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BULLER ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

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

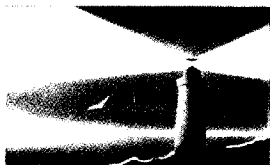
BULLER ELECTRICITY LIMITED INFORMATION DISCLOSURE

Information Disclosure Disclaimer

The information disclosed has been prepared in accordance with and for the specific use intended in the Electricity Act and information disclosure regulations. No responsibility will be accepted for any third party that may use or rely on this report or any part thereof without the express written permission of Buller Electricity Limited.

Except as allowed for by the Electricity Act 1992 and information disclosure regulations promulgated by the Act, neither the whole or any part of the information disclosed or any reference thereto may be included in any published document, circular or statement or published in any way without Buller Electricity's written approval of the form and context in which it may appear.

The information disclosed is for the line business as described in the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001. There are also additional activities of the company that are not required to be reported under the Regulations.



BULLER ELECTRICITY LIMITED

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IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 (AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000 & 2001)

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower FOR THE YEAR ENDING 31 MARCH 2003

WE, William Henry Martin Sawyers and Coraleen Patricia White, directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Buller Electricity Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Buller Electricity Limited and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

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

For and on behalf of Directors

W H M SAWYERS
Director

Date: 5th August 2003

C P WHITE
Director

Date: 5th August 2003

**Buller Electricity Limited
Line Business Financial Statements**

**Statement of Financial Performance
for the year ended 31 March 2003**

	Note	2003 \$	2002 \$
Total Operating Revenue		4,992,245	4,679,934
Total Operating Expenditure		4,098,579	3,846,320
Operating Surplus before Interest Expense and Income Tax		893,666	833,614
Interest Expense		0	0
Operating Surplus before Income Tax		893,666	833,614
Income Tax	2	275,899	194,548
Net Surplus after Tax		<u>617,767</u>	<u>639,066</u>

**Statement of Movements in Equity
for the year ended 31 March 2003**

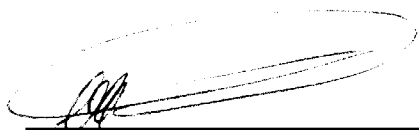
	Note	2003 \$	2002 \$
Equity as at 1 April 2002		17,011,626	16,711,051
Net Surplus after Tax for the Year		617,767	639,066
Revaluation Reserve Movements	3	0	(98,491)
Total Recognised Revenues and Expenses for the Year		<u>617,767</u>	<u>540,575</u>
Reallocation of Equity		0	0
Dividend		0	(240,000)
Equity as at 31 March 2003		<u>17,629,393</u>	<u>17,011,626</u>

Buller Electricity Limited Line Business Financial Statements

Statement of Financial Position as at 31 March 2003

	Note	2003 \$	2002 \$
Equity			
Share Capital		4,964,358	4,964,358
Reserves	3	8,984,834	8,984,834
Retained Earnings		3,680,201	3,062,434
Total Equity		17,629,393	17,011,626
Represented by:			
Current Assets			
Cash at Bank and on Hand		162,716	66,356
Term Deposits		3,551,538	3,796,069
Receivables and Prepayments		430,267	562,071
Tax Refund Due		0	36,495
Other		53,063	3,685
		4,197,584	4,464,676
Current Liabilities			
Creditors		518,635	560,228
Provision for Dividend		0	240,000
Taxation Payable		41,056	0
Other Current Liabilities		254,024	0
		813,715	800,228
Net Current Assets		3,383,869	3,664,448
Non Current Assets			
Property, Plant and Equipment	4	13,729,376	13,344,680
Long Term Investments		516,148	2,498
		14,245,524	13,347,178
Net Assets		17,629,393	17,011,626

