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NORTHPOWER LIMITED

INFORMATION FOR DISCLOSURE

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

Northpower

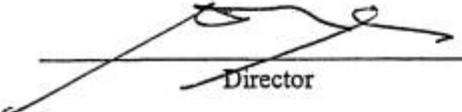
Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners other than Transpower

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Northpower 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 Northpower Limited, and having been prepared for the purposes of Regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those Regulations.

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

Dated this 5th day of August 2002.



Director



Director



**REPORT OF THE AUDITOR-GENERAL
TO THE READERS OF THE FINANCIAL STATEMENTS
OF NORTHPOWER LIMITED FOR THE YEAR ENDED 31 MARCH 2002**

We have audited the financial statements of Northpower Limited on pages 1 to 8 and 11 to 13. The financial statements provide information about the past financial performance of Northpower Limited and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out on pages 1 and 2.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements that give a true and fair view of the financial position of Northpower Limited as at 31 March 2002, and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

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

The Auditor-General has appointed Karen MacKenzie, of Audit New Zealand, to undertake the audit.

Basis of Opinion

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

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

We conducted our audit in accordance with the 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 Northpower Limited.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been kept by Northpower Limited as far as appears from our examination of those records; and
- the financial statements of Northpower Limited on pages 1 to 8 and 11 to 13:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Northpower Limited's financial position as at 31 March 2002 and the results of its operations and cash flows for the year ended on that date; and
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 5 August 2002 and our unqualified opinion is expressed as at that date.



Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Whangarei, New Zealand

NORTHPOWER LIMITED
STATEMENT OF ACCOUNTING POLICIES

For The Year Ended 31 March 2002

Reporting Entity

Northpower Ltd is a company formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. It is a reporting entity for the purposes of the Financial Reporting Act 1993.

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

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of results, cashflows and financial position under the historical cost method, as modified by the revaluation of land, buildings and the distribution system assets, have been followed in the preparation of these financial statements.

Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of profit and of financial position, have been applied:

- (i) **Sales**
Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Line Company for goods and services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.
- (ii) **Investments**
Investments are stated at cost.
- (iii) **Properties Intended For Sale**
Properties intended for sale are classified as current assets if sale is expected within 1 year. Such properties are shown at carrying value unless this exceeds net realisable value.
- (iv) **Cost of Fixed Assets**
All fixed assets are initially recorded at cost.

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 assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of production overhead. Costs cease to be capitalised as soon as the asset is ready for productive use.

Land and buildings have been revalued to net current value based on a valuation conducted by Coutts Milburn Ltd, Registered Valuers of Whangarei, as at 31 March 2001.

Distribution system assets have been revalued to Depreciated Replacement Cost (DRC) as at 31 March 2001, based on a valuation conducted by PriceWaterhouseCoopers, Registered Valuers, as at 31 March 2001.

Land and buildings, and distribution system assets, are revalued by independent registered valuers on a three-yearly basis.

Additions between revaluations are recorded at cost.

(v) Depreciation

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:-

Distribution system:	
Lines/transformers/substations	45-70 years
Distribution switchgear	35-55 years
Communication/SCADA	15 years
Buildings	50 years
Motor vehicles	5-10 years
Plant and equipment	3-20 years

(vi) Inventories

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is principally determined on a weighted average basis.

The cost of work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

(vii) Debtors

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

(viii) Taxation

The taxation charge against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation.

Future taxation benefits attributable to losses carried forward, or timing differences, are recognised in the financial statements only where there is virtual certainty of realisation.

(ix) Research and Development Costs

Research and development costs are normally expensed in the period incurred except that development costs are deferred where future benefits are expected to exceed these costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

(x) Financial Instruments

The Line Company is party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, accounts receivable, creditors, and short term deposits. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

Northpower has limited its exposure to credit risk in respect of its investments by only investing in institutions with a high credit rating, and limiting the amount that can be invested in any one institution. Northpower believes this policy reduces the risk of any loss which could arise from its investing activities.

(xi) GST

These Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are GST inclusive.

