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THE POWER COMPANY LIMITED

INFORMATION FOR DISCLOSURE

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

**THE POWER COMPANY LIMITED LINE BUSINESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

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

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2003 Information Disclosure package issued by The Power Company Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

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

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

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

<p style="text-align: center;">THE POWER COMPANY LIMITED LINE BUSINESS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2003</p>

	Note	31 March 2003 \$000	31 March 2002 \$000
Operating Revenue	1	23,341	23,301
Operating Expenses	2	21,732	21,147
Net Surplus Before Taxation		1,609	2,154
Taxation Expense		1,117	1,033
Net Surplus After Taxation		492	1,121

The accompanying statement of accounting policies and notes on pages 7 to 15 form part of and should be read in conjunction with these financial statements.

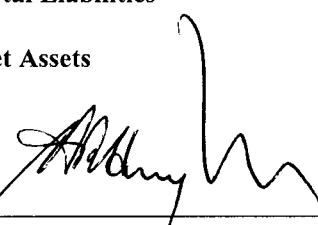
THE POWER COMPANY LIMITED LINE BUSINESS STATEMENT OF MOVEMENT IN EQUITY FOR THE YEAR ENDED 31 MARCH 2003

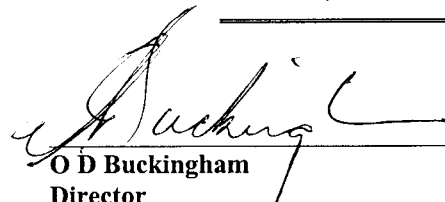
	Note	31 March 2003 \$000	31 March 2002 \$000
Total Equity at Beginning of Year		155,510	165,423
Net Surplus/(Deficit) for the Year		492	1,121
Movement in Revaluation Reserve		-	(10,931)
Total Recognised Revenues and Expenses for the Period		<u>492</u>	<u>(9,810)</u>
Add Contributions from Owners During the Year:			
- Funds Released from Other Business		-	-
		-	-
Deduct Distributions to Owners During the Year:			
- Dividend		(143)	(103)
		<u>(143)</u>	<u>(103)</u>
Equity at End of Year	3	<u><u>155,859</u></u>	<u><u>155,510</u></u>

The accompanying statement of accounting policies and notes on pages 7 to 15 form part of and should be read in conjunction with these financial statements.

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2003

	Note	31 March 2003 \$000	31 March 2002 \$000
Equity	3	155,859	155,510
<i>Represented By:</i>			
Current Assets			
Receivables and Prepayments	4	1,627	1,639
Inventories		73	305
Taxation Refund		45	-
Total Current Assets		1,745	1,944
Non-Current Assets			
Property, Plant and Equipment	5	161,522	159,933
Capital Work in Progress		4,078	4,059
Total Non-Current Assets		165,600	163,992
Total Assets		167,345	165,936
Current Liabilities			
Bank Overdraft		6,866	1,413
Accounts Payable and Provisions	6	3,420	3,677
Provision for Taxation		-	237
Total Current Liabilities		10,286	5,327
Non Current Liabilities			
Term Loan		1,200	5,099
Total Non Current Liabilities		1,200	5,099
Total Liabilities		11,486	10,426
Net Assets		155,859	155,510


 A B Harper
 Chairman of Directors


 O D Buckingham
 Director

For and on behalf of the
 Board of Directors

6 August 2003

The accompanying statement of accounting policies and notes on pages 7 to 15 form part of and should be read in conjunction with these financial statements.