For and on Behalf of the Board



W H M Sawyers
Chairman
5 August 2003



C P White
Director
5 August 2003

Buller Electricity Limited Line Business Financial Statements

Statement of Cashflows for the year ended 31 March 2003

	Note	2003 \$	2002 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers		4,820,289	4,468,376
Interest received		154,594	225,986
Taxation Refund		0	0
Net GST		0	0
		<u>4,974,883</u>	<u>4,694,362</u>
Cash was disbursed to:			
Payment to Employees		468,536	430,702
Payments to Suppliers		2,795,702	2,984,264
Income Tax Paid		210,000	120,544
		<u>3,474,238</u>	<u>3,535,510</u>
Net cash inflow from operating activities	10	<u>1,500,645</u>	<u>1,158,852</u>
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Property, Plant and Equipment		1,305	0
Sale of Investments		0	0
		<u>1,305</u>	<u>0</u>
Cash was applied to:			
Purchase of Property, Plant and Equipment		(896,471)	(445,084)
Loan advanced to Related Party		(513,650)	0
		<u>(1,410,121)</u>	<u>(445,084)</u>
Net cash flows from investing activities		<u>(1,408,816)</u>	<u>(445,084)</u>
Cash Flow from Financing Activities			
Cash was provided from:			
Increase in term liabilities			
Cash was applied to:			
Dividend Paid		(240,000)	(240,000)
Net cash outflow from financing activities		<u>(240,000)</u>	<u>(240,000)</u>
Net increase in cash held		(148,171)	473,768
Add opening cash brought forward		3,862,425	3,388,657
Ending Cash and Term Deposits carried forward		<u>3,714,254</u>	<u>3,862,425</u>
Cash Balances in the Statement of Financial Position			
Cash at Bank and on Hand		162,716	66,356
Term Deposits		3,551,538	3,796,069
		<u>3,714,254</u>	<u>3,862,425</u>

Buller Electricity Limited Line Business Financial Statements

Notes to and forming part of the Financial Statements for the year ended 31 March 2003

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The reporting entity is Buller Electricity Limited.

Buller Electricity Limited is a public company registered under the Companies Act 1993. The financial statements have been prepared in accordance with and for the purpose of complying with the requirements of the Electricity (Information Disclosure) 1999, the Electricity (Information Disclosure) Amendment Regulations 2000 and the Electricity (information Disclosure) Amendment Regulations 2001.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these statements.

Specific Accounting Policies

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

- a) **Revenue**
Fixed and variable line charges are recognised as actual amounts invoiced during the period. Contributions received from customers towards the cost of reticulating subdivisions and constructing line extensions are recognised as revenue in the year received.
- b) **Receivables**
Receivables are stated at their estimated realisable value after providing for doubtful debts. All known bad debts have been written off during the year.
- c) **Investments**
Investments are recorded at the lower of cost or net realisable value.
- d) **Property, Plant and Equipment**
The Distribution System Assets were revalued as at 31 March 2001 under the comprehensive audit carried out by the Commerce Commission during 2002 on an optimised depreciated replacement cost basis by independent valuers resulting in a reduction in value of \$98,491. Additions to the Distribution System Assets since revaluation are stated at cost less depreciation.

Assets constructed by the company are capitalised at direct cost.

Land and buildings were revalued by Coast Valuations Limited an independent registered valuer as at 31 March 2001 in accordance with the New Zealand Institute of Valuers Asset Valuation Standards at net current value.

All other fixed assets are recorded at cost less accumulated depreciation.
- e) **Depreciation**
Depreciation is provided on a straight line basis so as to write off the cost of the fixed assets to their expected residual value over their estimated useful lives as follows:

Buildings	40 – 50 years
Distribution System Assets	3 – 60 years
Other	3 – 10 years

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

Buller Electricity Limited Line Business Financial Statements

f) Employee Entitlements

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees. Allowance is also made for the present value of future staff retirement and gratuity benefits.

g) Goods and Services Tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and creditors which include GST.

h) Income Tax

Income tax expense is recognised on the surplus before taxation adjusted for permanent differences between taxable and accounting income. Deferred tax is calculated using the partial basis under the liability method. This basis is applied by considering the cumulative income tax effect of all timing differences, but recognising in the financial statements, as deferred tax, the income tax effect only to the extent that it can be foreseen to crystallise in the future. Deferred tax assets are only recognised to the extent that there is virtual certainty of realisation.

i) Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and bank balances, investments, receivables and trade creditors. These instruments are carried at their estimated fair value.

j) Statement of Cash Flows

The following are the definitions of the terms used in the Statements of Cash Flows.

- (i) Cash means all cash balances, bank accounts and demand deposits which the company invests as part of its day to day cash management.
- (ii) Operating activities include cash received from all revenue sources of the company and records all cash payments made by the company for the supply of goods and services.
- (iii) Investing activities are those activities relating to the ownership of shares in investment companies and disposal/acquisition of fixed assets.
- (iv) Financing activities are those activities which change the debt and equity structure of the company.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies and all policies have been applied on a basis consistent with those used in previous years.

