,730 following a re-calibration audit by the Commerce Commission.

Land and buildings, other than those included in distribution assets, are stated at market valuation (refer note 9).

All other property, plant and equipment are recorded at cost less accumulated depreciation.

#### *b) Infrastructure assets*

Distribution assets consist of the individual asset components which form the Company's electricity network.

The company uses infrastructure accounting methods for its distribution assets other than zone substations. This method of accounting recognises that well planned maintenance of the network assets preserves the service potential of the infrastructure asset for the foreseeable future. Accordingly no depreciation is charged in respect of the infrastructure assets, except for zone substations.

The level of maintenance required to preserve the service potential of the infrastructure asset is determined by a detailed asset management plan.

**b) Depreciation**

Depreciation is provided on either a diminishing value (DV), or straight line (SL) basis on all property, plant and equipment other than those accounted for in the infrastructure accounting method above, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

*Main depreciation rates are:*

Substation assets	4% straight line
Buildings	1% - 2.5% straight line
Plant and equipment	10% - 25% diminishing value
Computer equipment	20% - 50% straight line
Motor vehicles	20% - 25% diminishing value

**d) Receivables**

Receivables are stated at their estimated realisable value.

**e) Income tax**

The tax expense against the surplus for the year is the estimated liability in respect of that surplus after allowance for permanent differences plus any adjustments arising from prior years.

Electra Limited follows the liability method of accounting for deferred tax, applied on a partial basis.

The partial basis considers the cumulative income tax effect of all timing differences. The income tax effect of timing differences is only recognised as deferred tax for those timing differences that can be expected to reverse in the foreseeable future.

Future tax benefits attributable to losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised.

**f) Leases**

Operating lease payments, where the lessors retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

**g) Statement of cash flows**

The following are the definitions of the terms used in the Statement of Cash Flows:

- 1) Cash is considered to be cash on hand, short term deposits and current accounts at the banks, net of bank overdrafts.
- 2) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- 3) Financing activities are those activities, which result in changes in the size and composition of the capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.

- 4) Operating activities include all transactions and other events that are not investing or financing activities.

***h) Changes in accounting policies***

There were no changes in accounting policies during the year.



## 2. Earnings *before interest and taxation*

---

### Revenue

	2002 \$000	2001 \$000
Invoiced to consumers by electricity retailers	19,395	18,766
Line/access charges	19,395	18,766
AC loss-rental	1,383	984
Interest	38	94
Other	322	236
<b>Total Revenue</b>	<b>\$21,138</b>	<b>\$20,080</b>

### After Charging

	2002 \$000	2001 \$000
Audit fees	26	26
Other accountancy services	29	14
Bad Debts	59	2
Change in provision for doubtful debts	-	-
Depreciation	926	975
Directors fees	150	130
Interest fixed and other	639	772
Loss on sale of property, plant & equipment	10	18
Rental and lease costs	28	25

### Customer sales discount

A total of \$6.95 million plus GST was credited to customers during the year to 31 March 2002 (\$7.18 million plus GST during the year ended 31 March 2001).

### 3. Taxation

---

	2002 \$000	2001 \$000
Profit before taxation	1,996	1,029
Prime facie taxation at 33%	659	340
Plus/(less)		
Taxation effect of permanent differences	(41)	8
Timing differences not recognised	(470)	(371)
Benefit of tax losses	(148)	23
Taxation expense (benefit)	\$-	\$-

The company has a potential deferred tax liability net of future tax benefits of \$7,744,453 (2001 - \$6,265,810) which is not recognised in the financial statements. This balance is made up of a deferred tax liability of \$10,415,574 (2001 - \$9,404,141) which arises mainly from the revaluation of assets for accounting purposes, and a future tax benefit of \$2,671,121 (2001 - \$3,138,331). These balances are not expected to crystallise and have therefore have not been recorded in the financial statements.

The future tax benefit above comprises the benefit of tax losses available to carry forward of \$2,612,057 (2001 - \$3,178,281) and the benefit of other timing differences of \$59,064 (2001 - \$93,143).

The carrying forward of tax losses is subject to continuing to meet shareholder continuity requirements under the Income Tax Act 1994.

The company has no imputation credits to carry forward as at 31 March 2002 (2001 - Nil)

### 4. Dividend

---

	2002 \$000	2001 \$000
Dividend Paid	190	50

Dividends were paid, during the year to the Horowhenua Energy Trust. There is no proposed final dividend (2001 - \$Nil).