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2003

	Note	31 March 2003 \$000	31 March 2002 \$000
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash was Provided From:			
Receipts from Customers		22,621	21,506
Sundry Income		739	574
Interest Received		5	45
		23,365	22,125
Cash was Applied To:			
Payments to Suppliers		12,799	12,288
Payments to Employees		1,046	936
Taxes Paid		1,400	1,800
Interest Paid		390	452
		15,635	15,476
Net Cash From Operating Activities	7	7,730	6,649
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash was Provided From:			
Sale of Property, Plant and Equipment		99	15
		99	15
Cash was Applied To:			
Purchase of Property, Plant and Equipment		9,240	9,716
		9,240	9,716
Net Cash Used in Investing Activities		(9,141)	(9,701)
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash was Provided From:			
Term Loan		-	1,672
		-	1,672
Cash was Applied To:			
Payment of Dividends		143	103
Repayment of Term Loan		3,899	-
		4,042	103
Net Cash From (Used in) Financing Activities		(4,042)	1,569
Net Increase/(Decrease) In Cash Held		(5,453)	(1,483)
Add Opening Cash Brought Forward		(1,413)	70
Closing Cash Carried Forward		(6,866)	(1,413)

The accompanying statement of accounting policies and notes on pages 7 to 15 form part of and should be read in conjunction with these financial statements.

**THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2003**

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Power Company Limited is wholly owned by a Consumer Trust and is registered under the Companies Act 1993.

The Line Business reports on the network assets of The Power Company Limited, along with the joint venture interests in PowerNet Limited.

Purpose of the Financial Statements

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 ("the regulations") as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

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

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost bases with the exception of certain items for which specific accounting policies are identified.

Specific Accounting Policies

(a) *Principles of Consolidation*

The interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses after the elimination of all significant inter-company transactions.

(b) *Avoidable Cost Allocation Methodology*

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

(c) *Property, Plant and Equipment*

The network system assets were revalued as at 31 March 2001 to depreciated replacement cost (DRC) as assessed by independent valuers KPMG and Kerslake & Partners. During the year to 31 March 2002 the Commerce Commission undertook a recalibration audit of the valuation. As a result, the value of these assets has reduced by \$24,060,000. Subsequent additions are recorded at cost.

All other assets are recorded at cost less accumulated depreciation.

(d) *Distinction Between Capital and Revenue Expenditure*

Capital expenditure is defined as all expenditure on the creation of a new asset and any expenditure which results in a significant improvement to the original function of an existing asset.

Revenue expenditure is defined as expenditure which maintains an asset in working condition, and expenditure incurred in maintaining the service performance and operation of the Company.

(e) *Depreciation*

Property, Plant and Equipment is depreciated on the basis of valuation cost price less estimated residual value over the period of their estimated useful life.

Rates used are:

Buildings	10% SL - 4% DV
Furniture, Fittings & EDP Equipment	10% DV - 60% DV
Motor Vehicles	20% DV – 31.2% DV
Network Assets	1% SL – 39.6% DV

(f) *Receivables*

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

(g) *Inventories*

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

(h) *Income Tax*

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance 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.

The Company uses the liability method of accounting for deferred taxation and applies this on a partial basis.

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

(i) *Work In Progress*

The cost of work in progress includes the cost of direct material and direct labour used in putting replacement and new systems in their present location and condition.

(j) *Goods And Services Tax*

These accounts have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are GST inclusive.

(k) *Operating Leases*

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

(l) *Employee Entitlements*

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

Changes in Accounting Policies

There have been no changes in accounting policies during the year ended 31 March 2003.