Buller Electricity Limited Line Business Financial Statements

	2003 \$	2002 \$
2 INCOME TAX		
Operating Surplus before Income Tax	<u>893,666</u>	<u>833,614</u>
Prima Facie Taxation at 33%	294,910	275,093
Plus tax loss not previously applied	0	0
Plus Tax effect of permanent differences	0	(30,867)
Less Tax effect of timing differences not Recognised	(19,011)	(49,678)
Less Prior Year Adjustment	<u>0</u>	<u>0</u>
Total Income Tax Expense (Benefit)	<u>275,899</u>	<u>194,548</u>
The income tax expense comprises:		
- current taxation	<u>275,899</u>	<u>194,548</u>
	<u>275,899</u>	<u>194,548</u>

A deferred tax liability of \$1,687,437 has not been recognised (2002 \$1,576,364). This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

3 RESERVES

Share Premium Reserve	255,796	255,796
Revaluation Reserve Land and Buildings	51,093	51,093
Revaluation Distribution System	8,643,987	8,643,987
Revaluation other Assets	<u>33,958</u>	<u>33,958</u>
	<u>8,984,834</u>	<u>8,984,834</u>

4 PROPERTY, PLANT & EQUIPMENT

Distribution System Assets

Adjusted ODV Valuation at beginning of year	13,182,273	13,120,880
Plus Additions 2003	852,857	355,358
Less Disposals 2003	(143,232)	0
Less Depreciation 2003	<u>(299,288)</u>	<u>(293,965)</u>
Net Book Value at end of year	13,592,610	13,182,273

Buildings

Net Book Value at Valuation at beginning of year	33,004	33,004
Accumulated Depreciation	<u>0</u>	<u>0</u>
Net Book Value at end of year	33,004	33,004

Customer Billing and IS

Cost	216,967	191,373
Accumulated Depreciation	<u>(151,238)</u>	<u>(118,875)</u>
Net Book Value at end of year	65,729	72,498

Office Equipment

Cost	80,920	76,679
Accumulated Depreciation	<u>(58,012)</u>	<u>(46,400)</u>
Net Book Value	22,908	30,279

Buller Electricity Limited Line Business Financial Statements

	2003	2002
	\$	\$
Motor Vehicles		
Cost	38,973	38,973
Accumulated Depreciation	<u>(26,574)</u>	<u>(21,312)</u>
Net Book Value	12,399	17,661
Other		
Cost	48,239	67,905
Accumulated Depreciation	<u>(45,513)</u>	<u>(58,940)</u>
Net Book Value	2,726	8,965
Total Net Book Value	<u>13,729,376</u>	<u>13,344,680</u>

The Distribution System Assets were revalued as at 31 March 2001 by A C Consulting Group Limited under the comprehensive audit carried out by the Commerce Commission to a value of \$13,120,880 on an optimised depreciated replacement cost basis. Land and Buildings were revalued by Coast Valuation Limited on 31 March 2001.

5 SEGMENTAL REPORTING

Buller Electricity operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand and are therefore within one geographical segment for reporting purposes.

6 RELATED PARTIES

The related parties of Buller Electricity Limited are the Buller Electric Power Trust, Buller Energy Limited and Buller Communications Limited. All the above mentioned companies are incorporated in New Zealand.

- (i) Buller Electricity Limited is 100% owned by the Buller Electric Power Trust. During the year the company:
 - paid the Trust \$240,000 as a dividend relating to the previous years provision
- (ii) Buller Electricity Limited purchased line construction services at cost from its contracting division for the period 1 April 2002 to 31 March 2003. Buller Electricity Limited purchased maintenance services at cost plus a margin from its contracting division for the period 1 April 2002 to 31 March 2003. At year end there was an outstanding balance for related parties of \$254,024. No debts were written off or forgiven during the year.

