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OTAGO POWER LIMITED

INFORMATION FOR DISCLOSURE

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

<p style="text-align: center;">OTAGO POWER LIMITED LINE BUSINESS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002</p>

Prepared for the Purposes of the Electricity (Information Disclosure) Regulations 1999
and the Electricity (Information Disclosure) Amendment Regulations 2000

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2002 Information Disclosure package issued by Otago Power Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Regulations.

The financial information presented is for the line business as described within the Electricity (Information Disclosure) Regulations 1999. There are also additional activities of the Company that are not required to be reported under the Regulations.

OTAGO POWER LIMITED LINE BUSINESS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2002
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	Note	31 March 2002 \$000	31 March 2001 \$000
Operating Revenue	1	13,647	12,540
Operating Expenses	2	(8,331)	(8,034)
Operating Surplus Before Rebates		5,316	4,506
Rebates		-	-
Operating Surplus Before Abnormal Items		5,316	4,506
Abnormal Items	3	(214)	(152)
Net Surplus Before Taxation		5,102	4,354
Taxation Expense	4	(1,519)	(554)
Net Surplus After Taxation		3,583	3,800

OTAGO POWER LIMITED LINE BUSINESS STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2002
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	Note	31 March 2002 \$000	31 March 2001 \$000
Total Equity at Beginning of Year		17,761	15,729
Net Surplus/(Deficit) for the Year		3,583	3,800
Total Recognised Revenues and Expenses for the Period		3,583	3,800
Add Contributions from Owners During Year:			
- Ordinary (Rebate) Shares Issued		-	-
		-	-
Deduct Distributions to Owners During the Year:			
- Ordinary Shares Redeemed		(5)	(38)
- Dividend on Ordinary Shares		-	(1,730)
- Distribution to "Other" Business		(1,000)	-
		(1,005)	(1,768)
Equity at End of Year	5	20,339	17,761

**OTAGO POWER LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2002**

	Note	31 March 2002 \$000	31 March 2001 \$000
Equity	5	<u>20,339</u>	<u>17,761</u>
<i>Represented By:</i>			
Current Assets			
Cash and Short Term Deposits	6	5,055	5,281
Receivables and Prepayments	7	1,307	1,405
Inventories	8	-	4
Taxation Refund		562	-
Deferred Taxation	4	171	208
Property, Plant and Equipment	10	14,518	13,315
Capital Work in Progress		531	1,000
Total Current Assets		<u>22,144</u>	<u>21,213</u>
Total Assets		22,144	21,213
Current Liabilities			
Accounts Payable and Provisions	9	1,805	3,290
Provision for Taxation		-	162
Total Current Liabilities		<u>1,805</u>	<u>3,452</u>
Total Liabilities		<u>1,805</u>	<u>3,452</u>
Net Assets		<u>20,339</u>	<u>17,761</u>



D L Garvan
Chairman of Directors



R A Burnside
Director

For and on behalf of the
Board of Directors

29 July 2002

**OTAGO POWER LIMITED LINE BUSINESS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2002**

	Note	31 March 2002 \$000	31 March 2001 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Was Provided From:			
Receipts from Customers		13,418	11,180
Interest Received		317	395
		13,735	11,575
Cash Was Applied To:			
Payments to Suppliers and Employees		7,415	6,037
Taxes Paid		1,844	171
		9,259	6,208
Net Cash Flows From Operating Activities	13	4,476	5,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Was Provided From:			
Sale of Property, Plant and Equipment		893	197
		893	197
Cash Was Applied To:			
Purchase of Property, Plant and Equipment		2,861	2,116
		2,861	2,116
Net Cash Flows Used in Investing Activities		(1,968)	(1,919)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Was Applied To:			
Distribution to "Other" Business		1,000	-
Share Redemption		5	38
Dividend		1,729	724
		2,734	762
Net Cash Flows Used in Financing Activities		(2,734)	(762)
Net Increase/(Decrease) in Cash Held		(226)	2,686
Add Opening Cash Brought Forward		5,281	2,595
Closing Cash Carried Forward		5,055	5,281

**OTAGO POWER LIMITED LINE BUSINESS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2002**

GENERAL ACCOUNTING POLICIES

Reporting Entity

Otago Power Limited is a company registered under the *Companies Act 1993* and is also registered under the *Co-operative Companies Act 1996*.

Purpose of the Financial Statements

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 ("the regulations").

