SUPPLEMENT TO

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COUNTIES POWER LIMITED

INFORMATION FOR DISCLOSURE

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

COUNTIES POWER LIMITED – LINE BUSINESS ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

Counties Power Limited's electricity business for the year ended 31 March 2002 consisted of line business activities, electrical contracting and other business activities. To provide the best service to customers these activities were undertaken as a single operation. Accordingly statutory financial reporting and management reporting do not distinguish between line business and other activities. For the purposes of these financial statements the reporting entity has been established using the prescribed allocation methodology to provide accounting separation.

Note that the accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6 (2) and 6 (3) of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

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

We, Neil Simmonds and Paul Muir, principals of Counties Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

a) The attached audited financial statements of Counties Power Limited Line Business 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 Counties Power Limited's Line Business, 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.

N. Simmonds
Chief Executive Officer

P. G. Muir
Chairman

2 August 2002

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Report of the Audit Office

To the readers of the financial statements of Counties Power Limited Line Business for the year ended 31 March 2002.

We have audited the accompanying financial statements of Counties Power Limited Line Business. The financial statements provide information about the past financial performance of Counties Power Limited Line Business and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 Counties Power Limited Line Business as at 31 March 2002, and results of operations and cash flows for the year ended on that date.

Auditors' 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 A S Wotton 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

- whether the accounting policies are appropriate to Counties Power Limited Line Business circumstances, consistently applied and adequately disclosed.

PRICEWATERHOUSECOOPERS

We conducted our audit in accordance with generally accepted 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.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Counties Power Limited Line Business

Unqualified opinion

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

In our opinion:

- proper accounting records have been maintained by Counties Power Limited Line Business as far as appears from our examination of those records; and
- the financial statements of Counties Power Limited Line Business:
    a) comply with generally accepted accounting practice in New Zealand; and
    b) give a true and fair view of Counties Power Limited Line Business 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 2 August 2002 and our unqualified opinion is expressed as at that date.

A S Wotton
PricewaterhouseCoopers
Chartered Accountants
On behalf of the Controller and Auditor-General
Wellington, New Zealand

Counties Power Limited – Line Business
STATEMENT OF FINANCIAL PERFORMANCE
For the Year ended 31 March 2002

	Notes	31 March 2002 $000	31 March 2001 $000
TOTAL OPERATING REVENUE	(2)	25,741	25,364
TOTAL OPERATING EXPENDITURE	(3)	(20,936)	(20,257)
OPERATING SURPLUS BEFORE INTEREST AND INCOME TAX		4,805	5,107
INTEREST EXPENSE	(3)	(414)	(406)
OPERATING SURPLUS BEFORE INCOME TAX		4,391	4,701
INCOME TAX CREDIT/(CHARGE)	(4)	1,589	(936)
NET SURPLUS AFTER TAX		5,980	3,765

STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ended 31 March 2001

		31 March 2002 $000	31 March 2001 $000
EQUITY AT BEGINNING OF YEAR		75,065	38,438
Revaluation of Fixed Assets	(6)	-	32,862
Increase in Revaluation Reserve	(6)	7,251	-
Net Profit for Year		5,980	3,765
Total Recognised Revenues and Expenses		13,231	36,627
Dividend		(750)	-
EQUITY AT END OF YEAR		87,546	75,065

Counties Power Limited – Line Business
STATEMENT OF FINANCIAL POSITION
As at 31 March 2002

	Notes	31 March 2002 $000	31 March 2001 $000
CURRENT ASSETS			
Cash and bank balances		-	-
Short-term investments		-	-
Inventories		-	-
Accounts receivable	(7)	3,168	3,913
Other current assets		-	-
TOTAL CURRENT ASSETS		3,168	3,913
FIXED ASSETS	(10)	94,126	90,222
OTHER TANGIBLE ASSETS		-	-
TOTAL TANGIBLE ASSETS		97,294	94,135
INTANGIBLE ASSETS			
Goodwill		-	-
Other Intangibles		-	-
TOTAL INTANGIBLE ASSETS		-	-
TOTAL ASSETS		**97,294**	**94,135**
CURRENT LIABILITIES			
Bank Overdraft		-	-
Borrowings	(8)	7,262	6,287
Payables and accruals	(9)	2,486	3,134
Provision for dividend payable		-	-
Provision for income tax		-	-
Other current liabilities		-	-
TOTAL CURRENT LIABILITIES		9,748	9,421
NON-CURRENT LIABILITIES			
Payables and accruals		-	-
Borrowings	(8)	-	-
Deferred taxation	(4)	-	9,649
Other non-current assets		-	-
TOTAL NON-CURRENT LIABILITIES		-	9,649
SHAREHOLDERS' EQUITY			
Share capital	(5)	29,311	29,311
Retained earnings		18,122	12,142
Dividend proposed		-	750
Asset revaluation reserve	(6)	40,113	32,862
TOTAL SHAREHOLDERS' EQUITY		87,546	75,065
MINORITY INTERESTS IN SUBSIDIARIES		-	-
CAPITAL NOTES		-	-
TOTAL CAPITAL FUNDS		87,546	75,065
TOTAL EQUITY AND LIABILITIES		**97,294**	**94,135**