(xii) Employee Entitlements

Provision is made in respect of the Line Company's liability for annual leave, long service leave and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while the other provisions have been calculated on an actuarial basis at current rates of pay.

Changes in Accounting Policies:

There have been no changes in accounting policies. The policies have been applied on a basis consistent with previous years.

NORTHPOWER LIMITED

STATEMENT OF FINANCIAL PERFORMANCE - LINE BUSINESS

For the Year Ended 31 March 2002

	Notes	2002 \$000's	2001 \$000's
Operating Revenue	1	27,820	26,860
Operating Surplus Before Taxation	2	7,346	6,955
Taxation Expense	4	(2,414)	(2,231)
Net Surplus After Taxation		<u>\$4,932</u>	<u>\$4,724</u>

STATEMENT OF MOVEMENTS IN EQUITY - LINE BUSINESS

For the Year Ended 31 March 2002

		2002 \$000's	2001 \$000's
Opening Equity		115,775	105,763
Net Surplus for Period		4,932	4,724
Revaluation of Assets	7	-	8,288
Dividends		(1,608)	(3,000)
Closing Equity		<u>\$119,099</u>	<u>\$115,775</u>


The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

STATEMENT OF FINANCIAL POSITION - LINE BUSINESS

As At 31 March 2002

	Notes	2002 \$000's	2001 \$000's
EQUITY:			
Share Capital	6	27,739	27,739
Asset Revaluation Reserve	7	82,061	82,061
Retained Earnings	8	9,299	5,975
TOTAL EQUITY		\$119,099	\$115,775
NON CURRENT LIABILITIES			
Employee Entitlements		121	104
		\$121	\$104
CURRENT LIABILITIES			
Bank Overdraft		-	304
Sundry Creditors		1,534	1,682
GST Payable		31	43
Provision for Dividend		1,608	3,000
Employee Entitlements		133	177
TOTAL CURRENT LIABILITIES		\$3,306	\$5,206
		\$122,526	\$121,085
NON CURRENT ASSETS			
Term Receivables	15	571	771
Fixed Assets	5	118,500	116,855
		\$119,071	\$117,626
CURRENT ASSETS			
Cash and Bank		169	-
Accounts Receivable		3,045	2,883
Inventory		222	233
Tax Refund Due		19	343
TOTAL CURRENT ASSETS		\$3,455	\$3,459
		\$122,526	\$121,085



 DIRECTOR

Date: 5 August 2002



 DIRECTOR

Date: 5 August 2002

The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

STATEMENT OF CASH FLOWS - LINE BUSINESS

For the Year Ended 31 March 2002

	Notes	2002 \$000's	2001 \$000's
Cash Flows from Operating Activities -			
Cash was provided from:			
Receipts from Customers		27,608	24,568
Interest Received		50	128
Tax Refund		-	-
Cash was distributed to:			
Payments to Suppliers		(14,810)	(14,911)
Payments to Employees		(2,011)	(1,831)
Interest Paid		(23)	(4)
Income Tax Paid		(2,090)	(3,300)
Net Cash Inflow from Operating Activities	9	<u><u>\$8,724</u></u>	<u><u>\$4,650</u></u>
Cash Flows from Investing Activities -			
Cash was provided from:			
Term Receivable		200	365
Sale of Assets		-	-
Cash was applied to:			
Purchase of Fixed Assets		(5,451)	(4,074)
Net Cash Inflow from Investing Activities		<u><u>(\$5,251)</u></u>	<u><u>(\$3,709)</u></u>
Cash Flows from Financing Activities -			
Cash was applied to:			
Dividends		(3,000)	(5,000)
Net Cash Outflow from Financing Activities		<u><u>(3,000)</u></u>	<u><u>(5,000)</u></u>
Net Increase (Decrease) in Cash Held		473	(4,059)
Add Opening Cash Brought Forward		(304)	3,755
Ending Cash Carried Forward		<u><u>\$169</u></u>	<u><u>(\$304)</u></u>

The accompanying Notes and Accounting Policies form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2002