These financial statements relate to the Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services in accordance with Section 6 of the Regulations.

Measurement Base

The measurement base adopted is that of historical cost except for the revaluation of certain items of property, plant and equipment as stated. Reliance is placed on the fact that Otago Power Limited is a going concern.

Specific Accounting Policies

(a) Avoidable Cost Allocation Methodology

The Avoidable Cost Allocation Methodology has been used to separate "Other" activities from Otago Power Limited. Other activities or non Line Business activity has been excluded from these accounts.

(b) Receivables

Receivables are stated at their estimated realisable value after writing off bad debts for the period and making an allowance for doubtful debts. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

(c) Inventories

Inventories are valued at the lower of cost or net realisable value on a weighted average cost basis.

(d) Property, Plant and Equipment

Valuation

The assets of the Otago Electric Power Board (OEPB) were transferred to the Company under the *Energy Companies Act 1992* in accordance with the Establishment Plan. The value of assets acquired from OEPB were determined as set out below, with subsequent additions at cost.

- (i) Distribution system assets, except standby transformers, are valued at cost less accumulated depreciation. Standby transformers are recorded at a current market value established in 1991, as valued by B Wilkes an independent valuer, less depreciation. This is a departure from the historical cost measurement base.
- (ii) Buildings, Plant and Equipment are recorded at cost less accumulated depreciation.
- (iii) Land and Roothing is recorded at cost.
- (iv) Motor Vehicles are recorded at cost less accumulated depreciation.
- (v) Capital Work in Progress is stated at cost and is not depreciated.

Depreciation

All assets, except freehold land and roads are depreciated over their estimated useful lives on a straight line or diminishing value basis as considered appropriate, commencing from the time the assets are held ready for use.

The Economic life ranges for the various classes of assets are:

Buildings	39 to 48 years
Network	16 to 25 years
Tools, Plant and Equipment	5 years
Motor Vehicles	5 years
Computer Equipment	5 years

(e) Income Tax

The taxation charge against the profit for the year includes both the income tax payable on assessable income in the period and the income tax effects of timing differences using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences.

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

(f) Goods and Services Tax

All amounts in the financial statements have been shown exclusive of goods and services tax, with the exception of accounts receivable and accounts payable, which are shown inclusive of goods and services tax.

(g) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

(h) Employee Entitlements

Provision is made in respect of the Company's liability for annual and long service leave. Leave has been calculated on an actual entitlement basis at current rates of pay.

(i) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of goods and services tax, which is consistent with the method used in the Statement of Financial Performance.

Definitions of the terms used in the statement of cash flows:

"Cash" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the Company and the Group as part of their day-to-day cash management.

"Investing activities" are those activities relating to changes in the equity and debt capital structure of the Company and Group and those activities relating to the cost of servicing the Company's and the Group's equity capital.

"Operating activities" include all transactions and other events that are not investing or financing activities.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the year ended 31 March 2002.

<p>OTAGO POWER LIMITED LINE BUSINESS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002</p>
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1. Operating Revenue

	31 March 2002 \$000	31 March 2001 \$000
<i>Operating Revenue Comprises:</i>		
Line Charges	11,638	11,234
Interest on Investments	317	395
Gain on Sale of Property, Plant and Equipment	-	34
Bad Debts Recovered	5	15
AC Loss Rental Rebates	749	530
Other Revenue	938	332
Total Operating Revenue	13,647	12,540

2. Operating Expenses

	31 March 2002 \$000	31 March 2001 \$000
<i>Operating Expenses Include:</i>		
Auditors Remuneration:		
- Statutory Audit	30	27
- Other	118	12
Bad and Doubtful Debts		
- Debts Written Off	1	4
- (Decrease)/Increase in Estimated Doubtful Debts	-	(11)
Depreciation	1,234	1,202
Directors' Fees	74	62
Interest Expense	16	-
Lease Costs	30	53
Loss on Disposal of Property, Plant and Equipment	-	227