Counties Power Limited – Line Business
STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2002

	Notes	31 March 2002 $000	31 March 2001 $000
CASHFLOW FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		25,424	25,152
Interest from cash management		-	-
		25,424	25,152
Cash was applied to:			
Payments to suppliers and employees		(10,161)	(9,548)
Discounts credited		(7,240)	(7,157)
Income tax paid		(463)	(1,436)
Interest Paid		(414)	(406)
Net GST paid		(58)	(1,021)
		(18,336)	(19,568)
Net Cashflows from operating activities	11	7,088	5,584
CASHFLOW FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of plant & property		210	24
Transfer of fixed assets to other business		-	826
		210	850
Cash was applied to:			
Purchase and construction of fixed assets		(7,523)	(7,810)
		(7,523)	(7,810)
Net cash (used)/generated by investing activities		(7,313)	(6,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Loan drawdowns		975	1,376
		975	1,376
Cash was applied to:			
Term Loan repayments		-	-
Dividend Paid		(750)	-
		(750)	-
Net cash (used)/generated by financing activities		225	1,376
Net increase/(decrease) in cash held		-	-
Add opening cash/(borrowings) brought forward		-	-
Ending cash carried forward		-	-

Counties Power Limited – Line Business
STATEMENT OF ACCOUNTING POLICIES
For the Year Ended 31 March 2002

1. STATEMENT OF ACCOUNTING POLICIES

STATUTORY BASE

These financial statements are presented in accordance with Regulation 6 of the Electricity (Information Disclosure) Regulations 1999.

REPORTING ENTITY

Counties Power's electricity business for the year ended 31 March 2002 consisted of line business activities, electrical construction, garage workshop services and other related activities. To provide the best service to customers these activities were undertaken as a single operation. Accordingly statutory financial reporting and management reporting do not distinguish between line business and other business activities. For the purposes of these financial statements the reporting entity has been established using the prescribed allocation methodology to provide accounting separation.

MEASUREMENT BASE

The financial statements have been prepared on the historic cost basis, as modified by the revaluation of certain assets as identified in specific accounting policies below.

ACCOUNTING POLICIES

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

Sales

Sales comprise the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Line revenue is charged to customers based mainly upon the volume of energy transmitted through lines. The volume of energy upon which invoicing is based, is advised to the Company by Electricity Retailers. This information is in turn based upon a combination of actual meter reads and assessments.

Investment Income

Interest and rental income are accounted for as earned.

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 payables, which include GST invoiced.

Accounts Receivable

Accounts receivable are stated at expected net realisable value after providing against debts where collection is doubtful.

Employee Entitlements

Employee entitlements to salaries and wages, annual leave, long service leave and other benefits are recognised when they accrue to employees.

Fixed Assets

Initial Recording
The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of self-constructed assets includes the cost of all materials used in construction, direct labour and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Valuation
Distribution system assets, excluding meters and relays, are revalued at intervals of three years to Depreciated Replacement Cost. The last revaluation was undertaken as at 31 March 2001 by Meritec Limited, Valuers.

Impairment

Annually, the Directors assess the carrying value of major assets. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment, if any, is recognised in the statement of financial performance.

Depreciation

Fixed assets have been depreciated, so as to write off cost less estimated residual value over their estimated useful lives, on the following basis:

Distribution System	1.4% to 2.2% (45 to 70 years) straight line (SL) for lines, cables & zone substations 2.2% to 2.9% (35 to 45 years) SL for switchgear, distribution transformers, distribution substations, service connection equipment and most other distribution equipment other than voltage regulators (which are depreciated at 1.8%, 55 years SL)
Buildings	2% SL for majority of buildings (some at 1% SL)
Plant & Equipment	40% DV for computer hardware and software 20% and 25% DV for other items
Motor Vehicles	20% and 25% DV for majority of vehicles

Estimated useful lives of Distribution System fixed assets were reviewed in conjunction with their revaluation to Optimised Deprival Value on 31 March 2001. As a consequence estimated useful lives have been revised from 1 April 2001 and now correspond to those specified in the fourth edition of the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses issued by the Chief Executive of the Ministry of Economic Development in October 2000.

Taxation

The tax expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and tax rules, and timing differences between accounting and tax rules that are not expected to crystallise in future periods. This is the partial basis for the calculation of deferred tax under the liability method.

A deferred tax asset, or the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences, or losses, will be utilised.

Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

a) Cash is considered to be cash on hand, current accounts in banks net of bank overdrafts and short term deposits with banks.

b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.

c) Financing activities are those activities that result in changes in the size and composition of the capital structure. Dividends paid in relation to the capital structure are included in financing activities.

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

Financial Instruments

Counties Power Limited had no financial instruments with off-balance sheet risk during or at the end of the year (2001 Nil).

CHANGES IN ACCOUNTING POLICY

The Line Business has changed the method of accounting for deferred taxation from the comprehensive method to the partial method as it is considered unlikely that the majority of timing differences will reverse in future, and accordingly an income tax liability is not expected to crystallise. The effect of this change is a write back to the taxation expense of $2,398,000 for deferred taxation liability provided in previous years, and reversal of a deferred taxation liability of $7,251,000 relating to the revaluation of fixed assets at 31 March 2001.

There have been no other changes in accounting policies.

Counties Power Limited – Line Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2002

2. REVENUE

	2002 $000	2001 $000
Revenue from line/access charges	23,406	22,708
Revenue from "Other" Business for services carried out by the line business	-	-
Interest on cash, bank balances and short-term investments	-	-
AC loss-rental rebates	1,364	971
Other operating revenue	971	1,685
Total Operating Revenue	25,741	25,364

3. OPERATING EXPENDITURE

	2002 $000	2001 $000
Transmission charges	4,885	4,550
Transfer payments to the "Other" business for -		
Asset maintenance	1,482	1,531
Consumer disconnection/reconnection services	-	-
Meter data	-	-
Consumer based load control services	-	-
Royalty and patent expenses	-	-
Avoided transmission charges on account of own generation	-	-
Other goods and services provided by "Other" business	-	-
Total transfer payment to the "Other" business	1,482	1,531
Expense to entities that are not related parties for -		
Asset maintenance	491	580
Consumer disconnection/reconnection services	69	-
Meter data	-	-
Consumer based load control services	-	-
Royalty and patent expenses	-	-
Total of specified expenses to non-related parties	560	580
Employee salaries, wages and redundancies	1,462	1,393
Consumer billing and information system expense	-	-
Depreciation on -		
System fixed assets	2,844	2,604
Other assets not listed	703	453
Total depreciation	3,547	3,057

Amortisation of -		
Goodwill	-	-
Other intangibles	-	-
Total amortisation of intangibles	-	-
Corporate and administration	393	319
Human resource expenses	98	229
Marketing/advertising	178	150
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	200	360
Donations	-	-
Directors' fees	100	114
Auditors' fees -		
Audit fees paid to principal auditors	26	29
Audit fees paid to other auditors	-	-
Fees paid for other services provided by the principal & other auditors	40	43
Total auditors' fees	66	72
Cost of offering credit -		
Bad debts written off	47	13
Increase in estimated doubtful debts	-	-
Total cost of offering credit	47	13
Local authority rates expense	18	17
AC loss-rental rebates (distribution to retailers/customers) expense	-	-
Customer discounts	7,353	7,299
Subvention payments	-	-
Unusual expenses	-	-
Loss on disposal of fixed assets	11	10
(Gain) on disposal of fixed assets	149	-
Other expenditure not listed	387	563
Total Operating Expenditure	20,936	20,257
Interest Expense:		
Interest expense on borrowings	414	406
Financing charges related to finance leases	-	-
Other interest expense	-	-
Total Interest Expense	414	406

4. TAXATION

	2002 $000	2001 $000
Accounting profit before taxation	4,391	4,701
Prima facie taxation @ 33%	1,449	1,551
Plus/(less) taxation effect of:		
Over/(Under)estimation in prior year	9	(340)
Non deductible expenses	4	37
Other items treated as permanent differences	(653)	(312)
Reversal of prior year deferred tax liability	(2,398)	-
Income Tax Charge/(Credit) to Net Operating Surplus	(1,589)	936

The deferred taxation adjustment arises from the change in accounting policy referred to in Note 1.

The taxation charge is represented by:

Current Taxation	809	539
Deferred Taxation	(2,398)	397
	(1,589)	936

Deferred taxation is represented by:

Deferred taxation 1 April 2001	9,649	2,001
Current charge/(credit)	(2,398)	397
Effect of revaluation of assets	-	7,251
Reversal of deferred tax effect of revaluation	(7,251)	-
Deferred taxation liability 31 March 2002	-	9,649

The Line Business has a potential deferred tax liability net of future tax benefits of $11,052,000 (2001 Nil). This liability is not expected to crystallise and has therefore not been recognised in the financial statements, in accordance with the business's accounting policy.