	2003	2002
	\$	\$
Construction of subtransmission assets	9,692	12,992
Construction of zone substations	406,489	0
Construction of distribution lines and cables	128,412	122,745
Construction of medium voltage switchgear	133,999	24,071
Construction of distribution transformers	48,337	26,511
Construction of distribution substations	10,335	16,316
Construction of low voltage reticulation	17,202	14,355
Construction of other system fixed assets	98,391	138,368
Maintenance of assets	824,205	808,171
Consumer connections and disconnections	2,393	1,441
Other Services	228	5,953

Buller Electricity Limited

Line Business Financial Statements

7. FINANCIAL INSTRUMENTS

(a) Credit Risk

- i) In the normal course of business the company incurs credit risks being cash, bank deposits and debtors transactions with electricity retailers and financial institutions.
- ii) The company has a credit evaluation policy and requires a bond or a guarantee from customers.
- iii) The company has concentrations of credit risk in accounts receivable balances. Of total electricity line charges receivable, 100% are due from TrustPower Limited, Meridian Energy Limited and Genesis Power Limited.
- iv) The company has a policy that minimises its credit risk to financial institutions by limiting the amount of cash and short term investments placed with any one financial institution at any one time.

(b) Interest Rate Risk

- i) The exposure to interest rate risk arises from the level of short term deposits held. At balance date 83.63% of short term deposits reprice within six months, and 16.37% reprice between six months and one year.
- ii) Deposit interest rates range from 5.70% pa – 5.95% pa at balance date 31 March 2003.

(c) Fair Values

The directors consider that the carrying amount of financial instruments in the statement of financial position is equal to their fair value.

8 COMMITMENTS

There are capital commitments of \$1,188,115 at 31 March 2003 to manufacture two (2002 Nil) transformers for the Buller Grid Optimization Project. There are also capital commitments involving switchgear and foundation work for the Buller Grid Optimization Project for which purchase orders have been written totalling \$628,000.

9 CONTINGENT LIABILITIES

There is a contingent liability for discrepancies that may arise on the reconciliation of energy transported versus energy charged by the various energy retailers. The potential or maximum liability is not able to be estimated. The same contingent liability existed in 2002.

	2003 \$	2002 \$
10 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Reported Net Surplus after tax	617,767	639,066
Add (Less) Non Cash Items:		
Depreciation	357,992	337,210
Add (Less) Movements in Working Capital Items:		
Decrease (Increase) in Tax Receivable	55,324	(55,796)
Decrease (Increase) in Receivables	131,803	(73,693)
(Decrease) Increase in Creditors	193,602	296,461
(Decrease) Increase in Tax Payable	41,056	0
Decrease (Increase) in other Current Assets	103,101	1,022
Other business Working Capital Movements included in Operating Cash Flows	0	14,582
	1,500,645	1,158,852
Add (Less) Movements in Non-current Items:		
Net Loss (Gain) on Disposal of Assets	0	0
	0	0
Net Cash Inflows from Operating Activities	1,500,645	1,158,852

Buller Electricity Limited

Line Business Financial Statements

11 Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

Statement of Financial Position Disclosure (Schedule 1, Part 2)		2003	2002
		\$	\$
1	Current Assets		
(a)	Cash & Bank balances	162,716	66,356
(b)	Short term investments	3,551,538	3,796,069
(c)	Inventories	0	0
(d)	Accounts receivable	430,267	562,071
(e)	Other current assets not listed in (a) to (d)	53,063	40,180
(f)	Total current assets	4,197,584	4,464,676
2	Fixed Assets		
(a)	System fixed assets	13,592,610	13,182,273
(b)	Customer billing and information system assets	65,729	72,498
(c)	Motor Vehicles	12,399	17,661
(d)	Office Equipment	22,908	30,279
(e)	Land and Buildings	33,004	33,004
(f)	Capital works under construction	0	0
(g)	Other fixed assets not listed in (a) to (f)	2,726	8,965
(h)	Total fixed assets	13,729,376	13,344,680
3	Other tangible assets not listed above	516,148	2,498
4	Total tangible assets	18,443,108	17,811,854
5	Intangible assets		
(a)	Goodwill	0	0
(b)	Other intangible not listed in (a)	0	0
(c)	Total intangible assets	0	0
6	Total Assets	18,443,108	17,811,854
7	Current Liabilities		
(a)	Bank Overdraft	0	0
(b)	Short term borrowings	0	0
(c)	Payables and accruals	518,635	560,228
(d)	Provision for dividend payable	0	240,000
(e)	Provision for income tax	41,056	0
(f)	Other Current Liabilities not listed in (a) to (e)	254,024	0
(g)	Total Current Liabilities	813,715	800,228
8	Non-current Liabilities		
(a)	Payables and accruals	0	0
(b)	Borrowings	0	0
(c)	Deferred tax	0	0
(d)	Other Non-current Liabilities not listed in (a) to (e)	0	0
(e)	Total Non-current Liabilities	0	0
9	Equity		
(a)	Shareholders equity		
(i)	Share Capital	4,964,358	4,964,358
(ii)	Retained Earnings	3,680,201	3,062,434
(iii)	Reserves	8,984,834	8,984,834
(iv)	Total Shareholders equity	17,629,393	17,011,626
(b)	Minority interests in subsidiaries	0	0
(c)	Total Equity	17,629,393	17,011,626
(d)	Capital Notes	0	0
(e)	Total capital funds	17,629,393	17,011,626
10	Total equity and liabilities	18,443,108	17,811,854