3. Abnormal Items

	31 March 2002 \$000	31 March 2001 \$000
Restructuring Costs	(214)	(152)
Total Abnormal Items	(214)	(152)

4. Taxation

	31 March 2002 \$000	31 March 2001 \$000
Net Surplus Before Taxation	5,102	4,354
Prima Facie Taxation at 33%	1,684	1,437
Plus/(Less) Taxation Effect of:		
Permanent Differences:		
- Recognition of Taxation Losses Not Previously Recognised	-	(421)
- Other	(182)	(104)
Timing Differences Adjustment	87	-
Prior Period Over Provision	(70)	-
Recognition of Opening Deferred Taxation Asset	-	(358)
Taxation Expense	1,519	554
<i>Comprising of:</i>		
Current Taxation	1,569	762
Deferred Taxation	(50)	(208)
	1,519	554
Deferred Taxation Asset/(Liability):		
Opening Balance	208	-
Recognition of Opening Deferred Taxation Asset	-	358
Prior Period Over Provision	(87)	-
Movement in Current Year	50	(150)
Closing Balance	171	208

5. Equity

	31 March 2002 Shares 000	31 March 2001 Shares 000	31 March 2002 \$000	31 March 2001 \$000
<i>Issued Capital – Fully Paid</i>				
Ordinary Shares				
- Opening Balance	28,823	28,976	7,206	7,244
- Ordinary Shares Redeemed	(22)	(153)	(5)	(38)
Closing Balance of Ordinary Shares at 25c Per Share	28,801	28,823	7,201	7,206

Rights of Shares on Issue*Ordinary Shares:*

The Nominal Value of Ordinary shares is 25c each. These shares rank pari passu on return of capital upon liquidation. The return on shares is calculated on a per share basis.

The shares are not tradeable. Ordinary shares have one vote for each share held, but a holder will not be able to exercise more than 10% of the total votes cast at a meeting of the Company.

	31 March 2002 \$000	31 March 2001 \$000
Retained Earnings		
- Opening Balance	10,555	8,485
- Transfer from Statement of Financial Performance	3,583	3,800
- Distribution to "Other" Business	(1,000)	-
- Dividend Proposed	-	(1,730)
Closing Balance	13,138	10,555
Total Equity	20,339	17,761

6. Cash and Short Term Deposits

	31 March 2002 \$000	31 March 2001 \$000
Current Account	65	72
Short Term Deposits	4,990	5,209
Total Cash and Short Term Deposits	5,055	5,281

7. Receivables and Prepayments

	31 March 2002 \$000	31 March 2001 \$000
Trade Debtors	1,286	1,405
Prepayments	21	-
Total Receivables and Prepayments	1,307	1,405

8. Inventories

	31 March 2002 \$000	31 March 2001 \$000
Inventories	-	4
Total Inventories	-	4

No inventories are pledged as securities for liabilities nor are inventories subject to retention of title clauses.

9. Accounts Payable and Provisions

	31 March 2002 \$000	31 March 2001 \$000
Trade Creditors	1,392	1,549
GST Payable	163	11
Provision for Site Restoration	250	-
Provision for Dividend Ordinary Shares	-	1,730
Total Accounts Payable and Provisions	1,805	3,290

10. Property, Plant and Equipment

	Cost	Accumulated Depreciation \$000	31 March 2002 \$000	31 March 2001 \$000
System Fixed Assets	23,017	8,514	14,503	12,402
Centralised Load Control	-	-	-	-
Consumer Billing and Information System Assets	-	-	-	-
Motor Vehicles	-	-	-	-
Office Equipment	54	42	12	17
Land & Buildings	-	-	-	893
Plant & Equipment	7	4	3	3
Total Property, Plant and Equipment	23,078	8,560	14,518	13,315

Refer Note 15 for details of valuation of the system fixed assets.

11. Commitments

	31 March 2002 \$000	31 March 2001 \$000
Operating Lease Commitments:		
Operating Lease Commitments are payable as follows:		
- No later than one year	11	20
- Later than one year and not later than two years	5	14
- Later than two years and not later than five years	-	5
Total Commitments	16	39

12. Contingent Liabilities

Otago Power Limited has contingent liabilities in respect of guarantees given of \$18,000 on performance related contracts of Otago Power Services Limited.

In relation to the provision for site restoration (refer Note 9), a contingent liability will exist for any shortfall in the provision as assessed.

13. Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows

	31 March 2002	31 March 2001
	\$000	\$000
Net Surplus After Taxation	3,583	3,800
Plus/(Less) Non Cash Items:		
Depreciation	1,234	1,202
Movement in Deferred Tax	37	(208)
	<hr/> 1,271	<hr/> 994
Plus/(Less) Items Classified as Investing Activities		
Loss on Sale of Property, Plant and Equipment	-	227
Gain on Sale of Property, Plant and Equipment	-	(35)
	<hr/> -	<hr/> 192
Plus/(Less) Movements in Working Capital Items:		
(Increase)/Decrease in Receivables and Prepayments	98	(401)
(Increase)/Decrease in Stock and Work in Progress	4	(4)
(Decrease)/Increase in Accounts Payable and Provisions	244	195
(Decrease)/Increase in Provision for Taxation	(724)	591
	<hr/> (378)	<hr/> 381
Net Cash Flows from Operating Activities	<hr/> 4,476	<hr/> 5,367

14. Financial Instruments**Company Policy**

It is Company policy to request a Retailer to sign a "Use of System Agreement" before that Retailer is allowed to use the Company's lines to sell energy. As part of the "Use of System Agreement" it is Company policy that a Retailer maintain an acceptable credit rating of at least A3 (Moody's Investor Service Inc), A- (Standard & Poors rating group) or B+ (AM Best). If the Retailer cannot supply an acceptable credit rating then the Retailer must supply a cash bond or an irrevocable letter of credit equal to three months' line charges.

It is Company policy to review the level of bond every six months and where appropriate, adjustments to the level will be requested.

Interest Rate Risk

The Company subject to normal fluctuations in interest rates.

Concentrations of Credit Risk

The concentrations of credit risk in respect of Energy Retailers using the network is limited because any Retailer is required to maintain certain prudential requirements, detailed in the Company policy above.

With respect to Cash and Short Term Deposits, a concentration of credit risk exists with \$3,000,000 invested with one institution. The remaining \$2,055,000 is spread between various financial institutions.

Foreign Exchange Risk

The Company is not exposed to any foreign exchange risk.

Fair Values

All financial instruments shown in the Statement of Financial Position are recorded at fair value.

15. Related Parties

Otago Power Limited operated the Operations Business Unit within its company structure that constructed and maintained assets on its behalf. On 1 September 2000 the Operations Business Unit was established as Otago Power Services Limited, a fully owned subsidiary of Otago Power Limited.

Goods and Services Provided by the Operations Business Unit were:

	31 March 2002 \$000	31 March 2001 \$000
Construction of:		
➤ Subtransmission assets	-	2
➤ Zone substations	-	84
➤ Distribution lines and cables	-	204
➤ Medium voltage switchgear	-	12
➤ Distribution transformers	-	45
➤ Distribution substations	-	9
➤ Low voltage lines and cables	-	-
➤ Other system fixed assets	-	-
Maintenance of assets	-	796
Consumer connections and disconnections	-	-

These transactions were recorded at cost plus an allowance for overheads.

At year end no monies were owed to the Operations Business Unit.

Goods and Services Provided by Otago Power Services Limited were:

	31 March 2002 \$000	31 March 2001 \$000
Construction of:		
➤ Subtransmission assets	44	3
➤ Zone substations	154	142
➤ Distribution lines and cables	535	367
➤ Medium voltage switchgear	35	8
➤ Distribution transformers	221	80
➤ Distribution substations	-	2
➤ Low voltage lines and cables	108	4
➤ Other system fixed assets	-	9
Maintenance of assets	1,150	644
Consumer connections and disconnections	-	-

Capital work is subject to open tender or competitive pricing.

Maintenance work is charged in accordance with a competitively priced facilities management contract established for a fixed term.

At year end \$258,000 (2001 \$313,000) was owing to Otago Power Services Limited.

Goods and Services Provided to Otago Power Services Limited were:

	31 March 2002	31 March 2001
	\$000	\$000
Interest on Advance	4	6
Rent	5	4
Lease Charges	10	8

At year end \$1,000 (2001 \$5,000) was owing by Otago Power Services Limited.

No related party debts have been written off or forgiven during 2002 or 2001.

16. Annual Valuation Reconciliation Report

	31 March 2002	31 March 2001
	\$000	\$000
System fixed assets at ODV – end of the previous financial year	56,246	55,382
<i>Less</i> recalibration of system fixed assets	(3,543)	-
<hr/>		
Revised system fixed assets – end of previous financial year	52,703	
<i>Add</i> system fixed assets acquired during the year at ODV	3,330	1,201
<i>Less</i> system fixed assets disposed of during the year at ODV	-	-
<i>Less</i> depreciation on system fixed assets at ODV	(2,593)	(2,553)
<i>Add</i> revaluations of system fixed assets	-	2,216
<hr/>		
System fixed assets at ODV – end of the financial year	53,440	56,246
<hr/>		

17. Events Subsequent to Balance Date

On 13 June 2002 Otago Power Limited sold the network assets (including all property, plant and equipment and the shares in Otago Power Services Limited) for \$109,000,000. As part of the same transaction, the liabilities relating to the site restoration costs referred to in Note 9 have been assigned to the purchaser.