<p>THE POWER COMPANY LIMITED LINE BUSINESS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003</p>
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1.	Operating Revenue	31 March 2003	31 March 2002
		\$000	\$000
	<i>Operating Revenue Comprises:</i>		
	Line Charges (net of discount)	22,335	21,189
	Interest on Investments	5	45
	Transpower Rebate (net of distribution to retailers)	262	1,493
	Other Revenue	739	574
	Total Operating Revenue	23,341	23,301
2.	Operating Expenses		
	<i>Operating Expenses Include:</i>		
	Auditors Remuneration:		
	- Statutory Audit	32	28
	- Other	-	-
	Bad Debts Written Off	1	5
	Depreciation	7,448	7,542
	Directors' Fees	97	96
	Interest Expense	390	452
	Lease Costs	-	-
	Loss on Disposal of Fixed Assets	85	105
3.	Equity		
	Capital Reserve	28,847	28,847
	Asset Revaluation Reserve (see below)	110,489	110,489
	Retained Earnings	16,523	16,174
	Total Equity	155,859	155,510
	<i>Asset Revaluation Reserve</i>		
	Opening Balance	110,489	121,420
	Revaluation in the Year	-	(24,060)
	Reversal/(Impact) of Deferred tax effect of revaluation	-	12,179
	Other movements	-	950
	Closing Balance	110,489	110,489
4.	Receivables and Prepayments		
	Trade Debtors	1,320	1,294
	Other Debtors	205	258
	Prepayments	102	87
	Total Receivables and Prepayments	1,627	1,639

5. **Property, Plant and Equipment**

	Cost or Valuation \$000	Accumulated Depreciation \$000	31.3.2003 \$000	31.3.2002 \$000
System Fixed Assets	172,638	12,107	160,531	158,840
Customer Billing & Information System Assets	2,772	2,750	22	4
Motor Vehicles	9	5	4	11
Office Equipment	1,491	1,089	402	425
Land & Buildings	486	170	316	340
Plant & Equipment	674	427	247	313
Total Property, Plant and Equipment	178,070	16,548	161,522	159,933

Directors consider book value to be an indication of the fair value of Land and Buildings.

6. **Accounts Payable and Provisions**

	31 March 2003 \$000	31 March 2002 \$000
Accounts Payable and Accruals	3,294	3,548
Provision for Employee Entitlements	126	129
Total Accounts Payable and Provisions	3,420	3,677

7. **Reconciliation of Net Surplus After Taxation with Cashflow from Operating Activities**

Net Surplus After Tax	492	1,121
Add Non Cash Items		
Depreciation and Loss on Sale	7,533	7,647
Movement in Deferred Tax	-	(492)
	8,025	8,276
Plus/(Less) Movement in Working Capital Items:		
(Increase)/Decrease in Accounts Receivable	27	(1,176)
Increase in Prepayments	(14)	(26)
(Increase)/Decrease in Stock	232	(133)
Increase/(Decrease) in Provision for Tax	(283)	(276)
Increase/(Decrease) in Accounts Payable and Provisions	(257)	(16)
Net Cash From Operating Activities	7,730	6,649

8. **Commitments****Capital Commitments***Easement Agreements*

The Power Company Limited has signed easement agreements for the purpose of constructing a line on private property. Compensation values have been agreed with the terms of payment being 50% payment on the signing of the agreement and the remaining 50% payable upon registration of easement on land title. The commitment outstanding at 31 March 2003 is \$17,000 (2002 \$14,900).

Other Capital Commitments

The Power Company Limited through its joint venture company PowerNet Limited has capital commitments of \$70,000 (2002 Nil).

Operating Lease Commitments are as follows:

	31 March 2003 \$000	31 March 2002 \$000
➤ Less than one year	80	70
➤ Greater than one year and not later than two years	37	5
➤ Later than two years and no later than five years	86	6
➤ Later than five years	-	-

9. Financial Instruments**Off Balance Sheet Financial Instruments**

The Line Business does not have any off balance sheet financial instruments, with the exception of interest rate swaps.

Credit Risk

Financial instruments which potentially subject the Line Business to credit use principally consist of bank balances and accounts receivable. Bank deposits are placed with high credit - quality financial institutions. The Line Business performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk at balance date are:

Receivables	1,525	1,552
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The above exposures are net of any recognised provision for losses on these financial instruments.

No collateral is held on the bank balances and accounts receivable.

Concentrations of Credit Risk

The Line Business is exposed to a Concentration of Credit Risk by one significant energy retailer. This entity is considered to be a high credit quality entity.

Foreign Exchange Risk

The Line Business is not exposed to any foreign exchange risk.