	Line Business	
	2002 \$000's	2001 \$000's
1. Operating Revenue		
Line Charges	25,344	23,815
Loss Rental Rebate	1,607	1,562
Line Contributions	796	1,342
Interest Received	50	128
Sundry Income	23	13
	<u>\$27,820</u>	<u>\$26,860</u>
2. Operating Surplus Before Tax After Charging:		
Bad Debts Written Off	-	-
Depreciation	3,806	3,789
Directors' Fees	82	76
Interest	23	4
Rental and Operating Lease Costs	1	3
Research and Development	23	7
Donations	-	-
Gain (Loss) on Sale of Assets	-	-
3. Auditors' Remuneration		
Auditing Financial Statements	12	15
Other Services	3	3
4. Taxation		
Operating Surplus Before Taxation	7,346	6,955
Prima Facie Taxation @ 33%	2,424	2,298
Plus Tax Effect of Permanent Differences:-		
Permanent Differences	955	1,191
Timing differences not recognised	(1,093)	(1,258)
Prior Period Adjustment	128	-
Deferred Tax Adjustment	-	-
Tax on Profits for Year	<u>\$2,414</u>	<u>\$2,231</u>
The Taxation Charge is Represented by:-		
Current Taxation	2,414	2,231
Deferred Taxation	-	-
	<u>\$2,414</u>	<u>\$2,231</u>
Imputation Credit Account:		
Opening Balance	4,511	3,674
Imputation Credits Attached to Dividends Paid	(1,477)	(2,463)
Income Tax Payments During Year	2,090	3,300
	<u>\$5,124</u>	<u>\$4,511</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2002 \$000's	2001 \$000's
5. Fixed Assets		
System Assets - At Valuation	109,077	109,077
- At Cost	4,124	
- Under Construction	203	
Less Accumulated Depreciation	(3,113)	-
	<u>\$110,291</u>	<u>\$109,077</u>
Centralised Load Equipment - At Valuation	2,143	2,143
Less Accumulated Depreciation	(105)	-
	<u>\$2,038</u>	<u>\$2,143</u>
Computer Equipment - At Cost	1,023	1,016
Less Accumulated Depreciation	(738)	(635)
	<u>\$285</u>	<u>\$381</u>
Plant and Equipment - At Cost	1,799	978
Less Accumulated Depreciation	(842)	(442)
	<u>\$957</u>	<u>\$536</u>
Motor Vehicles - At Cost	243	251
Less Accumulated Depreciation	(185)	(172)
	<u>\$58</u>	<u>\$79</u>
Buildings - At Valuation	3,847	3,543
Less Accumulated Depreciation	(81)	(9)
	<u>\$3,766</u>	<u>\$3,534</u>
Land - At Valuation	<u>\$1,105</u>	<u>\$1,105</u>
Total Fixed Assets	<u>\$118,500</u>	<u>\$116,855</u>
6. Share Capital:		
Authorised, issued and paid up capital	27,739	12,460
Share Repurchase Adjustment	-	15,279
Total Issued and Paid Up Capital	<u>\$27,739</u>	<u>\$27,739</u>
7. Asset Revaluation Reserve:		
Opening Balance	82,061	73,773
Revaluation	-	8,288
Closing Balance	<u>\$82,061</u>	<u>\$82,061</u>
8. Retained Earnings:		
Opening Balance	5,975	19,530
Net Surplus After Taxation	4,932	4,724
Total Available for Appropriation	<u>10,907</u>	<u>24,254</u>
Dividends	(1,608)	(3,000)
Share Repurchase Adjustment	-	(15,279)
Closing Balance	<u>\$9,299</u>	<u>\$5,975</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2002	2001
	\$000's	\$000's
9. Reconciliation of Net Surplus After Taxation with Cash Inflow from Operating Activities:		
Net Surplus After Taxation	4,932	4,724
Add (less) Non Cash Items:		
Depreciation	3,806	3,789
Movements in Working Capital		
Increase (Decrease) in Creditors	(187)	(595)
(Increase) Decrease in Taxation Refund	324	(1,069)
(Increase) Decrease in Accounts Receivable	(162)	(2,164)
(Increase) Decrease in Inventory	11	(35)
Net Cash Flow from Operating Activities	<u>\$8,724</u>	<u>\$4,650</u>

10. Financial Instruments:

Financial Instruments which potentially subject the company to credit risk principally consist of cash bank balances, short term deposit, and accounts receivable. Northpower does not generally require collateral from customers.