Buller Electricity Limited

Line Business Financial Statements

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

	2003 \$	2002 \$
11 Operating revenue		
(a) Revenue from line/access charges	4,686,450	4,095,582
(b) Revenue from "Other" business (transfer payment)	0	0
(c) Income from interest on bank & short term investments	207,657	225,986
(d) AC loss rental rebates	85,065	237,321
(e) Other operating revenue not listed in (a) to (d)	13,073	121,045
(f) Total operating revenue	4,992,245	4,679,934
12 Operating expenditure		
(a) Transmission Charges	1,683,459	1,670,883
(b) Transfer payments to "Other" business		
(i) Asset maintenance	771,980	808,171
(ii) Consumer disconnections and reconnections	2,393	1,441
(iii) Meter data	0	0
(iv) Consumer based load control	228	5,953
(v) Royalty and patent expenses	0	0
(vi) Avoided transmission charges for own generation	0	0
(vii) Other goods & services not listed in (i) to (vi) above	0	0
(viii) Total transfer payment to the "Other" business	774,601	815,565
(c) Payments to non-related entities		
(i) Asset maintenance	52,225	0
(ii) Consumer disconnections and reconnections	0	0
(iii) Meter data	0	0
(iv) Consumer based load control	0	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties	52,225	0
(d) Employee salaries, wages and redundancies	663,831	430,702
(e) Consumer billing and information system expense	23,383	25,849
(f) Depreciation on		
(i) System fixed assets	299,288	293,965
(ii) Other assets not listed in (i)	58,704	43,245
(iii) Total depreciation expense	357,992	337,210
(g) Amortisation of		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	192,836	195,959
(i) Human resource expense	20,253	29,491
(j) Marketing and advertising	29,694	4,463
(k) Merger and acquisition expenses	0	0
(l) Takeover defence expenses	0	0
(m) Research and development expenses	0	0
(n) Consultancy and legal expenses	27,271	200,012
(o) Donations	34,362	35,555
(p) Directors fees	62,705	62,750
(q) Audit fees		
(i) Audit fees paid to principal auditors	25,001	18,200
(ii) Audit fees paid to other auditors	450	0
(iii) Fees paid for other services provided by auditors	50,733	36,334
(iv) Total auditors fees	76,184	54,534
(r) Costs of offering credits		
(i) Bad debts written off	0	0
(ii) Increase in estimated doubtful debts	0	0
(iii) Total costs of offering credit	0	0

Buller Electricity Limited Line Business Financial Statements

	2003	2002
	\$	\$
(s) Local authority rates	12,668	5,315
(t) AC loss-rental (distribution of) expense	0	0
(u) Rebates to customers due to ownership interest	0	0
(v) Subvention payments	0	0
(w) Unusual expenses	0	0
(x) Other expenditure not listed in (a) to (w)	87,115	42,827
13 Total operating expenditure	4,098,579	3,846,320
14 Operating surplus before interest and income tax	893,666	833,614
15 Interest		
(a) Interest expenses on borrowings	0	0
(b) Financing charges related to finance leases	0	0
(c) Other interest expense	0	0
(d) Total interest expense	0	0
16 Operating surplus before income tax	893,666	833,614
17 Income Tax	275,899	194,548
18 Net surplus after tax	617,767	639,066
19 Annual Valuation Reconciliation Report at 31 March 2003		
System Fixed Assets at ODV – end of the previous financial year	13,182,273	13,219,371
Add System Fixed Assets acquired during the year at ODV	852,857	355,358
Less System Fixed Assets disposed of during the year	0	0
Less Depreciation on System Fixed Assets at ODV	(299,288)	(293,965)
Add or (Less) Revaluations of System Fixed Assets	0	(98,491)
Less Disposal of Stock	(143,232)	0
Equals System Fixed Assets at ODV – end of financial year	13,592,610	13,182,273