Imputation credit account:

Balance as at 1 April 2001	2,285	433
Income tax payments made during the period:		
Line Business	463	1,436
Other Business	337	416
Imputation credits attached to dividends paid to shareholders:		
Line Business	(369)	-
Other Business	(123)	-
Balance as at 31 March 2002	2,593	2,285

Imputation credits are recorded for both the Line and Other Businesses, as the two businesses operate as a single legal and tax entity. As a consequence all imputation credits are available for utilisation by either or both businesses.

5. SHARE CAPITAL

	2002 $000	2001 $000
Issued and Paid In Capital: 15,000,000 Ordinary Shares	29,311	29,311

6. ASSET REVALUATION RESERVE

	2002 $000	2001 $000
BALANCE AT BEGINNING OF YEAR	32,862	-
Revaluation	-	40,113
Deferred tax effect of revaluation	-	(7,251)
Reversal of deferred tax effect of revaluation	7,251	-
BALANCE AT END OF YEAR	40,113	32,862

7. ACCOUNTS RECEIVABLE

	2002 $000	2001 $000
Trade Debtors	2,451	2,362
Prepayments	179	100
Other Debtors	-	567
Tax Refund Due	538	884
	3,168	3,913

8. BORROWINGS

	2002 $000	2001 $000
CURRENT		
Bank Overdraft	-	-
Loan from Other Business	7,262	6,287
Term Loan – Current Portion	-	-
	7,262	6,287
NON-CURRENT		
Term Loan	-	-
	7,262	6,287

There were no loans owing externally at year-end (2001 Nil), however a standby facility was in place. There was no security held over the assets of the company (2001 Nil), although a negative pledge agreement exists.

Interest has been charged in respect of the loan provided by the Other Business at the rate of 6.0%.

9. PAYABLES AND ACCRUALS

	2002 $000	2001 $000
Accounts Payable	2,295	2,828
Other Accruals	67	180
Accrued Payroll	124	126
	2,486	3,134

10. FIXED ASSETS

	Cost/Valuation $000	Accumulated Depreciation $000	Net Book Value $000
		2002	
System fixed assets:			
At cost	8,599	97	8,502
At valuation	83,967	2,748	81,219
Capital works under construction	228	-	228
Motor vehicles	450	268	182
Consumer billing & information systems	601	568	33
Office equipment	4,073	2,692	1,381
Land	895	-	895
Buildings	2,410	724	1,686
Other fixed assets	-	-	-
	101,223	7,097	94,126
		2001	
System fixed assets at valuation	83,967	-	83,967
Capital works under construction	1,945	-	1,945
Motor vehicles	548	294	254
Consumer billing & information systems	568	489	79
Office equipment	3,795	2,452	1,343
Land	895	-	895
Buildings	2,411	672	1,739
Other fixed assets	-	-	-
	94,129	3,907	90,222

The major property holding of the Line business comprised the depot complex at Glasgow Road and Nelson Street, Pukekohe. This property was valued as at 1 September 2000 by Value and Management Services Limited as part of a General Revaluation by the Franklin District Council. This valuation amounted to $1,975,000. The accounting book value in the Financial Statements in respect of this property as at 31 March 2002 was $1,775,000 (2001 $1,857,000).

Other properties with a total accounting book value amounting to $806,000 (2001 $777,000) were not included in the above valuation.

11. RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	2002 $000	2001 $000
Reported surplus after taxation	5,980	3,765
Add non-cash items:		
Depreciation	3,547	3,057
Movement in deferred tax	(2,398)	397
	1,149	3,454
Add item classified as investing activity		
Net (gain)/loss on disposal of fixed assets	(138)	15
	(138)	15
Movement in working capital:		
(Decrease)/Increase in accounts payable	(648)	26
(Decrease)/Increase in taxation payable	-	(13)
(Increase)/Decrease in taxation receivable	346	(884)
(Increase)/Decrease in accounts receivable	399	(779)
	97	(1,650)
Net cash inflow/(outflow) from operating activities	7,088	5,584

12. OPERATING LEASE COMMITMENT

Counties Power Limited Line Business had no operating lease commitments (2001 Nil).

13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Counties Power Limited Line Business had commitments for future capital expenditure at 31 March 2002 totalling $117,000 (2001: $761,000).

There were no material contingent liabilities at 31 March 2002.

14. FINANCIAL INSTRUMENTS

(A) Nature of activities and management policies with respect to financial instruments.

(i) The company incurs credit risk from transactions with trade debtors and financial institutions in the normal course of business. At balance date the company had a significant concentration of credit risk relating to the amount receivable from Electricity Retailers. The company has a programme to manage this risk concentration, including adhering to specific credit policy requirements, insurance arrangements and having the contractual ability to require security to be provided by these customers under certain circumstances.

The maximum estimated credit exposure in respect of trade debts is:

- Total asset class - $2.5 million (2001 $2.2 million)
- Debts subject to significant debt concentration risk - $1.7 million (2001 $1.6 million)

The company does not generally require collateral or security to support financial instruments other than as outlined above, due to the quality of the financial institutions dealt with.