Northpower places its cash and short term deposits with high credit quality financial institutions (A1 or better), and limits the amount of credit exposure to any one institution, in accordance with Company policy.

The fair value of all financial instruments is approximated by the carrying value recorded in the Statement of Financial Position.

11. Segment Information:

Northpower Ltd operates predominantly in the electricity network industry within the Northland area. Therefore, there is no segmental information.

12. Contingent Liabilities:

There are no contingent liabilities (2001 \$Nil)

13. Commitments:

2002	2001
Nil	Nil

14. Related Parties:

The Northpower Electric Power Trust is the sole shareholder.

Northpower's Contracting Division provided the following services to the Network Division:-

	2002	2001
	\$000'S	\$000'S
(i) Maintenance of Assets	2,688	2,370
(ii) Consumer disconnections/reconnections	0	20
(iii) Other Services	960	771
Construction of New Assets:-		
(a) Subtransmission Assets	948	1,095
(b) Zone Substations	602	682
(c) Distribution Lines and Cables	71	830
(d) Medium Voltage Switchgear	117	126
(e) Distribution Transformers	189	984
(f) Distribution Substations	0	0
(g) Low Voltage Reticulation	237	402

Network Maintenance and Capital Works are charged in accordance with a Fixed Term Contract.

15. Term Receivables:

The Term Receivables are repaid in annual amounts expiring in 2003.

DISCLOSURE OF FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES PURSUANT TO REGULATION 15 AND PART 3 OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999.

1. Financial Performance Measures	2002	2001	2000	1999
(a) Return on Funds	6.2%	5.7%	5.7%	3.6%
(b) Return on Equity	4.2%	3.9%	6.7%	2.2%
(c) Return on Investment	4.1%	0.5%	6.6%	2.2%

2. Efficiency Performance Measures	2002	2001	2000	1999
(a) Direct line cost per kilometre	\$1,044	\$965	\$1,057	\$1,034
(b) Indirect line cost per electricity customer	\$45	\$34	\$43	\$57

DISCLOSURE OF RECONCILIATION OF ODV VALUATION PURSUANT TO REGULATION 16A OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	2002	2001	2000
	\$000's	\$000's	\$000's
ODV Valuation 1 April	110,934	114,366	113,903
Additions for Year	4,124	4,074	4,134
Disposals for Year	-	-	-
Annual Depreciation	(3,218)	(3,645)	(3,671)
Revaluations	-	(3,861)	-
ODV Valuation 31 March	111,840	110,934	114,366