## 5. Share capital

---

	2002 \$000	2001 \$000
24,464,922 ordinary shares issued and fully paid	<b>\$18,000</b>	<b>\$18,000</b>

All ordinary shares rank equally with one vote attached to each fully paid share.

## 6. Reserves

---

	2002 \$000	2001 \$000
Asset revaluation reserve	37,724	38,330
	<b>\$37,724</b>	<b>\$38,330</b>

### *Reconciliation of reserve movements*

	2002 \$000	2001 \$000
<b>Asset Revaluation Reserve</b>		
Opening balance	38,330	27,947
Revaluation of assets	(606)	10,383
Closing balance	<b>\$37,724</b>	<b>\$38,330</b>

## 7. Non-current liabilities

---

	2002 \$000	2001 \$000
<b>Borrowings</b>		
Bank borrowings	9,000	9,000
Non current liabilities	<b>\$9,000</b>	<b>\$9,000</b>
Repayable as follows:		
Within two years	-	-
Beyond two years	9,000	9,000
	<b>\$9,000</b>	<b>\$9,000</b>

All borrowings are unsecured.

Interest rates payable on bank facilities are based on the prime rate plus 0.5-0.6%.

## 8. Accounts payable and accruals

---

	2002 \$000	2001 \$000
Creditors		
Trade	1,233	1,227
Other	4,751	4,740
Accruals	210	149
Accrued employee entitlements	112	105
	<b>\$6,306</b>	<b>\$6,221</b>

## 9. Property, Plant and Equipment

	2002 \$000	2001 \$000
<i>Distribution assets</i>		
Land	402	292
Buildings	1,446	1,464
Substations	5,755	6,083
Lines	48,974	48,467
Switchgear	2,975	2,975
Transformers	12,268	12,138
Centralised load control equipment	-	762
Other	-	876
<i>Total distribution assets</i>	<b>72,893</b>	<b>73,057</b>
<i>Non-distribution assets</i>		
Leasehold improvements	135	135
Accumulated depreciation	(70)	(55)
	<b>65</b>	<b>80</b>
Plant and equipment	4,437	3,917
Accumulated depreciation	(2,433)	(2,248)
	<b>2,004</b>	<b>1,669</b>
Vehicles	200	201
Accumulated depreciation	(79)	(53)
	<b>121</b>	<b>148</b>
Capital Work in Progress	3,045	-
	<b>3,045</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>\$78,128</b>	<b>\$74,954</b>

### Valuation

Land and buildings owned by the Company, other than those referred to above as being part of distribution assets, are stated at market valuation, which was assessed as at 31 March 2001 by Darroch and Co (Registered Valuers). The valuations are carried out on a 3 yearly basis.

The Optimised Deprival Value (ODV) at which Distribution Assets are stated was independently assessed by KPMG Peat Marwick as at 31 March 2001. Their report placed an ODV on Distribution Assets of \$73,057,263. The valuation was subsequently reduced by \$605,730 following a re-calibration audit by the Commerce Commission to \$72,451,533. Subsequent additions are at cost.

## 10. Receivables and prepayments

	2002 \$000	2001 \$000
Trade debtors	1,874	1,733
GST refund due	598	491
Prepayments	2	6
	<b>2,474</b>	<b>2,230</b>
Less provision for doubtful debts	30	30
	<b>\$2,444</b>	<b>\$2,200</b>

## 11. Financial instruments

### Credit risk

Financial assets which potentially subject the company to credit risk principally consist of bank balances and accounts receivable.

The company manages its principle credit risk by having Use of System Agreements with its major customers to maintain a minimum credit rating of BBB or better.

Maximum exposures to credit risk as at balance date are:

	2002 \$000	2001 \$000
Bank balances	353	1,989
Receivables	2,444	2,200

The above maximum exposures are net of any recognised provision for losses on these financial assets. Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings.

### Concentrations of credit risk

The company has exposures to concentrations of credit risk by having five line customers. This is managed as mentioned above through the Use of System Agreements.

### Currency risk

The company has no material exposure to foreign exchange risk.

**Interest rate risk**

Interest rate risk exposure is limited to bank borrowings. The company has no interest risk hedge contracts.

**Fair values**

There were no differences between the fair value and carrying amounts of financial instruments as at 31 March 2002 (2001 - no difference).