(ii) The company does not generally undertake any transactions denominated in foreign currencies apart from the purchase of distribution system equipment and does not hold any long term borrowings.

(B) Fair Values

Cash and Liquid Deposits, Short and Long Term Loans, Accounts Payable and Receivable.

The carrying value of these items is equivalent to their fair value.

15. RELATED PARTY TRANSACTIONS

(a) The Line business enters into transactions with the "Other" Business. The relationship is managed on an arms length basis, with significant contracts generally awarded by the Line business on a competitive tendering basis.

(b) & (c)
The services provided by the "Other" Business generally include normal electrical construction, maintenance and fault response services related to the Line business electrical network.

(d) Services provided were in the following categories and at total prices as indicated in $000:

	2002 $000	2001 $000
Construction of subtransmission assets	15	32
Construction of zone substations	-	-
Construction of distribution lines and cables	843	688
Construction of medium voltage switch gear	-	-
Construction of distribution transformers	355	210
Construction of distribution substations	142	67
Construction of low voltage reticulation	211	172
Construction of other system fixed assets	9	26
Maintenance of assets	1,492	1,531

(e) Services were provided throughout the financial year.

(f) There were no outstanding trade balances owing at year-end for services performed by the Other business for the Line business, as payment is effected by way of accounting entry at the end of each month. Loan funding was provided by the Other business to the Line Business, as disclosed in Note 8. As the Line and Other Businesses operate as a single legal entity no formal loan documentation is prepared in respect of loans between them. The loan has been treated in the Line Business financial statements as being on-call.

(g) No debts arising from related party transactions have been written off or forgiven during the year.

(h) No transactions were undertaken at a nil or nominal value, other than minor items as would occur in a normal arms length relationship.

Counties Power Line Business paid $15,000 (2001 $10,000) in valuation and consultancy fees to Meritec Limited, a subsidiary of Meritec Group Limited. Mr. J.W. Wilson, a Director of Counties Power Limited, is also a Director of Meritec Group Limited. A balance of $4,000 (2001 $7,000) was outstanding at balance date. These transactions were undertaken on normal commercial terms and Mr. Wilson was not involved in them.

16. ODV VALUATION

The ODV valuation of Counties Power Limited Line Business Distribution System assets was calculated at $83,966,707 at 31 March 2001 by Meritec Limited.

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AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF COUNTIES POWER LIMITED LINE BUSINESS.

We have examined the information on the attached pages being -

(a) the derivation table in regulation 16; and

(b) the annual ODV reconciliation report in regulation 16A; and

(c) the time-weighted averages calculations in regulation 33

(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 Counties Power Limited Line Business and dated 31 March 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 S Wotton
PricewaterhouseCoopers
On behalf of the Controller and Auditor-General
Wellington, New Zealand
2 August 2002

Counties Power Limited – Line Business
Derivation Table of Financial Performance Measures from Financial Statements
Pursuant to Regulation 16 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 7
For the Year Ended 31 March 2002

Derivation Table	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	4,805							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	4,805							
Interest on cash, bank balances, and short-term investments (ISTI)	0							
OSBIIT minus ISTI	4,805	a		4,805				4,805
Net surplus after tax from financial statements	5,980							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	5,980	n				5,980		
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)	2,844							
Depreciation of SFA at ODV (y)	2,844							
ODV depreciation adjustment	0	d	add	0	add	0	add	0
Subvention payment tax adjustment	0	s*t			deduct	0	deduct	0
Interest tax shield	137	q					deduct	137
Revaluations	0	r					add	0
Income tax charge/(credit)	(1,589)	p					deduct	(1,589)
Numerator				**4,805** OSBIIT^{ADJ} = a+g+s+d		**5,980** NSAT^{ADJ} = n+g+s-s*t+d		**6,257** OSBIIT^{ADJ} = a+g-q+r+s+d-p-s*t
Fixed assets at end of previous financial year (FA_0)	90,222							
Fixed assets at end of current financial year (FA_1)	94,126							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	779							
Adjusted net working capital at end of current financial year ($ANWC_1$)	682							
Average total funds employed (ATFE)	92,905 (or regulation 33 time-weighted average)	c		92,905				92,905
Total equity at end of previous financial year (TE_0)	75,065							
Total equity at end of current financial year (TE_1)	87,456							
Average total equity	81,261 (or regulation 33 time-weighted average)	k				81,261		
WUC at end of previous financial year (WUC_0)	1,945							
WUC at end of current financial year (WUC_1)	228							
Average total works under construction	1,087 (or regulation 33 time-weighted average)	e	deduct	1,087	Deduct	1,087	deduct	1,087
Revaluations	0	r						
Half of revaluations	0	R/2					deduct	0
Intangible assets at end of previous financial year (IA_0)	0							
Intangible assets at end of current financial year (IA_1)	0							
Average total intangible asset	0 (or regulation 33 time-weighted average)	m			add	0		
Subvention payment at end of previous financial year (S_0)	0							
Subvention payment at end of current financial year (S_1)	0							
Subvention payment tax adjustment at end of previous financial year	0							
Subvention payment tax adjustment at end of current financial year	0							
Average subvention payment & related tax adjustment	0	v			add	0		
System fixed assets at end of previous financial year at book value (SFA_{bv0})	83,967							
System fixed assets at end of current financial year at book value (SFA_{bv1})	89,721							
Average value of system fixed assets at book value	86,844 (or regulation 33 time-weighted average)	f	deduct	86,844	deduct	86,844	deduct	86,844
System Fixed assets at year beginning at ODV value (SFA_{odv0})	83,967							
System Fixed assets at end of current financial year at ODV value (SFA_{odv1})	89,721							
Average value of system fixed assets at ODV value	86,844 (or regulation 33 time-weighted average)	h	add	86,844	add	86,844	add	86,844
Denominator				**91,818** ATFEADJ = c-e-f+h		**80,174** Ave TEADJ = k-e-m+v-f+h		**91,818** ATFEADJ = c-e-½r-f+h
Financial Performance Measure:				**5.2** ROF = OSBIIT^{ADJ}/ATFE^{ADJ} x 100		**7.5** ROE = NSAT^{ADJ}/ATE^{ADJ} x 100		**6.8** ROI = OSBIIT^{ADJ}/ATFE^{ADJ} x 100