DISCLOSURE OF ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS PURSUANT
TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	2002	2001	2000	1999
1. Energy Delivery Efficiency				
Performance Measures				
(a) Load Factor	74.85%	74.85%	73.18%	70.59%
(b) Loss Ratio	* 3.6%	*3.50%	3.33%	3.62%
(c) Capacity Utilisation	32.70%	32.59%	33.47%	34.78%
		* Estimated		
2. Statistics				
(a) System length, broken down by voltage:				
- 33 kV	229.6 km	208.0 km	202.6 km	202.6 km
- 11 kV	3,137.0 km	3143.0 km	3366.0 km	3163.3 km
- 400V	1,970.0 km	1933.0 km	1708.9 km	1704.2 km
- Total	<u>5,336.6 km</u>	<u>5284.0 km</u>	<u>5277.5 km</u>	<u>5070.1 km</u>
(b) Circuit length of overhead lines, broken down by voltage:				
- 33 kV	213.0 km	195.0 km	190.0 km	190.0 km
- 11 kV	3,050.0 km	3065.0 km	3292.0 km	3113.8 km
- 400V	1,716.0 km	1697.0 km	1510.5 km	1509.8 km
- Total	<u>4,979.0 km</u>	<u>4957.0 km</u>	<u>4992.5 km</u>	<u>4813.6 km</u>
(c) Circuit length of underground cables broken down by voltage:				
- 33 kV	16.6 km	13.0 km	12.6 km	12.6 km
- 11 kV	87.0 km	78.0 km	74.0 km	49.5 km
- 400V	254.0 km	236.0 km	198.4 km	194.4 km
- Total	<u>357.6 km</u>	<u>327.0 km</u>	<u>285.0 km</u>	<u>256.5 km</u>
(d) Transformer capacity	397,445 kVA	393,000 kVA	386,198 kVA	376,189 kVA
(e) Maximum demand	129,978 kW	128,094 kW	129,256 kW	130,840 kW
(f) Total electricity supplied from the system - kWh	852,225,151	*839,887,658	*828,617,273	*809,072,232
		*Restated to include Losses		
(g) Total electricity conveyed through the system for other retailers				
- Meridian Energy	265,038,676	*313,346,059	*640,423,443	*778,171,967
- Trust Power	155,862,292	*193,856,714	*95,906,226	
- Mercury Energy	0	*6,652,475	*3,321,802	*1,377,172
- On Energy	181,022,296	*269,077,267	*59,407,461	*229,864
- Genesis	182,238,158	*32,259,752	*1,426,595	
- Energy Waikato	6,678,958	*6,213,760	*359,284	
- Mighty River	15,016,205	*232,208	*136,085	
- Empower	192,485	*676,579	*22,153	
- Contact Energy	7,758,292	*746,956	*360	
		*Restated to exclude losses		
(h) Total Customers	46,712	45,589	44,674	44,158

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6
OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

	2002 \$000's	2001 \$000's
1. Current Assets		
(a) Cash and Bank Balances	169	-
(b) Short Term Investments	-	-
(c) Inventories	222	233
(d) Accounts Receivable	3,045	2,883
(e) Other Current Assets Not Listed in (a) to (d)	19	343
(f) Total Current Assets	<u>3,455</u>	<u>3,459</u>
2. Fixed Assets		
(a) System Fixed Assets	112,126	111,220
(b) Customer Billing and Information system Assets	285	381
(c) Motor Vehicles	58	79
(d) Office Equipment	109	121
(e) Land and Buildings	4,871	4,639
(f) Capital Works Under Construction	203	-
(g) Other Fixed Assets Not Listed in (a) to (f)	848	415
(h) Total Fixed Assets	<u>118,500</u>	<u>116,855</u>
3. Other Tangible Assets Not Listed Above	<u>571</u>	<u>771</u>
4. Total Tangible Assets	<u>122,526</u>	<u>121,085</u>
5. Intangible Assets		
(a) Goodwill	-	-
(b) Other Intangibles not listed in (a)	-	-
(c) Total Intangible Assets	-	-
6. Total Assets	<u>122,526</u>	<u>121,085</u>
7. Current Liabilities		
(a) Bank Overdraft	-	304
(b) Short Term Borrowings	-	-
(c) Payables and Accruals	1,698	1,902
(d) Provision for Dividend Payable	1,608	3,000
(e) Provision for Income Tax	-	-
(f) Other Current Liabilities Not Listed in (a) to (e)	-	-
(g) Total Current Liabilities	<u>3,306</u>	<u>5,206</u>
8. Non-current Liabilities		
(a) Payables and Accruals	121	104
(b) Borrowings	-	-
(c) Deferred Tax	-	-
(d) Other Non-current Liabilities Not Listed in (a) to (c)	-	-
(e) Total Non-current Liabilities (sum of (a) to (d))	<u>121</u>	<u>104</u>