18. Disclosure of Information

Disclosure of information to be disclosed in the 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.

	2002	2001
	\$000	\$000
Current Assets		
(a) Cash and bank balances	65	72
(b) Short-term investments	4,990	5,209
(c) Inventories	-	4
(d) Accounts receivable	1,286	1,405
(e) Other current assets not listed in (a) to (d)	583	-
Total Current Assets	6,924	6,690
Fixed Assets **		
(a) System fixed assets	14,503	12,402
(b) Consumer billing and information system assets	-	-
(c) Motor vehicles	-	-
(d) Office equipment	12	17
(e) Land and buildings	-	893
(f) Capital works under construction	531	1,000
(g) Other fixed assets not listed in (a) to (f)	3	3
Total Fixed Assets	15,049	14,315
Other tangible assets not listed above	171	208
Total Tangible Assets	15,220	21,213
Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
Total Intangible Assets	-	-
TOTAL ASSETS	22,144	\$21,213
Current Liabilities		
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	1,555	1,560
(d) Provision for dividends payable	-	1,730
(e) Provision for income tax	-	162
(f) Other current liabilities not listed in (a) to (e) above	250	-
Total Current Liabilities	1,805	3,452
Non-Current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
Total Non-Current Liabilities	-	-
Equity		
(a) Shareholders' equity:		
(i) Share capital	7,201	7,206
(ii) Retained earnings	13,138	10,555
(iii) Reserves	-	-
Total Shareholders' equity	20,339	17,761
(b) Minority interests in subsidiaries	-	-
Total Equity	20,339	17,761
(c) Capital notes	-	-
Total Capital Funds	20,339	17,761
TOTAL EQUITY AND LIABILITIES	22,144	\$21,213

** The network assets were sold on 13 June 2002, refer Note 17, and should be recorded as a current asset, however to comply with the format of the template they have continued to be shown as a non-current asset.

	2002 \$000	2001 \$000
Operating Revenue		
(a) Revenue from line/access charges.	11,638	11,234
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	317	395
(d) AC loss-rental rebates	749	530
(e) Other revenue not listed in (a) to (d)	943	381
Total Operating Revenue	13,647	12,540
Operating Expenditure		
(a) Payment for transmission charges	3,952	3,766
(b) Transfer payments to the "Other" business for:		
(i) Asset maintenance	1,150	1,440
(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) above	-	-
Total transfer payment to the "Other" business	1,150	1,440
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	1,014	435
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
Total of specified expenses to non-related parties (sum of (i) to (v))	1,014	435
(d) Employee salaries, wages and redundancies	-	307
(e) Consumer billing and information system expense	-	-
(f) Depreciation on:		
(i) System fixed assets:	1,229	1,132
(ii) Other assets not listed in (i)	5	70
Total depreciation	1,234	1,202
(g) Amortisation of:		
(i) Goodwill:	-	-
(ii) Other intangibles:	-	-
Total Amortisation of Intangibles	-	-
(h) Corporate and administration:	718	588
(i) Human resource expenses:	4	26
(j) Marketing/advertising:	3	10
(k) Merger and acquisition expenses:	-	-
(l) Takeover defence expenses:	-	-
(m) Research and development expenses:	-	-
(n) Consultancy and legal expenses:	132	80
(o) Donations:	-	-

	2002 \$000	2001 \$000
(p) Directors' fees:	74	62
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	30	27
(ii) Audit fees paid to other auditors:	-	-
(iii) Fees paid for other services provided by principal and other auditors:	118	12
Total Auditors' fees:	148	39
(r) Costs of offering credit:		
(i) Bad debts written off:	1	7
(ii) Increase in estimated doubtful debts:	-	(11)
Total cost of offering credit:	1	(4)
(s) Local authority rates expense:	3	6
(t) AC loss-rentals (distribution to retailers/customers) expense:	-	-
(u) Rebates to consumers due to ownership interest:	-	-
(v) Subvention payments:	-	-
(w) Unusual expenses:	96	-
(x) Other expenditure not listed in (a) to (w)	-	229
Total operating expenditure	8,529	8,186
Operating surplus before interest and income tax	5,118	4,354
Interest expense		
(a) Interest expense on borrowings	-	-
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	16	-
Total interest expense	16	-
Operating surplus before income tax	5,102	4,354
Income tax	1,519	554
Net surplus after tax	3,583	3,800