**12. Reconciliation**

*of net profit after tax with cash inflow from operating activities*

	2002 \$000	2001 \$000
Profit after taxation	1,996	1,029
Add / (less) non-cash items		
Depreciation	926	975
Add item classified as investing activity		
Capital Loss (gain) on sale of fixed assets	10	18
Movements in working capital		
Increase / (decrease) in accounts payable	7	(182)
(Increase) / decrease in receivables	(244)	70
Net cash inflow from operating activities	<b>\$2,695</b>	<b>\$1,910</b>

**13. Contingent liabilities**

	2002 \$000	2001 \$000
a) Guarantee of bank facilities for a subsidiary to a limit of	950	700
At balance date the amount of the bank facilities so guaranteed was	-	-

b) At any point in time the company will be investigating complaints or queries about various aspects of the service it provides to customers, or end-customers. In a number of these, action may be taken against the company. At 31 March 2001 and 2000 there was legal action being taken against the company that remains unresolved. The Directors have been advised that the company has good defence against the action being taken against it and that no provision for any loss is required in the financial statements.

## 14. Commitments

### Capital commitments

At balance date, there was \$2,793,885 expenditure contracted for and approved by the company (2001 - \$73,750).

### Operating lease commitments

Lease commitment under non-cancellable operating leases

	2002 \$000	2001 \$000
Not later than one year	24	18
Within two years	24	
	<b>\$48</b>	<b>\$18</b>

## 15. Transactions with related parties

During the year the Company purchased construction and maintenance services from its wholly owned subsidiary, Linework Limited, to an amount of \$5.0 million (2000 - \$3.3 million). The amount owed to Linework at year end is \$820,016 (2001 - \$396,711).

	2002 \$000	2001 \$000
(a.) Construction of subtransmission assets	1,928	4
(b.) Construction of zone substations	-	-
(c.) Construction of distribution lines and cables	260	239
(d.) Construction of medium voltage switchgear	217	133
(e.) Construction of distribution transformers	15	25
(f.) Construction of distribution substations	-	-
(g.) Construction of low voltage reticulation	-	-
(h.) Construction of other system fixed assets	-	46
(i.) Maintenance of assets	2,613	2,825
(j.) Consumer connections and disconnections	-	-

During the year, and in the normal course of business, Electra Limited engaged services from Kerslake and Partners, a firm where director Mr W R Thessman is a partner. These purchases account for 0.19% (2000 - 0.27%) of total purchases. The amount outstanding at year end was \$11,503 (2000 - \$0).

No related party debts have been written off or forgiven during this, or last year.



## 16. Further Information

The following information is required to be disclosed in the financial statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999

	2002 \$000	2001 \$000
<b>1 Current assets</b>		
(a.) Cash and bank balances	353	89
(b.) Short-term investments	-	1,900
(c.) Inventories	-	-
(d.) Accounts Receivable	2,444	2,200
(e.) Other current assets not listed in (a) to (d)	-	-
(f.) <b>Total current assets</b>	<b>2,797</b>	<b>4,189</b>
<b>2 Fixed Assets</b>		
(a.) System fixed assets	72,893	73,057
(b.) Consumer billing and information system assets	-	-
(c.) Motor Vehicles	121	148
(d.) Office equipment	2,004	1,669
(e.) Land and buildings	65	80
(f.) Capital works under construction	3,045	-
(g.) Other fixed assets not listed in (a) to (f)	-	-
(h.) <b>Total fixed assets</b>	<b>78,128</b>	<b>74,954</b>
<b>3 Other tangible assets not listed above</b>	-	-
<b>4 Total tangible assets</b>	<b>80,925</b>	<b>79,143</b>
<b>5 Intangible assets</b>		
(a.) Goodwill	-	-
(b.) Other intangibles not listed in (a)	-	-
(c.) <b>Total intangible assets (sum of (a) and (b))</b>	-	-
<b>6 Total Assets</b>	<b>80,925</b>	<b>79,143</b>
<b>7 Current liabilities</b>		
(a.) Bank overdraft	-	-
(b.) Short-term borrowings	-	-
(c.) Payables and accruals	6,306	6,221
(d.) Provision for dividends payable	-	-
(e.) Provision for income tax	-	-
(f.) Other current liabilities not listed in (a) to (e)	86	164
(g.) <b>Total current liabilities</b>	<b>6,392</b>	<b>6,385</b>
<b>8 Non-current liabilities</b>		
(a.) Payables and accruals	-	-
(b.) Borrowings	9,000	9,000
(c.) Deferred tax	-	-
(d.) Other non-current liabilities not listed in (a) to (c)	-	-
(e.) <b>Total non-current liabilities</b>	<b>9,000</b>	<b>9,000</b>