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

Continued

	2002 \$000's	2001 \$000's
9. Equity		
(a) Shareholders' Equity:-		
(i) Share capital	27,739	27,739
(ii) Retained earnings	9,299	5,975
(iii) Reserves	82,061	82,061
(iv) Total Shareholders' Equity (sum of (i) to (iii))	119,099	115,775
(b) Minority Interests in Subsidiaries	-	-
(c) Total Equity (sum of (a) and (b))	119,099	115,775
(d) Capital Notes	-	-
(e) Total Capital Funds (sum of (c) and (d))	119,099	115,775
10. Total Equity and Liabilities (Total Assets)	122,526	121,085
11. Operating Revenue		
(a) Revenue from line/access charges	26,083	24,437
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Interest on Cash, Bank Balances and Short Term Investments	50	128
(d) AC Loss-Rental Rebates	1,607	1,562
(e) Other Operating Revenue Not Listed in (a) to (d)	819	1,355
(f) Total Operating Revenue	28,559	27,482
12. Operating Expenditure		
(a) Payment for Transmission Charges	9,003	9,445
(b) Transfer Payments to the "other" business for:-		
(i) Asset maintenance	2,688	2,370
(ii) Consumer disconnection/reconnection services	-	20
(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)	960	771
(viii) Total transfer payment to the 'Other' business (sum of (i) to (vii))	3,648	3,161
(c) Expense to Entities That Are Not Related Parties for:-		
(i) Asset maintenance	360	320
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	360	320
(d) Employee Salaries, Wages and Redundancies	2,011	1,831
(e) Consumer Billing and Information System Expense	294	251
(f) Depreciation On:-		
(i) System fixed assets	3,218	3,509
(ii) Other assets not listed in (i)	588	280
(iii) Total depreciation (sum of (i) and (ii))	3,806	3,789

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

Continued

	2002 \$000's	2001 \$000's
12. Operating Expenditure continued		
(g) Amortisation of:-		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles (sum of (i) and (ii))	<u>-</u>	<u>-</u>
(h) Corporation and Administration	705	706
(i) Human Resources Expenses	-	-
(j) Marketing/Advertising	295	153
(k) Merger and Acquisition Expenses	-	-
(l) Takeover Defence Expenses	-	-
(m) Research and Development Expenses	23	7
(n) Consultancy and Legal Expenses	190	108
(o) Donations	-	-
(p) Directors' Fees	82	76
(q) Auditors' Fees		
(i) Audit fees paid to principal auditors	12	15
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by principal and other auditors	3	3
(iv) Total auditors' fees (sum of (i) to (iii))	<u>15</u>	<u>18</u>
(r) Cost of Offering Credit		
(i) Bad debts written off	-	-
(ii) Increase in estimated doubtful debts	-	-
(iii) Total cost of offering credit (sum of (i) to (ii))	<u>-</u>	<u>-</u>
(s) Local Authority Rates Expense	19	36
(t) AC Loss-Rental Rebates (Distribution to Retailers/Customers) expense	739	622
(u) Rebates to Consumers Due to Ownership Interest	-	-
(v) Subvention Payments	-	-
(w) Unusual Expenses	-	-
(x) Other Expenditure Not Listed in (a) to (w)	-	-
13. Total Operating Expenditure (sum of 12 (a) to 12 (x))	21,190	20,523
14. Operating Surplus Before Interest and Income Tax	7,369	6,959
15. Interest Expense		
(a) Interest expense on borrowings	23	4
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total Interest Expense (sum of (a) to (c))	<u>23</u>	<u>4</u>
16. Operating Surplus Before Income Tax (14 - 15 (d))	7,346	6,955
17. Income Tax	(2,414)	(2,231)
18. Net Surplus After Tax (16 - 17)	4,932	4,724