Interest Rate Risk

The Line Business is exposed to normal fluctuations in market interest rates except for borrowing for which interest rates may be hedged by way of an interest rate swap. At 31 March 2003 the quantity of interest rate swaps was Nil (2002 \$4,000,000).

Fair Values

The estimated fair value of the Line Business' financial instruments are represented by the carrying values with the exception of interest rate swaps. The fair value of the interest rate swaps at 31 March 2003 is Nil (2002 \$6,000).

10. Related Parties

The Power Company Limited "Line Business" consists of line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited. The Power Company Limited "Other Business" consists of other or non-line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited.

All related party transactions between The Power Company Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

During the year related party transactions took place between The Power Company Limited Line Business and The Power Company Limited Other Business. All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

The Power Company Limited Line Business purchased from PowerNet Limited Other Business:

	31 March 2003 \$000	31 March 2002 \$000
Construction of:		
➤ Subtransmission assets	1,405	837
➤ Zone substations	2,046	4,865
➤ Distribution lines and cables	3,940	1,817
➤ Medium voltage switchgear	150	196
➤ Distribution transformers	1,204	1,416
➤ Distribution substations	-	-
➤ Low voltage lines and cables	237	154
➤ Other system fixed assets	61	-

The above amounts represent the capital works programme undertaken by PowerNet Limited on behalf of The Power Company Limited.

Maintenance of assets	-	-
Consumer connections and disconnections	-	-

PowerNet Limited's Line Business purchased from The Power Company Limited Other Business:

Rent	16	19
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The value of transactions owing at balance date were as follows:

The Power Company Limited Line Business owes PowerNet Limited Other Business \$1,320,000 (2002 \$662,000).

PowerNet Limited's Line Business owes The Power Company Limited Other Business \$1,000 (2002 \$1,000).

The Southland Electric Power Supply Consumer Trust, which owns 100% of the shares in The Power Company Limited, is a related party. During the year expenses are paid out on behalf of the Trust, at 31 March 2003 these totalled \$71,000 (2002 \$122,000). A dividend of \$143,000 (2002 \$103,000) was paid during the year.

No related party debts have been written off or forgiven during 2003 or 2002.

11. Annual Valuation Reconciliation Report

System fixed assets at ODV – end of the previous financial year	152,422	172,264
<i>Less</i> recalibration of system fixed assets	-	(22,351)
Revised system fixed assets – end of the previous financial year	152,422	149,913
<i>Add</i> system fixed assets acquired during the year at ODV	7,179	10,024
<i>Less</i> system fixed assets disposed of during the year at ODV	(174)	(268)
<i>Less</i> depreciation on system fixed assets at ODV	(6,994)	(7,247)
<i>Add</i> revaluations of system fixed assets	-	-
System fixed assets at ODV – end of the financial year	152,433	152,422

12. Disclosure of Information

Disclosure of information to be disclosed in the Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999, Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	31 March 2003 \$000	31 March 2002 \$000
Current Assets		
(a) Cash and bank balances	-	-
(b) Short-term investments	-	-
(c) Inventories	73	305
(d) Accounts receivable	1,525	1,552
(e) Other current assets not listed in (a) to (d)	147	87
Total Current Assets	1,745	1,944
Fixed Assets		
(a) System fixed assets	160,531	158,840
(b) Consumer billing and information system assets	22	4
(c) Motor vehicles	4	11
(d) Office equipment	402	425
(e) Land and buildings	316	340
(f) Capital works under construction	4,078	4,059
(g) Other fixed assets not listed in (a) to (g)	247	313
Total Fixed Assets	165,600	163,992
Other tangible assets not listed above	-	-
Total Tangible Assets	167,345	165,936
Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
Total Intangible Assets	-	-
TOTAL ASSETS	167,345	165,936
Current Liabilities		
(a) Bank overdraft	6,866	1,413
(b) Short-term borrowings	-	-
(c) Payables and accruals	3,420	3,677
(d) Provision for dividends payable	-	-
(e) Provision for income tax	-	237
(f) Other current liabilities not listed in (a) to (e) above	-	-
Total Current Liabilities	10,286	5,327
Non-Current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	1,200	5,099
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
Total Non-Current Liabilities	1,200	5,099
Equity		
(a) Shareholders' equity:		
(i) Share capital	28,847	28,847
(ii) Retained earnings	16,523	16,174
(iii) Reserves	110,489	110,489
Total Shareholders' equity	155,859	155,510
(b) Minority interests in subsidiaries	-	-
Total Equity	155,859	155,510
(c) Capital notes	-	-
Total Capital Funds	155,859	155,510
TOTAL EQUITY AND LIABILITIES	167,345	165,936