OTAGO POWER LIMITED LINE BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES
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PURSUANT TO REGULATION 15 OF THE ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

Financial Measures

	2002	2001	2000	1999
Return on Funds	6.55%	4.49%	1.33%	2.55%
Return on Equity	3.83%	3.98%	2.20%	2.93%
Return on Investment	3.86%	7.82%	6.20%	2.93%
Return on Investment (excluding revaluation)	3.86%	3.74%		

Efficiency Performance Measures

	2002	2001	2000	1999
Direct Line Costs per Kilometre	\$669	\$568	\$588	\$761
Indirect Line Costs per Electricity Customer	\$56	\$80	\$92	\$47

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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	5,118,781				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	5,118,781				
Interest on cash, bank balances, and short-term investments (ISTI)	316,664				
OSBIIT minus ISTI	4,802,117	a	4,802,117		4,802,117
Net surplus after tax from financial statements	3,583,511			3,583,511	
Net surplus after tax adjusted pursuant to Regulation 18 (NSAT)	3,583,511	n			
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0 add	0
Subvention payment	0	s	add	0 add	0
Depreciation of SFA at BV (x)	1,228,369				
Depreciation of SFA at ODV (y)	2,592,651				
ODV depreciation adjustment	-1,364,282	d	add	-1,364,282 add	-1,364,282
Subvention payment tax adjustment	0	s*t		deduct	0
Interest tax shield	-104,499	q			deduct
Revaluations	0	r			add
Income tax	1,518,906	p			deduct
Numerator			OSBIIT ^{ADJ} = a+g+s+d	NSAT ^{ADJ} = n+g+s*t+d	OSBIIT ^{ADJ} = a+g-q+r+s+d-p-s*t
Fixed assets at end of previous financial year (FA ₀)	13,314,824		3,437,835	2,219,229	2,023,428
Fixed assets at end of current financial year (FA ₁)	14,518,005				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-95,715				
Adjusted net working capital at end of current financial year (ANWC ₁)	-497,242				
Average total funds employed (ATFE)	13,619,936	c	13,619,936		13,619,936
	(or regulation 33 time-weighted average)				
Total equity at end of previous financial year (TE ₀)	17,760,436				
Total equity at end of current financial year (TE ₁)	20,338,601				
Average total equity	19,049,518	k		19,049,518	
	(or regulation 33 time-weighted average)				
WUC at end of previous financial year (WUC ₀)	1,000,460				
WUC at end of current financial year (WUC ₁)	531,412				
Average total works under construction	765,936	e	deduct	765,936 deduct	765,936
	(or regulation 33 time-weighted average)				
Revaluations	0	r			
Half of revaluations	0	r/2			deduct

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
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	m		add	0
(or regulation 33 time-weighted average)					
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 and related tax adjustment	0	v		add	0
System fixed assets at end of previous financial year at BV (SFA _{0,bv,0})	12,401,492				
System fixed assets at end of current financial year at BV (SFA _{0,bv,1})	14,503,018				
Average value of system fixed assets at BV	13,452,255	f	deduct	13,452,255	deduct
(or regulation 33 time-weighted average)					
System Fixed assets at year beginning at ODV value (SFA _{0,odv,0})	52,703,115				
System Fixed assets at end of current financial year at ODV value (SFA _{0,odv,1})	53,440,359				
Average value of system fixed assets at ODV value	53,071,737	h	add	53,071,737	add
(or regulation 33 time-weighted average)					
Denominator					
Financial Performance Measure					
	52,473,482		ATFE ^{ADJ} = c-e-f+h	57,903,064	52,473,482
	6.55			Ave TE ^{ADJ} = k-e-m+v-f+h	ATFE ^{ADJ} = c-e-1/2r-f+h
				ROE=NSAT ^{ADJ} /ATE ^{ADJ} x 100	ROI=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100
				3.83	3.86

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

OTAGO POWER LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

Energy Delivery Efficiency Performance Measures Years Ending 31 March 1999, 2000, 2001 and 2002