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22 OF THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
1. Total Number of Interruptions				
Class A - Planned - by Transpower	1	0	1	0
Class B - Planned - by Line Owners	225	209	271	372
Class C - Unplanned - by Line Owners	271	312	267	420
Class D - Unplanned - by Transpower	0	2	3	9
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other Generation	0	0	0	0
Class G - Any Other Loss of Supply	0	0	0	0
Total	<u>497</u>	<u>523</u>	<u>542</u>	<u>801</u>
2. Interruption Targets for 2002/2003				
Class B - Planned - by Line Owners	210	220		
Class C - Unplanned - by Line Owners	240	250		
3. Average Interruption Targets for Next 5 Yrs				
Class B - Planned - by Line Owners	180	200		
Class C - Unplanned - by Line Owners	190	200		
4. Proportion of Class C Interruptions not restored within	3 Hrs 14.4%	15.7%	13.5%	10%
	24 Hrs 0%	0%	0%	0%
5. (a) Total No. of Faults per 100 circuit kilometres of prescribed voltage electric line	11 kV 8.54	9.51	7.84	12.71
	33 kV 2.17	6.73	2.46	13.79
	Total <u>8.11</u>	<u>9.34</u>	<u>7.54</u>	<u>12.77</u>
(b) Target for 2002/2003 Year	11 kV 7.50	7.70		
	33 kV 2.00	1.60		
	Total <u>7.12</u>	<u>7.32</u>		
(c) Average Target for 2002/2003 to 2006/2007 years	11 kV 5	5		
	33 kV 2	2		
	Total <u>5</u>	<u>5</u>		
6. Total No. of Faults per 100 circuit kilometres of underground prescribed voltage electric line	11 kV 2.30	2.56	2.70	8.00
	33 kV 0.00	0.00	0.00	0.00
	Total <u>1.92</u>	<u>2.20</u>	<u>2.30</u>	<u>6.35</u>
7. Total No. of Faults per 100 circuit kilometres of overhead prescribed voltage electric line	11 kV 8.72	9.69	7.96	12.78
	33 kV 2.35	7.18	2.63	14.74
	Total <u>8.31</u>	<u>9.54</u>	<u>7.67</u>	<u>12.89</u>
8. The SAIDI for the total No. of Interruptions	219.86	182.52	131.21	288.25
9. SAIDI Targets for 2002/03				
Class B - Planned - by Line Owners	30	35		
Class C - Unplanned - by Line Owners	100	107		
10. Average SAIDI Target for 2002/3 to 2006/7 Yrs				
Class B - Planned - by Line Owners	30	30		
Class C - Unplanned - by Line Owners	85	90		

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22 OF THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

Continued

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
11. SAIDI For Total No. of Interruptions within each Interruption Class				
Class A - Planned - by Transpower	31.24	0	20.55	0
Class B - Planned - by Line Owners	53.53	29.5	31.73	58.22
Class C - Unplanned - by Line Owners	135.09	129.63	77.24	158.48
Class D - Unplanned - by Transpower	0	23.39	1.69	71.55
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0
Class G - any other loss of supply	0	0	0	0
12. SAIFI for the Total No. of Interruptions	2.94	3.49	2.38	6.04
13. SAIFI Targets for 2002/03				
Class B - Planned - by Line Owners	0.3	0.35		
Class C - Unplanned - by Line Owners	2.5	2.8		
14. Av. SAIFI target for 2002/03 and 2006/07 Yrs				
Class B - Planned - by Line Owners	0.35	0.3		
Class C - Unplanned - by Line Owners	2.5	2.5		
15. SAIFI for the Total No. of Interruptions within Each Interruption Class				
Class A - Planned - by Transpower	0.08	0.00	0.07	0
Class B - Planned - by Line Owners	0.37	0.22	0.23	0.46
Class C - Unplanned - by Line Owners	2.49	3.05	1.85	4.28
Class D - Unplanned - by Transpower	0	0.22	0.24	1.30
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	0	0	0
16. CAIDI for the Total No. of Interruptions	74.8	52.4	55.1	47.7
17. CAIDI Targets for 2002/03				
Class B - Planned - by Line Owners	125	125		
Class C - Unplanned - by Line Owners	40	40		
18. Av. CAIDI Target for 2002/3 to 2006/7 Yrs				
Class B - Planned - by Line Owners	125	125		
Class C - Unplanned - by Line Owners	39	39		
19. CAIDI for the Total No. of Interruptions within each Interruption Class				
Class A - Planned - by Transpower	374.0	0.0	283.0	0
Class B - Planned - by Line Owners	144.4	134.9	139.0	126.8
Class C - Unplanned - by Line Owners	54.4	42.6	41.8	37.0
Class D - Unplanned - by Transpower	0	105.3	7.2	55.1
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	0	0	0