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

Counties Power Limited – Line Business
1 April 2001 to 31 March 2002

1. **Financial Performance Measures**

		2002	2001	2000	1999
(a)	Return on funds, being operating surplus before interest and income tax (as adjusted), divided by average total funds employed (as adjusted).	5.2%	6.2%	9.4%	7.3%
(b)	Return on equity, being net surplus after tax (as adjusted), divided by average total equity (as adjusted)	7.5%	5.4%	6.5%	6.1%
(c)	Return on investment	6.8%	4.8%	6.2%	5.9%

2002 Return on Equity and Return on Investment measures increased as a result of a one time tax credit being recorded. This was caused by changing from the comprehensive to the partial method of accounting for income tax. Refer to the Statement of Accounting Policies for further details.

2. **Efficiency Performance Measures**

		2002	2001	2000	1999
(a)	Direct line costs per kilometre	$926	$947	$1,249	$934
(b)	Indirect line cost per consumer (excluding customer discounts as an indirect cost)	$68	$72	$79	$83
(c)	Indirect line cost per consumer (including customer discounts as an indirect cost)	$306	$313	$156	$165

From 31 March 1999 financial and efficiency performance measures have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1999. These regulations were amended effective 31 March 2000. Figures for previous years were prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994. The methods of calculation specified in the 1994, 1999 and amended 1999 regulations are not identical, and consequently figures using the different methodologies are not directly comparable.

Indirect line cost per consumer has been calculated using estimated average consumer numbers. The methodology used to calculate this estimate is publicly available.

3. **Annual Valuation Reconciliation Report – Year Ending 31 March 2002**

	$000
System fixed assets at ODV – end of the previous financial year	83,967
Add system fixed assets acquired during the year at ODV	8,598
Less system fixed assets disposed of during the year at ODV	-
Less depreciation on system fixed assets at ODV	(2,844)
Add revaluations of system fixed assets	-
Equals system fixed assets at ODV – end of the financial year	89,721

		2002	2001	2000	1999
(a)	Load Factor (= [a/bc]*100/1)	55.62%	60.06%	60.26%	58.75%
	where -				
	a = Kwh of electricity entering system during the financial year	418,091,000	409,297,000	397,735,000	382,604,000
	b = Maximum Demand	85,808	77,800	75,146	74,338
	c = Total number of hours in financial year	8,760	8,760	8,784	8,760

		2002	2001	2000	1999
(b)	Loss Ratio (= a/b*100/1)	7.19%	7.38%	7.67%	7.50%
	where -				
	a = losses in electricity in kWh	30,062,000	30,196,000	30,521,000	28,664,000
	b = Kwh of electricity entering system during the financial year	418,091,000	409,297,000	397,735,000	382,604,000

		2002	2001	2000	1999
(c)	Capacity Utilisation (= a/b*100/1)	36.09%	33.83%	32.53%	34.10%
	where -				
	a = Maximum Demand	85,808	77,800	75,146	74,338
	b = Transformer Capacity	237,730	229,975	231,026	217,981