	31 March 2003 \$000	31 March 2002 \$000
Operating Revenue		
(a) Revenue from line/access charges	25,176	23,224
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	5	45
(d) AC loss-rental rebates	711	1,493
(e) Other revenue not listed in (a) to (d)	739	574
(f) Line charge discount to consumers	(2,841)	(2,035)
Total Operating Revenue	23,790	23,301
Operating Expenditure		
(a) Payment for transmission charges	7,046	7,166
(b) Transfer payments to the "Other" business for:	-	-
(i) Asset maintenance	-	-
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges on account of own generation	-	-
(vii) Other goods and services not listed in (i) to (vi) above	16	19
Total transfer payment to the "Other" business	16	19
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	4,325	3,711
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
Total of specified expenses to non-related parties (sum of (i) to (v))	4,325	3,711
(d) Employee salaries, wages and redundancies	1,045	937
(e) Consumer billing and information system expense	166	130
(f) Depreciation on:		
(i) System fixed assets	6,994	7,247
(ii) Other assets not listed in (i)	454	295
Total depreciation	7,448	7,542
(g) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
Total Amortisation of intangibles	-	-
(h) Corporate and administration	494	468
(i) Human resource expenses	88	(39)
(j) Marketing/advertising	65	88
(k) Merger and acquisition expenses	-	26
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	35

	31 March 2003 \$000	31 March 2002 \$000
(n) Consultancy and legal expenses	143	105
(o) Donations	-	-
(p) Directors' fees	97	96
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors	32	28
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by principal and other auditors	-	-
Total Auditors' fees	32	28
(r) Costs of offering credit:		
(i) Bad debts written off	1	5
(ii) Increase in estimated doubtful debts	-	-
Total cost of offering credit	1	5
(s) Local authority rates expense	115	21
(t) AC loss-rentals (distribution to retailers/customers) expense	449	-
(u) Rebates to consumers due to ownership interest	-	-
(v) Subvention payments	2	84
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	259	273
Total operating expenditure	21,791	20,695
Operating surplus before interest and income tax	1,999	2,606
Interest expense		
(a) Interest expense on borrowings	390	452
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
Total interest expense	390	452
Operating surplus before income tax	1,609	2,154
Income tax	1,117	1,033
Net surplus after tax	492	1,121

**THE POWER COMPANY LIMITED LINE BUSINESS
FINANCIAL AND EFFICIENCY
PERFORMANCE MEASURES**

**PURSUANT TO REGULATION 15 OF THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY
(INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000**

FINANCIAL MEASURES

	2003	2002	2001	2000
Return on Funds	1.32%	1.64%	4.03%	2.30%
Return on Funds (excluding discount)	3.19%	2.89%		
Return on Equity	0.34%	0.78%	2.74%	1.47%
Return on Equity (excluding discount)	1.66%	1.69%		
Return on Investment	0.58%	(12.42%)	24.70%	1.23%
Return on Investment (excluding revaluation and discount)	1.83%	2.25%	2.70%	

EFFICIENCY PERFORMANCE MEASURES

	2003	2002	2001	2000
Direct Line Costs per Kilometre	\$763	\$644	\$595	\$551
Indirect Line Costs per Electricity Customer	\$34	\$33	\$25	\$53

Industry levies have added \$2 (2002 \$4) to the indirect line costs per electricity customer.