	2002 \$000	2001 \$000
<b>9 Equity</b>		
(a.) Shareholders' equity -		
(i) Share capital	18,000	18,000
(ii) Retained earnings	9,809	7,428
(iii) Reserves	37,724	38,330
(iv) Total shareholders' equity	65,533	63,758
(b.) Minority interests in subsidiaries	-	-
(c.) Total equity	65,533	63,758
(d.) Capital notes	-	-
(e.) <b>Total capital funds</b>	65,533	63,758
<b>10 Total Equity and Liabilities</b>	<b>80,925</b>	<b>79,143</b>
<b>11 Operating revenue</b>		
(a.) Revenue from line/access charges	19,395	18,766
(b.) Line charge discount to consumers	(6,951)	(7,181)
(c.) Revenue from "other" business for services carried out by the line business (transfer payment)	-	-
(d.) Interest on cash, bank balances, and short-term investments	38	94
(e.) AC loss-rental rebates	1,383	984
(f.) Other operating revenue not listed in (a) to (d)	322	236
(g.) <b>Total operating revenue</b>	<b>14,187</b>	<b>12,899</b>
<b>12 Operating expenditure</b>		
(a.) Payment for transmission charges	5,066	5,220
(b.) Transfer payments to the "other" business for:		
(i) Asset maintenance:	2,613	2,825
(ii) Consumer disconnection/reconnection services:	-	-
(iii) Meter data:	-	-
(iv) Consumer-based load control services:	-	-
(v) Royalty and patent expenses:	-	-
(vi) Avoided transmission charges on account of own generation:	-	-
(vii) Other goods and services not listed in (i) to (vi):	-	-
(viii) <b>Total transfer payment to the "other" business</b>	<b>2,613</b>	<b>2,825</b>
(c.) Expense to entities that are not related parties for:		
(i) Asset maintenance:	1,064	390
(ii) Consumer disconnection/reconnection services:	-	-
(iii) Meter data:	-	-
(iv) Consumer-based load control services:	-	-
(v) Royalty and patent expenses:	-	-
(vi) <b>Total of specified expenses to non-related parties</b>	<b>1,064</b>	<b>390</b>
(d.) Employee salaries, wages and redundancies	625	589
(e.) Consumer billing and information systems	-	-
(f.) Depreciation on:		
(i) System fixed assets:	682	796
(ii) Other assets not listed in (i):	244	179
(iii) <b>Total depreciation</b>	<b>926</b>	<b>975</b>
(g.) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) <b>Total amortisation of intangibles</b>	<b>-</b>	<b>-</b>
(h.) Corporate and administration	389	215
(i.) Human resource expenses	91	73

	2002 \$000	2001 \$000
<b>12 Operating expenditure cont...</b>		
(j.) Marketing/Advertising	349	380
(k.) Merger and acquisition expenses	-	-
(l.) Takeover defence expenses	-	-
(m.) Research and development expenses	-	-
(n.) Consultancy and legal expenses	97	178
(o.) Donations	4	27
(p.) Directors' Fees	150	130
(q.) Auditor' Fees		
(i) Audit fees paid to principal auditors:	26	26
(ii) Audit fees paid to other auditors:	-	-
(iii) Fees paid for other services provided by principal and other auditors	29	14
(iv) <b>Total auditors' fees</b>	55	40
(r.) Cost of offering credit -		
(i) Bad debts written off:	59	2
(ii) Increase in estimated doubtful debts	-	-
(iii) <b>Total cost of offering credit</b>	59	2
(s.) Local authority rates expense	10	5
(t.) AC loss-rental rebates (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)	54	49
<b>13. Total operating expenditure</b>	<b>11,552</b>	<b>11,098</b>
<b>14. Operating surplus before interest and income tax</b>	<b>2,635</b>	<b>1,801</b>
<b>15. Interest expense</b>		
(a.) Interest expense on borrowings	639	772
(b.) Financing charges related to finance leases	-	-
(c.) Other interest expense not listed in (a) or (b)	-	-
(d) <b>Total interest expense</b>	<b>639</b>	<b>772</b>
<b>16. Operating surplus before income tax</b>	<b>1,996</b>	<b>1,029</b>
<b>17. Income tax</b>	<b>-</b>	<b>-</b>
<b>18. Net surplus after tax</b>	<b>1,996</b>	<b>1,029</b>