	Statistics	Nominal Voltage	2002	2001	2000	1999
(a)	System Length (Total) (kms)					
		110kV	17.00	17.00	0	0
		66kV	0	0	0	0
		50kV	0	0	0	0
		33kV	151.24	151.00	169.41	169.00
		22kV	190.57	172.00	89.70	78.00
		11kV	1,618.15	1599.00	1,722.40	1,708.00
		6.6kV	0	0	0	0
		3.3kV	0	0	0	0
		230/400 V	1,408.5	1,408.00	1,158.30	1,343.00
		Other	0	0	0	0
		Total	3,385.46	3,347.00	3,139.82	3,298.00
(b)	Circuit Length (Overhead) (kms)					
		110kV	17.00	17.00	0	0
		66kV	0	0	0	0
		50kV	0	0	0	0
		33kV	150.50	151.00	169.41	169.00
		22kV	140.63	126.00	88.00	77.00
		11kV	1,559.80	1,541.00	1,631.00	1,624.00
		6.6kV	0	0	0	0
		3.3kV	0	0	0	0
		230/400 V	1,117.00	1,120.00	985.60	1,185.00
		Other	0	0	0	0
		Total	2,984.93	2,955.00	2,874.01	3,055.00
(c)	Circuit Length (Underground) (kms)					
		110kV	0	0	0	0
		66kV	0	0	0	0
		50kV	0	0	0	0
		33kV	0.74	0	0	0
		22kV	49.95	46.00	1.70	1.00
		11kV	58.35	58.00	91.40	84.00
		6.6kV	0	0	0	0
		3.3kV	0	0	0	0
		230/400 V	291.50	288.00	172.70	158.00
		Other	0	0	0	0
		Total	400.54	392.00	265.80	243.00
(d)	Transformer Capacity (kVA)		237,730	229,975	231,026	217,981
(e)	Maximum Demand (kWh)		85,808	77,800	75,146	74,338
(f)	Total Electricity Entering the System (before losses of electricity) in kilowatt hours		418,091,000	409,297,000	397,735,000	382,604,000

	Statistics	Name of retailer/ generator	2002	2001	2000	1999
(g)	Total amount of electricity (in kilowatt hours) supplied from the system, (after losses of electricity) on behalf of each person that is an electricity generator or electricity retailer or both:	Retailer A	297,017,000	303,914,000	321,022,000	353,026,000
		Retailer B	20,080,000	40,130,000	9,663,000	0
		Retailer C	0	5,700,000	2,343,000	315,000
		Retailer D	42,408,000	8,826,000	25,234,000	0
		Retailer E	17,118,000	14,369,000	6,161,000	599,000
		Retailer F	0	1,513,000	774,000	0
		Retailer G	11,406,000	4,162,000	2,017,000	0
		Retailer H	0	487,000	0	0
		Other				
		TOTAL	388,029,000	379,101,000	367,214,000	353,940,000
(h)	Total number of consumers	Number	30,817	30,546	30,470	30,859

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES PURSUANT TO REGULATION 22 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
SCHEDULE 1 PART 5

Interruptions	Class	Average Interruption Targets 2003/07	Interruption Targets 2003	Actual Interruptions 2002	2001	2000	1999
1 to 3							
	Class A				0	0	0
Planned Interruptions	Class B	65	70	72	234	323	196
Unplanned Interruptions	Class C	72	105	98	113	86	120
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	Total			170	347	409	316

		Within 3 Hours	Within 24 Hours
4	Proportion of Total Class C Interruptions not restored: (= a/b*100/1) where -		
	a = No. of interruptions not restored within	13	0
	b = Total number of Class C interruptions	98	98
	Proportion expressed as a percentage	13.27%	0.00

Faults		Average Faults Targets	Faults Targets	Actual number of faults			
5		2003/07	2003	2002	2001	2000	1999
Faults per 100 circuit kilometres of prescribed voltage electric line							
Input faults for each nominal voltage	Nominal Voltage						
	110kV	0	0	0	0	0	0
	66kV	0	0	0	0	0	0
	50kV	0	0	0	0	0	0
	33kV	3	4	11	6	6	7
	22kV	4	5	6	2	6	19
	11kV	4	6	5	6	4	7
	6.6kV	0	0	0	0	0	0
	3.3kV	0	0	0	0	0	0
	230/400 V	0	0	0	0	0	0
	Other	0	0	0	0	0	0
	Other	0	0	0	0	0	0
	Other	0	0	0	0	0	0
	Total	4	6	6	6	4.3	6.1

		Actual number of faults			
6		2002	2001	2000	1999
Faults per 100 circuit kilometres of underground prescribed voltage electric line					
	Nominal Voltage				
	110kV	0	0	0	0
	66kV	0	0	0	0
	50kV	0	0	0	0
	33kV	0	0	0	0
	22kV	0	0	0	0
	11kV	2	3	4	2
	6.6kV	0	0	0	0
	3.3kV	0	0	0	0
	230/400 V	0	0	0	0
	Other	0	0	0	0
	Other	0	0	0	0
	Other	0	0	0	0
	Total	2	3	4	2