	2002	2001	2000	1999
(e) Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	77.3%	77.5%	73.9%	71.0%
(f) Loss Ratio (Transmission losses over energy entering the system)	6.2%	6.0%	6.1%	5.2%
(g) Capacity Utilisation (Maximum demand over total transformer capacity)	39.4%	39.1%	37.5%	35.2%

Statistics

		66kV	33kV	22kV	11kV	6.6kV	400V	Total
System Length (km's)	1998/99	29.7	518.7	245.1	2,830.8	62.9	397.1	4,084.2
	1999/00	29.7	530.5	252.3	2,839.2	64.2	387.9	4,103.7
	2000/01	73.9	528.3	251.4	2,853.0	62.1	392.0	4,160.7
	2001/02	73.9	528.1	252.3	2,880.9	59.7	396.0	4,190.9
Overhead Lines (km's)	1998/99	29.7	518.34	245.1	2,826.5	61.6	381.7	4,062.8
	1999/00	29.7	530.15	252.3	2,834.5	62.9	372.4	4,082.0
	2000/01	73.9	528.04	251.4	2,848.1	60.8	376.5	4,138.8
	2001/02	73.9	527.8	252.3	2,875.5	58.4	380.5	4,168.4
Underground Cables (km's)	1998/99	0	0.3	0	4.4	1.3	15.5	21.4
	1999/00	0	0.3	0	4.6	1.3	15.5	21.7
	2000/01	0	0.3	0	4.9	1.3	15.5	22.0
	2001/02	0	0.3	0	5.4	1.3	15.5	22.5

	TX Capacity	Maximum Demand	Electricity Supplied *	Electricity Conveyed *	Total Customers
1998/99	124,848	43,972	259,409,222	273,633,706	14,861
1999/00	128,005	48,028	292,526,791	311,661,233	14,231
2000/01	127,837	49,946	318,765,114	338,969,936	14,297
2001/02	130,633	51,442	348,372,353	326,638,060	14,434

* Comparative figures for the 2000/01, 1999/00 and 1998/99 years for electricity supplied and conveyed are transposed when compared with the 2001/02 year.

Retailer	KWh (2001/02)	KWh ** (2000/01)	KWh (1999/00)	KWh (1998/99)
Otago Power Limited				273,633,706
Retailer A	1,381,632	12,590,717	8,559,520	
Retailer B	147,813,380	168,558,852	178,392,435	
Retailer C	1,781,495	64,062		
Retailer D	174,815,243	157,435,972	124,709,278	
Retailer E	155,136	26,439		
Retailer F	470,103	293,894		
Retailer G	221,071			
Total	326,638,060	338,969,936	311,661,233	273,633,706

** Comparative figures for the 2000/01 year are for the kWh of electricity conveyed through the network before losses.

OTAGO POWER LIMITED LINE BUSINESS RELIABILITY PERFORMANCE MEASURES

**PURSUANT TO REGULATION 22 OF THE ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000**

Reliability Statistics For Years Ending 31 March 1999, 2000, 2001 and 2002

Class		A	B	C	D	E	F	G	TOTAL
Interruptions	1998/99	1	184	291	4	0	0	0	480
	1999/00	1	87	236	2	0	0	0	326
	2000/01	2	107	216	3	0	0	0	328
	2001/02	0	119	178	2	0	0	0	299
Predicted 2002/2003			112	208					320
5-Year Average Target			107	200					307
SAIDI	1998/99	64.8	119.8	220.8	88.1	0	0	0	493.5
	1999/00	19.2	143.6	177.2	19.6	0	0	0	359.6
	2000/01	125.9	64.0	133.4	8.9	0	0	0	332.2
	2001/02	0	65.5	106.4	50.7	0	0	0	222.6
Predicted 2002/2003			55.9	111.0					166.9
5-Year Average Target			50.6	101.4					152.0
SAIFI	1998/99	0.22	0.87	1.58	0.86	0	0	0	3.53
	1999/00	0.21	0.65	1.97	0.84	0	0	0	3.67
	2000/01	0.43	0.48	1.95	0.26	0	0	0	3.12
	2001/02	0	0.31	1.45	0.83	0	0	0	2.59
Predicted 2002/2003			0.28	1.44					1.72
5-Year Average Target			0.26	1.32					1.58
CAIDI	1998/99	294.5	137.7	139.7	102.4	0	0	0	139.8
	1999/00	91.3	221.0	89.9	23.4	0	0	0	98.0
	2000/01	292.7	133.4	68.4	34.4	0	0	0	106.5
	2001/02	0	211.2	73.4	61.1	0	0	0	85.9
Predicted 2002/2003			200.0	77.0					97.0
5-Year Average Target			195.0	77.0					96.4