## Annual valuation reconciliation report

---

Year ending 31 March 2001

	2002 \$000
System fixed assets at ODV – end of the previous financial year	73,057
<i>Add system fixed assets acquired during the year at ODV</i>	1,492
<i>Less system fixed assets disposed of during the year at ODV</i>	771
<i>Less depreciation on system fixed assts at ODV</i>	424
<i>Add revaluations of system fixed assets</i>	161
<b>System fixed assets at ODV – end of the financial year</b>	<b>73,515</b>

---

---

# Financial and efficiency performance measures for the Line Business

---

## Introduction

The Electricity (Information Disclosure) Regulations 1999 forms part of the regulatory regime introduced following deregulation of the Electricity Industry.

The Regulations require Electricity Companies that operate a Line Business to publicly disclose in the Gazette and have available on request a variety of information. Included in this disclosure are Financial, Reliability and Efficiency Performance Measures and Statistics.

In order to consistently define these measures to allow comparison between Electricity Companies, the Regulations require a number of adjustments to be made to the Financial Statements. For this reason, the Financial Statements disclosed are not necessarily the basis of information used for calculations in Performance Measures and Statistics.

This information has been prepared solely for the purpose of complying with regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 and is not intended for any other purpose.

## Financial performance measures

Rates of return for the Line Business are as follows:

	2002	2001	2000	1999
Return on funds	3.87%	3.09%	1.84%	4.57%
Return on equity	3.40%	2.31%	0.84%	4.09%
Return on investment	2.49%	19.73%	0.96%	2.30%

## Efficiency performance measures

---

	2002	2001	2000	1999
Direct line costs per kilometre	\$1,729	\$1,514	\$1,332	\$1,367
In-direct line costs per electricity customer	\$49	\$45	\$58	\$74

## Energy delivery Performance measures

	2002	2001	2000	1999
Load factor	52.24%	54.58%	52.47%	55.04%
Loss ratio	6.65%	6.80%	6.86%	6.55%
Capacity utilisation	30.66%	29.22%	29.79%	27.71%

## Statistics

	2002	2001	2000	1999
System Lengths (km's) (overhead)				
33kV	165	165	156	156
11kV	865	865	815	814
400v	463	463	506	505
<b>Total</b>	<b>1,493</b>	<b>1,493</b>	<b>1,477</b>	<b>1,475</b>

System Lengths (km's) (underground)				
33kV	16	16	14	14
11kV	166	165	151	149
400v	452	450	328	321
<b>Total</b>	<b>634</b>	<b>631</b>	<b>493</b>	<b>484</b>

<b>Total Overhead and Underground</b>	<b>2,127</b>	<b>2,124</b>	<b>1,970</b>	<b>1,959</b>
---------------------------------------	--------------	--------------	--------------	--------------

	2002	2001	2000	1999
Transformer capacity kVA	273,575	271,075	267,067	266,158
Maximum demand kW	83,886	79,180	79,550	73,760
Total electricity supplied from system kWh	358,377,049	352,939,387	340,575,612	332,329,690
Electricity on behalf of other entities				
A	317,649,589	346,274,456	321,039,625	106,605,846
B	8,066,055	3,934,644	1,668,433	1,945,974
C	8,630,430	6,674,285	4,482,922	579,939
D	21,085	65,206	3,962	-
E	41,459,191	14,576,801	7,742,821	-
F	3,866,143	5,194,435	5,233,170	1,185,490
G	4,091,731	1,686,094	404,679	-
H	126,922	296,912	-	1,567,045
<b>Total Customers</b>	<b>38,292</b>	<b>37,302</b>	<b>36,651</b>	<b>36,338</b>

*Total interruptions*

	2002	2001	2000	1999
Class A	-	-	-	-
Class B	87	97	82	111
Class C	66	104	87	120
Class D	1	1	-	2
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-
<b>Total</b>	<b>154</b>	<b>202</b>	<b>169</b>	<b>233</b>