12 PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under regulation 15 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

	2003	2002	2001	2000
1 Financial Performance Measures				
(a) Return on Funds	5.1%	4.5%	9.2%	0.8%
(b) Return on Equity	3.6%	3.8%	6.4%	1.5%
(c) Return on Investment	3.6%	2.9%	5.2%	0.8%
2 Efficiency Performance Measures				
(a) Direct line costs per kilometre	\$2,494	\$2,082	\$1,179	\$1,886
System Length Km	598	595	593	579
(b) Indirect line costs per electricity customer	\$135	\$144	\$154	\$163
Total consumers	4,187	4,108	4,258	4,241

Buller Electricity Limited Line Business Performance Measures

Disclosure of energy delivery efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

	2003	2002	2001	2000
1 Energy Delivery efficiency performance measures:				
(a) Load Factor (=a/b*c*100)	63%	63% *	66% *	65%*
a = kWh of electricity entering system	42,764,385	44,532,248 *	45,436,591 *	93,745,841*
b = Maximum demand	7,749	8,062 *	7,844 *	7,600*
c = Total number of hours in year	8,760	8,760	8,760	8,784
(b) Loss Ratio (=a/b*100)	11.44%	9.63% *	8.55% *	7.14%*
a = losses in electricity in kWh	4,893,797	4,289,870 *	3,882,796 *	3,118,886*
b = kWh of electricity entering system	42,764,385	44,532,248 *	45,436,591 *	43,665,128*
(c) Capacity Utilisation (=a/b*100)	27%	29% *	29% *	28%*
a = Maximum demand	7,749	8,062 *	7,844 *	7,600*
b = Transformer Capacity	28,775	27,650	27,380	26,875
2 Statistics				
(a) System Length				
Circuit Kilometres 33kV	111	111	111	111
Circuit Kilometres 11kV	357	355	350	336
Circuit Kilometres 400V	130	129	131	131
				0
Total	<u>598</u>	<u>595</u>	<u>592</u>	<u>578</u>
(b) System Length Overhead				
Circuit Kilometres 33kV	111	111	111	111
Circuit Kilometres 11kV	351	350	346	333
Circuit Kilometres 400V	118	117	119	119
Total Overhead	<u>580</u>	<u>578</u>	<u>576</u>	<u>563</u>
(c) System Length Underground				
Circuit Kilometres 33kV	0.2	0.2	0.2	0.2
Circuit Kilometres 11kV	5.0	4.7	4.4	3.3
Circuit Kilometres 400V	11.6	11.5	11.5	11.5
Total Underground	<u>16.8</u>	<u>16.4</u>	<u>16.1</u>	<u>15.0</u>
(d) Transformer Capacity (In Kilovolt Amperes)	28,775	27,650	27,380	26,875
(e) Maximum Demand (kW)	7,749	8,062 *	7,844 *	7,600*

Buller Electricity Limited Line Business Performance Measures

	2003	2002	2001	2000
(f) Total electricity supplied from the system before losses (in Kilowatt Hours)	42,764,385	44,532,248 *	45,436,591 *	43,665,128*
(g) Electricity conveyed for each retailer including losses				
Retailer 1	27,950,508	33,742,055	36,463,455	38,390,779
Retailer 2	7,341,546	4,199,511	3,149,778	1,361,361
Retailer 3	2,578,535	2,295,022	1,940,562	794,102
Retailer 4	0	5,790	0	0
	<u>37,870,589</u>	<u>40,242,378 *</u>	<u>41,553,795 *</u>	<u>40,546,242*</u>
(h) Total Customers	4,187	4,108	4,258	4,241

* Restated to remove previous information that related to one customer supplied directly from the Transpower Grid Exit Point that had previously been included as though it was supplied from the Buller Electricity Limited network.