		Actual number of faults			
7		2002	2001	2000	1999
Faults per 100 circuit kilometres of overhead prescribed voltage electric line					
	Nominal Voltage				
	110kV	0	0	0	0
	66kV	0	0	0	0
	50kV	0	0	0	0
	33kV	11	6	6	7
	22kV	2	2	6	19
	11kV	6	6	4	6
	6.6kV	0	0	0	0
	3.3kV	0	0	0	0
	230/400 V	0	0	0	0
	Other	0	0	0	0
	Total	6	6	4.3	6.1

SAIDI	Class	Average SAIDI Targets 2003/07	SAIDI Targets 2003	Actual SAIDI 2002	2001	2000	1999
SAIDI for total number of interruptions (= a/b)				61.69	132.00	124.00	225.80
where -							
a = sum of interruption duration factors for all interruptions							
b = Total consumers							
SAIDI Targets (=a/b)							
Planned Interruptions	Class B	8	10				
Unplanned Interruptions	Class C	56	60				
where-							
Planned Interruptions (pi)	Class B	256,800	311,900				
A^{pi} = sum of interruption duration factors for all interruptions							
Unplanned Interruptions (ui)	Class C	1,797,600	1,871,400				
A^{ui} = sum of interruption duration factors for all interruptions							
b = Projected total consumers		32,100	31,190				
SAIDI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			13.46	54.00	57.00	71.52
	Class C			48.23	78.00	67.00	154.28
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	SAIDI for total of interruptions			61.69	132.00	124.00	225.80
where -							
a = sum of interruption duration factors for all interruptions within the particular interruption class							
	Class A			0	0	0	0
	Class B			414,797	1,649,484	1,736,790	2,207,036
	Class C			1,486,304	2,382,588	2,041,490	4,760,926
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = Total consumers				30,817	30,546	30,470	30,859

SAIFI	Class	Average SAIFI Targets 2003/07	SAIFI Targets 2003	Actual SAIFI 2002	2001	2000	1999
SAIFI for total number of interruptions (= a/b)				2.20	2.64	2.43	3.65
Where -							
a = sum of electricity consumers affected by each of those interruptions							
b = Total consumers							
SAIFI Targets (=a/b)							
Planned Interruptions	Class B	0.09	0.10				
Unplanned Interruptions	Class C	2.14	2.20				
Where-							
Planned Interruptions	Class B	2,889	3,119				
a = projected number of electricity consumers affected by each of those interruptions							
b = Projected total customers		32,100	31,190				
Unplanned Interruptions	Class C						
a = projected number of electricity consumers affected by each of those interruptions		68,694	68,618				
b = Projected total customers		32,100	31,190				
SAIFI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			0.10	0.47	0.37	0.37
	Class C			2.10	2.17	2.06	3.28
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	SAIFI for total of interruptions			2.20	2.64	2.43	3.65
where -							
a = sum of electricity consumers affected by each of those interruptions within that interruption class							
	Class A			0	0	0	0
	Class B			3,081	14,357	11,274	11,418
	Class C			64,715	66,285	62,768	101,218
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			3	3	0	0
b = Total consumers				30,817	30,546	30,470	30,859

CAIDI	Class	Average CAIDI Targets 2003/07	CAIDI Targets 2003	Actual CAIDI 2002	2001	2000	1999
CAIDI for total number of interruptions (= a/b) where - a = sum of interruption duration factors for all interruptions b = sum of electricity consumers affected by each of those interruptions				28	50	51	62
CAIDI Targets (=a/b)							
Planned Interruptions	Class B	89	100				
Unplanned Interruptions	Class C	26	27				
where-							
Planned Interruptions	Class B						
a = sum of interruption duration factors for all interruptions		256,800	311,900				
b = projected number of electricity consumers affected by each of those interruptions		2,889	3,119				
Unplanned Interruptions	Class C						
a = sum of interruption duration factors for all interruptions		1,797,600	1,871,400				
b = projected number of electricity consumers affected by each of those interruptions		68,694	68,618				

CAIDI	Class	Average CAIDI Targets 2003/07	CAIDI Targets 2003	Actual CAIDI 2002	2001	2000	1999
CAIDI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			135	115	154	193
	Class C			23	36	33	47
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	CAIDI for total of interruptions			28	50	51	62
where -							
a = sum of interruption duration factors for all interruptions							
	Class A			0	0	0	0
	Class B			414,797	1,649,484	1,736,790	2,207,036
	Class C			1,486,304	2,382,588	2,041,490	4,760,926
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = sum of electricity consumers affected by each of those interruptions within that interruption class							
	Class A			0	0	0	0
	Class B			3,081	14,357	11,274	11,418
	Class C			64,715	66,285	62,768	101,218
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0

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