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	1998/99	0	3.00	15.00	13.19
	1999/00	0	2.00	7.00	6.22
	2000/01	0	2.27	6.58	5.85
	2001/02	0	1.52	5.30	4.67
UG per 100km	1998/99	0	0	0	0
	1999/00	0	0	0	0
	2000/01	0	0	0	0
	2001/02	0	0	0	0
Total per 100km	1998/99	0	3.00	14.98	13.16
	1999/00	0	2.00	6.98	6.21
	2000/01	0	2.27	6.57	5.84
	2001/02	0	1.51	5.29	4.66
Predicted 2002/2003		0	1.90	6.10	5.40
5-Year Average Target		0	1.90	5.90	5.19


Class C Interruptions Not Restored in	3 hours	10.1%
Class C Interruptions Not Restored in	24 hours	0

OTAGO POWER LIMITED
CERTIFICATION OF FINANCIAL STATEMENTS
PERFORMANCE MEASURES AND STATISTICS

We, Duncan Leishman Garvan and Robert Adam Burnside, Directors of Otago Power Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

- a) The attached audited financial statements of Otago Power 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 measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Otago Power Limited and having been prepared for the purpose 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 following a recalibration audit carried out by the Commerce Commission and were prepared in March 2002.



Signed:  
Dated: 30.7.02 30/7/02

CERTIFICATION OF VALUATION REPORT OF
LINE OWNERS

We, Duncan Leishman Garvan and Robert Adam Burnside, Directors of Otago Power Limited, certify that, having made all reasonable inquiry, to the best of our knowledge:

- (a) The attached valuation report of Otago Power Limited, prepared for the purposes of Regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that Regulation; and
- (b) The replacement cost of the line business system fixed assets of Otago Power Limited is \$125,542,919; and
- (c) The depreciated replacement cost of the line business system fixed assets of Otago Power Limited is \$56,294,531; and
- (d) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Otago Power Limited is \$55,487,094; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Otago Power Limited is \$52,703,115; and
- (f) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook.

These values are as at 31 March 2001 following a recalibration audit carried out by the Commerce Commission and were prepared in March 2002.

Signed:  
Dated: 30.7.02 30/7/02

REPORT TO THE READERS OF THE FINANCIAL STATEMENTS
OF OTAGO POWER LIMITED FOR THE YEAR ENDED 31 MARCH 2002

We have audited the accompanying financial statements of Otago Power Limited on pages 2 to 17. The financial statements provide information about the past financial performance of Otago Power Limited and its financial position as at 31 March, 2002. This information is stated in accordance with the accounting policies set out on pages 6 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 Otago Power Limited as at 31 March, 2002, and results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing -

- the significant estimates and judgements made by Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Otago Power Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained 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, the provision of taxation and financial advisory services we have no relationship with or interests in Otago Power Limited.

Unqualified Opinion

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

In our opinion -

- proper accounting records have been maintained by Otago Power Limited as far as appears from our examination of those records; and
- the financial statements on pages 2 to 17 -
 - a) comply with generally accepted accounting practice; and
 - b) give a true and fair view of the financial position of Otago Power Limited 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 29 July, 2002 and our unqualified opinion is expressed as at that date.



Deloitte Touche Tohmatsu
Dunedin, New Zealand

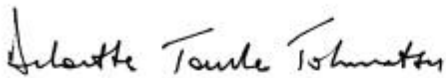
**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999-
SCHEDULE 3, FORM 3, CERTIFICATION OF PERFORMANCE MEASURES BY
AUDITORS****AUDITOR'S OPINION OF PERFORMANCE MEASURES OF OTAGO POWER
LIMITED**

We have examined the information on pages 14 and 18 to 20, being:

- a) The derivation table in regulation 16; and
- b) The annual ODV reconciliation report in regulations 16A; and
- c) The time-weighted averages calculations in regulation 33; and
- d) The financial performance measures in clause 1 of Part 3 of Schedule 1; and
- e) The financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1;

that were prepared by Otago Power Limited and dated 31 March, 2002 for the purposes of regulations 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.



Deloitte Touche Tohmatsu
Dunedin, New Zealand

29 July 2002