Buller Electricity Limited

Line Business Performance Measures

Disclosure of reliability performance measures under regulation 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	2003	2002	2001	2000
1 Total Number of Interruptions				
Class A - Planned by Transpower	0	0	0	0
Class B - Planned by Line Owners	29	8	21	33
Class C - Unplanned by Line Owners	44	63	45	58
Class D - Unplanned by Transpower	0	0	0	1
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	1	0	0	8
Class H - Planned - by another Line Owner	0	0	0	0
Class I - Any Other Loss of Supply	0	0	0	0
	<u>74</u>	<u>71</u>	<u>66</u>	<u>100</u>
2 Interruption Targets for 2003/2004				
Class B - Planned by Line Owners	30			
Class C - Unplanned by Line Owners	45			
3 Average Interruption Targets for 2004/2008				
Class B - Planned by Line Owners	20			
Class C - Unplanned by Line Owners	38			
4 Proportion of Class C Interruptions not restored within:				
3 Hours	13.6%			
24 Hours	0.0%			
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
11kV	10.9	16.9	12.6	17.0
33kV	4.5	3.6	0.9	1.8
Total	9.4	13.7	9.7	13.2
(b) Target for 2003/2004 year				
11kV	10.9			
33kV	3.6			
Total	9.2			
(c) Average Target for 2004/2008 years				
11kV	9.8			
33kV	2.7			
Total	8.1			
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
11kV	0	21.3	22.7	61.3
33kV	0	0	0	0
Total	0	20.5	21.8	58.1
7 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
11kV	11.1	16.9	12.4	16.5
33kV	4.5	3.6	0.9	1.8
Total	9.5	13.7	8.4	11.4
8 SAIDI for the total number of interruptions	370	290	314	366
9 SAIDI targets for 2003/2004				
Class B - Planned by Line Owners	214			
Class C - Unplanned by Line Owners	141			

Buller Electricity Limited

Line Business Performance Measures

	2003	2002	2001	2000
10	Average SAIDI targets for 2004/2008 years			
	Class B - Planned by Line Owners	176		
	Class C - Unplanned by Line Owners	136		
11	SAIDI for the total number of interruptions within each interruption class			
	Class A - Planned by Transpower	0	0	0
	Class B - Planned by Buller Electricity	222	136	173
	Class C - Unplanned by Buller Electricity	144	154	141
	Class D - Unplanned by Transpower	0	0	0
	Class E - Unplanned by Line Owner generation	0	0	0
	Class F - Unplanned by other generator	0	0	0
	Class G - Unplanned - by another line owner	3.71	0	0
	Class H - Planned - by another Line Owner	0	0	0
	Class I - Any Other Loss of Supply	0	0	0
		<u>370</u>	<u>290</u>	<u>314</u>
				<u>366</u>
12	The SAIFI for the total number of Interruptions			
		1.98	1.84	2.14
13	SAIFI Targets for 2003/2004			
	Class B - Planned by Line Owners	0.55		
	Class C - Unplanned by Line Owners	1.33		
14	Average SAIFI targets for 2004/2008 years			
	Class B - Planned by Line Owners	0.50		
	Class C - Unplanned by Line Owners	1.16		
15	The SAIFI for the total number of interruptions within each interruption class			
	Class A - Planned by Transpower	0.00	0.00	0.00
	Class B - Planned by Buller Electricity	0.54	0.45	0.71
	Class C - Unplanned by Buller Electricity	1.32	1.39	1.43
	Class D - Unplanned by Transpower	0.00	0.00	0.00
	Class E - Unplanned by Line Owner generation	0.00	0.00	0.00
	Class F - Unplanned by other generator	0.00	0.00	0.00
	Class G - Unplanned - by another Line Owner	0.12	0.00	0.00
	Class H - Planned - by another Line Owner	0.00	0.00	0.00
	Class I - Any Other Loss of Supply	0.00	0.00	0.00
		<u>1.98</u>	<u>1.84</u>	<u>2.14</u>
				<u>3.11</u>
16	The CAIDI for the total number of interruption			
		187	158	146
17	CAIDI targets for 2003/2004			
	Class B - Planned by Line Owners	391		
	Class C - Unplanned by Line Owners	106		
18	Average CAIDI Target for 2004/2008 years			
	Class B - Planned by Line Owners	355		
	Class C - Unplanned by Line Owners	117		
19	The CAIDI for the total number of interruptions within each interruption class			
	Class A - Planned by Transpower	0	0	0
	Class B - Planned by Buller Electricity	411	305	242
	Class C - Unplanned by Buller Electricity	109	110	99
	Class D - Unplanned by Transpower	0	0	0
	Class E - Unplanned by Line Owner generation	0	0	0
	Class F - Unplanned by other generator	0	0	0
	Class G - Unplanned - by another Line Owner	30	0	0
	Class H - Planned - by another Line Owner	0	0	0
	Class I - Any Other Loss of Supply	0	0	0
		<u>187</u>	<u>158</u>	<u>146</u>
				<u>117</u>