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

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	7,369				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	7,369				
Interest on cash, bank balances, and short-term investments (ISTI)	50				
OSBIT minus ISTI	7,319	a	7,319		7,319
Net surplus after tax from financial statements	4,932				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,932	n		4,932	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (X)	3,218				
Depreciation of SFA at ODV (W)	3,218	d	add	0	0
ODV depreciation adjustment	0	s ^T	deduct	0	0
Subvention payment tax adjustment	-9	q	deduct	deduct	-9
Interest tax shield	0	r	add	add	0
Revaluations	0				
Income tax	2,414	p	deduct	deduct	2,414
Numerator			$OSBIT^{ROF} = a + g + s + d$	$NSA^{ROE} = n + g + s - s^T + d$	$OSBIT^{ROI} = a + g + q + r + s + d - p - s^T$
Fixed assets at end of previous financial year (FA _p)	116,855				
Fixed assets at end of current financial year (FA _c)	118,500				
Adjusted net working capital at end of previous financial year (ANWC _p)	1,214				
Adjusted net working capital at end of current financial year (ANWC _c)	1,569				
Average total funds employed (ATFE)	119,069 (or regulation 33 time-weighted average)	c	119,069		119,069
Total equity at end of previous financial year (TE _p)	115,775				
Total equity at end of current financial year (TE _c)	119,099				
Average total equity	117,437 (or regulation 33 time-weighted average)	k		117,437	
WUC at end of previous financial year (WUC _p)	0				
WUC at end of current financial year (WUC _c)	203				
Average total works under construction	102 (or regulation 33 time-weighted average)	e	102	102	102
Revaluations	0	r	deduct	deduct	deduct

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

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Half of revaluations	0	$n/2$			0
Intangible assets at end of previous financial year (I_{A_0})	0				
Intangible assets at end of current financial year (I_{A_1})	0				
Average total intangible asset (or regulation 33 time-weighted average)	0	m		add	0
Subvention payment at end of previous financial year (S_b)	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 ($SFA_{b,0}$)	111,220				
System fixed assets at end of current financial year at book value ($SFA_{b,1}$)	112,126				
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	111,673	f	deduct	deduct	111,673
System Fixed assets at year beginning at ODV value ($SFA_{ov,0}$)	110,934				
System Fixed assets at end of current financial year at ODV value ($SFA_{ov,1}$)	111,840				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	111,387	h	add	add	111,387
Denominator					
	118,682		$ATFE^{ODV} = c - e - f + h$	$117,050$ $Ave TE^{ODV} = k - e - m + v - f + h$	$118,662$ $ATFE^{ODV} = c - e - \frac{1}{2}f - f + h$
Financial Performance Measure:					
			$ROF = OSBIT^{ODV}/ATFE^{ODV} \times 100$	$ROE = NSAT^{ODV}/ATE^{ODV} \times 100$	$ROI = OSBIT^{ODV}/ATE^{ODV} \times 100$
			6.2	4.2	4.1

t = maximum statutory income tax rate applying to corporate entities
 subscript '1' = end of the current financial year
 subscript '0' = end of the previous financial year
 subscript 'v' = end of the previous financial year

by = book value
 ROE = return on equity
 ROI = return on investment

ave = average
 ROE = return on equity
 ROI = return on investment

cov = optimised deprival valuation
 subscript 'v' = end of the previous financial year

Northpower

Certification of Valuation Report of Line Owners

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached Valuation Report of Northpower 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 Northpower Limited is \$216,937,800; and
- (c) The Depreciated Replacement cost of the line business system fixed assets of Northpower Limited is \$113,009,558; and
- (d) The Optimised Depreciated Replacement Cost of the line business fixed assets of Northpower Limited is \$110,976,728; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Northpower Limited is \$110,033,723; 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.

Dated this 5th day of August 2002.



Director



Director



**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
NORTHPOWER LIMITED**

We have examined the information on pages 9, 16 and 17, being –

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

that were prepared by Northpower Limited 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.

Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Whangarei, New Zealand
5 August 2002