*SAIDI*

	2002	2001	2000	1999
Class A	-	-	-	-
Class B	17.6	22.3	23.9	19.4
Class C	48.2	82.1	75.6	46.9
Class D	0.5	37.4	-	14.1
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-
<b>Total</b>	<b>66.3</b>	<b>141.8</b>	<b>99.5</b>	<b>80.4</b>

*SAIFI*

	2002	2001	2000	1999
Class A	-	-	-	-
Class B	0.13	0.22	0.21	0.15
Class C	1.18	1.90	1.85	1.37
Class D	0.08	0.39	-	0.81
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-
<b>Total</b>	<b>1.39</b>	<b>2.51</b>	<b>2.06</b>	<b>2.33</b>

*CAIDI*

	2002	2001	2000	1999
Class A	-	-	-	-
Class B	133.3	101.5	113.8	133.0
Class C	40.9	43.2	40.9	34.3
Class D	6.0	9.6	-	17.3
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-
<b>Total</b>	<b>47.7</b>	<b>56.5</b>	<b>48.3</b>	<b>34.5</b>

*Number of Faults per 100 Circuit Kilometre*

	2002	2001	2000	1999
Overhead				
33kV	2.4	4.2	5.1	3.2
11kV	6.2	10.3	7.6	12.8
<i>Total Overhead</i>	<b>5.6</b>	<b>9.3</b>	<b>7.2</b>	<b>11.2</b>
Underground				
33kV	-	-	-	-
11kV	4.8	3.6	10.6	10.7
<i>Total Underground</i>	<b>4.4</b>	<b>3.3</b>	<b>9.7</b>	<b>9.8</b>
<b>Total</b>	<b>5.4</b>	<b>8.4</b>	<b>7.6</b>	<b>11.1</b>



## Reliability Performance Measure Targets

---

*Total number of interruptions in class*

Class	2002/03	2003/04	2004/05	2005/06	2006/07
A	-	-	-	-	-
B	75	72	70	68	68
C	95	92	92	80	80
D	-	-	-	-	-
E	-	-	-	-	-
F	-	-	-	-	-
G	-	-	-	-	-
H	-	-	-	-	-
<b>Total</b>	<b>170</b>	<b>164</b>	<b>150</b>	<b>148</b>	<b>148</b>

*Proportion of the total Class C interruptions not restored within:*

- a) 3 hours - 0%
- b) 24 hours - 0%

*Number of Faults*

	2002/03	2003/04	2004/05	2005/06	2006/07
Overhead					
33kV	4	4	3	3	3
11kV	78	75	70	65	65
<b>Total Overhead</b>	<b>82</b>	<b>79</b>	<b>73</b>	<b>68</b>	<b>68</b>
Underground					
33kV	-	-	-	-	-
11kV	10	10	9	9	9
<b>Total Underground</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total</b>	<b>92</b>	<b>89</b>	<b>82</b>	<b>77</b>	<b>77</b>

*Number of Faults per 100 Circuit Kilometres*

	2002/03	2003/04	2004/05	2005/06	2006/07
Overhead					
33kV	2.6	2.6	1.9	1.7	1.7
11kV	9.6	9.2	8.6	8.4	8.4
<b>Total Overhead</b>	<b>8.5</b>	<b>8.1</b>	<b>7.5</b>	<b>7.3</b>	<b>7.3</b>
Underground					
33kV	-	-	-	-	-
11kV	6.7	6.7	6.0	5.5	5.5
<b>Total Underground</b>	<b>6.1</b>	<b>6.1</b>	<b>5.5</b>	<b>5.1</b>	<b>5.1</b>
<b>Total</b>	<b>8.1</b>	<b>7.9</b>	<b>7.2</b>	<b>7.0</b>	<b>7.0</b>

*SAIDI*

	2002/03	2003/04	2004/05	2005/06	2006/07
B	20	18	17	16	16
C	75	74	73	72	72
<b>Total SAIDI</b>	<b>95</b>	<b>92</b>	<b>90</b>	<b>88</b>	<b>88</b>

*SAIFI*

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>
B	0.13	0.10	0.09	0.08	0.08
C	1.47	1.30	1.11	1.06	1.06
<b>Total SAIFI</b>	<b>1.60</b>	<b>1.40</b>	<b>1.20</b>	<b>1.14</b>	<b>1.14</b>