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	893,666				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	893,666				
Interest on cash, bank balances, and short-term investments (ISTI)	207,657				
OSBIT minus ISTI	686,009	a	686,009		686,009
Net surplus after tax from financial statements	617,767			617,767	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	617,767	n			
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)	299,288				
Depreciation of SFA at ODV (y)	299,288				
ODV depreciation adjustment	0	d	add	add	add
Subvention payment tax adjustment	0	s ^t	deduct	deduct	deduct
Interest tax shield	-68,527	q			-68,527
Revaluations	0	r			
Income tax	275,899	p			275,899
Numerator			OSBIT ^{ADJ} = a + g + s + d	NSAT ^{ADJ} = n + g + s - s ^t + d	OSBIT ^{ADJ} = a + g - q + r + s + d - p - s ^t
Fixed assets at end of previous financial year (FA ₀)	13,344,680				
Fixed assets at end of current financial year (FA ₁)	13,729,376				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-4,723				
Adjusted net working capital at end of current financial year (ANWC ₁)	-383,448				
Average total funds employed (ATFE)	13,342,943 (or regulation 33 time-weighted average)	c	13,342,943		13,342,943
Total equity at end of previous financial year (TE ₀)	17,011,626				
Total equity at end of current financial year (TE ₁)	17,629,393				
Average total equity	17,320,510 (or regulation 33 time-weighted average)	k		17,320,510	
WUC at end of previous financial year (WUC ₀)	0				
WUC at end of current financial year (WUC ₁)	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	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
Revaluations	0	r			
Half of revaluations	0	r/2			
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 (or regulation 33 time-weighted average)	0	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 _{book,0})	13,182,273				
System fixed assets at end of current financial year at book value (SFA _{book,1})	13,592,610				
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	13,387,442	f	deduct	deduct	13,387,442
System Fixed assets at year beginning at ODV value (SFA _{odv,0})	13,182,273				
System Fixed assets at end of current financial year at ODV value (SFA _{odv,1})	13,592,610				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	13,387,442	h	add	add	13,387,442
Denominator					
Financial Performance Measure:			ROF = OSBIT ^{odv} /ATFE ^{odv} x 100	ROE = NSAT ^{odv} /ATE ^{odv} x 100	ROI = OSBIT ^{odv} /ATFE ^{odv} x 100
			5.1	3.6	3.6
			13,342,943	17,320,510	13,342,943
			ATFE ^{odv} = c - e - f + h	Ave TE ^{odv} = k - e - m + v - f + h	ATFE ^{odv} = c - e - 1/2r - f + h

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
 bv = book value
 ROE = return on equity
 ave = average
 ROF = return on funds
 odv = optimised deprival valuation
 ROI = return on investment



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF BULLER ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Buller Electricity Limited on pages 2 to 12. The financial statements provide information about the past financial performance of Buller Electricity Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 5 and 6.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Buller Electricity Limited as at 31 March 2003 and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

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

The Auditor-General has appointed Bruce Loader of KPMG to undertake the audit.

Basis of Opinion

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

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

We conducted our audit in accordance with Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.



We have carried out other assignments for Buller Electricity Limited in the areas of taxation, business modelling, and strategic reporting requirements. Other than these assignments, we have no relationship with or interests in Buller Electricity Limited.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been kept by Buller Electricity Limited as far as appears from our examination of those records; and
- the financial statements of Buller Electricity Limited on pages 2 to 12 –
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Buller Electricity Limited's financial position as at 31 March 2003 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 2003 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Bruce Loader', written in a cursive style.

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



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

We have examined the information on pages 12 to 16, being –

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

that were prepared by Buller Electricity Limited and dated 30 July 2003 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

A handwritten signature in black ink, appearing to read 'Bruce Loader', written in a cursive style.

Bruce Loader
KPMG
On behalf of the Auditor-General
Christchurch, New Zealand
5 August 2003