---

*CAIDI*

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>
B	153.8	180	188.9	200	200
C	51.0	56.9	65.8	67.9	67.9
<b>Total CAIDI</b>	<b>59.4</b>	<b>65.7</b>	<b>75.0</b>	<b>77.2</b>	<b>77.2</b>

---

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	2,615,000					
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	2,615,000					
Interest on cash, bank balances and short-term investments (ISTI)	38,000					
OSBIT minus ISTI	2,597,000	a	2,597,000		2,597,000	
Net surplus after tax from financial statements	1,996,000					
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,996,000	b		1,996,000		
Amortisation of goodwill and amortisation of other intangibles	0	k	add	add	add	
Subvention payment	0	s	add	add	add	
Depreciation of SFA at BV (k)	585,219					
Depreciation of SFA at ODV (v)	423,615					
ODV depreciation adjustment	161,604	d	add	161,604	add	
Subvention payment tax adjustment	0	g <sup>1</sup>	deduct	deduct	deduct	
Interest tax shield	198,330	e			198,330	
Revaluations	-775,334	r			-775,334	
Income tax	0	p			0	
Numerator			2,758,604	2,157,604	1,784,940	
Fixed assets at end of previous financial year (FA <sub>0</sub> )	74,954,000		OSBIT <sub>0</sub> + a + g + r + s + d	NSAT <sub>0</sub> + b + e + v + g + r + s + d	OSBIT <sub>0</sub> + a + g + r + s + d + p + e <sup>1</sup>	
Fixed assets at end of current financial year (FA <sub>1</sub> )	78,128,000					
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	-4,185,000					
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-3,948,423					
Average total funds employed (ATFE)	72,474,288	c	72,474,288		72,474,288	
<i>(or regulation 33 time-weighted average)</i>						
Total equity at end of previous financial year (TE <sub>0</sub> )	65,756,000					
Total equity at end of current financial year (TE <sub>1</sub> )	65,533,000					
Average total equity	64,645,500	k		64,645,500		
<i>(or regulation 33 time-weighted average)</i>						
WUC at end of previous financial year (WUC <sub>0</sub> )	0					
WUC at end of current financial year (WUC <sub>1</sub> )	3,045,000					
Average total works under construction	1,522,500	e	deduct	deduct	deduct	
<i>(or regulation 33 time-weighted average)</i>						
Revaluations	-775,335	r				
Half of revaluations	-387,667	r/2			deduct	
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	
<i>(or regulation 33 time-weighted average)</i>						
Subvention payment at end of previous financial year (Sp)	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 and related tax adjustment	0	v	add	add	0	
System fixed assets at end of previous financial year at book value (SFA <sub>0</sub> )	73,057,000					
System fixed assets at end of current financial year at book value (SFA <sub>1</sub> )	72,893,000					
Average value of system fixed assets at book value	72,975,000	f	deduct	deduct	deduct	
<i>(or regulation 33 time-weighted average)</i>						
System Fixed assets at year beginning at ODV value (SFA <sub>0</sub> av)	73,057,000					
System Fixed assets at end of current financial year at ODV value (SFA <sub>1</sub> av)	73,515,000					
Average value of system fixed assets at ODV value	73,286,000	h	add	add	add	
<i>(or regulation 33 time-weighted average)</i>						
Denominator			71,262,788	63,434,000	71,650,456	
<i>(or regulation 33 time-weighted average)</i>						
Financial Performance Measure			ATFE <sub>0</sub> + a + e + f + h	Ave TE <sub>0</sub> + k + e + m + v + f + h	ATFE <sub>0</sub> + a + e + f + h + p + e <sup>1</sup>	
t = maximum statutory income tax rate applying to corporate entities, bv = book value, ave = average, odv = optimised deprival valuation, subscript '0' = end of the previous financial year, subscript '1' = end of the current financial year, ROF = return on funds, ROE = return on equity, ROI = return on investment						



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

## Report of the Audit Office

### To the Readers of the Financial Statements of Electra Limited (Lines Business) for the Year Ended 31 March 2002

We have audited the financial statements of Electra Limited (Lines Business) on pages 2 to 18. The financial statements provide information about the past financial performance of Electra Limited (Lines Business) and its financial position as at 31 March 2002. 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 Electra Limited (Lines Business) as at 31 March 2002 and the 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 Fred Hutchings of PricewaterhouseCoopers, 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 performance information; and
- whether the accounting policies are appropriate to Electra Limited (Lines Business) 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.

Our firm carries out other assurance oriented assignments on behalf of Electra Limited (Lines Business). Other than in these capacities and in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Electra Limited (Lines Business).

#### Unqualified opinion

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

In our opinion:

- proper accounting records have been maintained by Electra Limited (Lines Business) as far as appears from our examination of those records; and
- the financial statements on pages 2 to 18:
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of Electra Limited (Lines Business) as at 31 March 2002 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 28 June 2002 and our unqualified opinion is expressed as at that date.

Fred Hutchings  
 On behalf of the Controller and Auditor-General

PricewaterhouseCoopers  
 Wellington, New Zealand



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

**AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES OF  
ELECTRA LIMITED (LINES BUSINESS)**

We have examined the information on pages 19, 20 and 26, being:

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

that were prepared by Electra Limited and dated 24 June 2002 for the purposes of Regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A handwritten signature in black ink, appearing to read 'Hutchings'.

Fred Hutchings  
On behalf of the Controller and Auditor-General

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers  
Wellington, New Zealand

# ODV valuation

The Optimised Deprival Value (ODV) of the network was assessed by KPMG Peat Marwick as at 31 March 2001.



Office address  
Clarendon Tower  
78 Worcester Street  
Christchurch  
New Zealand

Mail address  
PO. Box 274  
Christchurch  
New Zealand

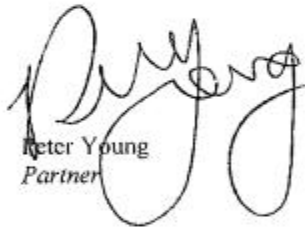
Telephone (03) 363-5764  
Fax (03) 363-5765

## AUDITORS OPINION IN RELATION TO ODV VALUATION

### HOROWHENUA ENERGY LIMITED (TRADING AS "ELECTRALINES")

I have examined the valuation report of Horowhenua Energy Limited (trading as "Electralines") by KPMG and dated 18 May 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 \$73,057,263 have been made in accordance with the ODV Handbook.

  
Peter Young  
Partner

21 May 2001



Member Firm of  
EPNG International

Offices at:

Auckland  
Aronara  
Christchurch  
Hamilton  
Invercargill  
Wellington

Associate Firms at:

Dunedin  
Gisborne  
Invercargill  
Gore  
Oamaru  
Queenstown  
Wairoa  
Napier  
New Plymouth  
Pahiatua North

**DIRECTOR'S CERTIFICATES**

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

We, Warren Thessman, Chairman, and Piers Hamid, Director, of Electra Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- a) The attached audited financial statements of Electra 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 Electra 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 the those regulations.

The valuation on which those financial performance measures are based are as at 31 March 2001.



Warren Thessman  
Chairman



Piers Hamid  
Director

Dated this 28<sup>th</sup> day of June 2002

**CERTIFICATION OF VALUATION REPORT OF LINE OWNERS**

We, Warren Thessman, Chairman, and Piers Hamid, Director, of Electra Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a.) The attached valuation report of Electra Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulation 1999, complies with the requirements of those regulations; and
- (b.) The replacement cost of the line business fixed assets of Electra Limited is \$124,967,709; and
- (c.) The Depreciated Replacement Cost of the line business system fixed assets of Electra Limited is \$73,704,346; and
- (d.) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Electra Limited is \$72,041,931; and
- (e.) The Optimised Deprival Valuation of the line business system fixed assets of Electra Limited is \$72,451,533; and
- (f.) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook

These valuations are as at 31 March 2001.



Warren Thessman  
Chairman



Piers Hamid  
Director

Dated this 28<sup>th</sup> day of June 2002



# Directory

---

## Directors

W R Thessman (Chairperson)  
A T Colbert  
P A T Hamid  
P F McKelvey  
M H Devlin

---

## Executive

J L Yeoman (General Manager)

---

## Registered office

Electra  
Cnr Salisbury and Durham Streets  
LEVIN

---

## Postal address

P O Box 244  
LEVIN

Telephone 06 366 0944  
Fax 06 366 0949

---

## Auditor

PricewaterhouseCoopers  
Wellington  
On behalf of the Controller and Auditor General

---

## Bankers

Bank of New Zealand

---

## Solicitors

Bell Gully Buddle Weir, Wellington.  
Quigg Partners, Wellington

---

---