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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	1,998,889				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	1,998,889				
Interest on cash, bank balances, and short-term investments (ISTI)	4,865				
OSBIIT minus ISTI	1,994,024	a	1,994,024		1,994,024
Net surplus after tax from financial statements	491,699			491,699	
Net surplus after tax adjusted pursuant to Regulation 18 (NSAT)	0	n	0	0	0
Amortisation of goodwill and amortisation of other intangibles	2,236	g	add	add	add
Subvention payment	6,994,205	s	add	add	add
Depreciation of SFA at BV (x)	6,994,205				
Depreciation of SFA at ODV (y)	0	d	add	0	0
ODV depreciation adjustment	738	s*t		deduct	deduct
Subvention payment tax adjustment	(1,605)	q		deduct	deduct
Interest tax shield	0	r		add	add
Revaluations	1,117,147				
Income tax		p		deduct	deduct
Numerator			OSBIIT ^{Adj} = a+g+s+d	NSAT ^{Adj} = n+g+s-s*t+d	OSBIIT ^{Adj} = a+g-q+r+s+t-d
Fixed assets at end of previous financial year (FA ₀)	163,992,054				
Fixed assets at end of current financial year (FA ₁)	165,600,436				
Adjusted net working capital at end of previous financial year (ANWC ₀)	(1,732,130)				
Adjusted net working capital at end of current financial year (ANWC ₁)	(1,720,730)				
Average total funds employed (ATFE)	163,069,815	c	163,069,815		163,069,815
(or regulation 33 time-weighted average)					
Total equity at end of previous financial year (TE ₀)	155,510,265				
Total equity at end of current financial year (TE ₁)	155,858,611				
Average total equity	155,684,438	k		155,684,438	
(or regulation 33 time-weighted average)					
WUC at end of previous financial year (WUC ₀)	4,058,995				
WUC at end of current financial year (WUC ₁)	4,078,111				
Average total works under construction	4,068,553	e	deduct 4,068,553	deduct 4,068,553	deduct 4,068,553
(or regulation 33 time-weighted average)					
Revaluations	0	r			
Half of revaluations	0	r/2			deduct 0

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Intangible assets at end of previous financial year (IA_0)	0				
Intangible assets at end of current financial year (IA_t)	0				
Average total intangible asset	0	m		add	0
	(or regulation 33 time-weighted average)				
Subvention payment at end of previous financial year (S_0)	83,872				
Subvention payment at end of current financial year (S_t)	2,236				
Subvention payment tax adjustment at end of previous financial year	27,678				
Subvention payment tax adjustment at end of current financial year	738				
Average subvention payment and related tax adjustment	28,846	v		add	28,846
System fixed assets at end of previous financial year at BV ($SFA_{b,0}$)	158,840,104				
System fixed assets at end of current financial year at BV ($SFA_{b,t}$)	160,531,061				
Average value of system fixed assets at BV	159,685,583	f	deduct	159,685,583	deduct
	(or regulation 33 time-weighted average)				
System Fixed assets at year beginning at ODV value ($SFA_{od,0}$)	152,422,245				
System Fixed assets at end of current financial year at ODV value ($SFA_{od,t}$)	152,432,908				
Average value of system fixed assets at ODV value	152,427,577	h	add	152,427,577	add
	(or regulation 33 time-weighted average)				
Denominator			$A.TFE^{Adj} = c-e-f+h$	$144,386,725$	$151,743,256$
Financial Performance Measure			$ROF = OSBIT^{Adj} / ATFE^{Adj} \times 100$	$ROE = NSAT^{Adj} / ATE^{Adj} \times 100$	$ROI = OSBIT^{Adj} / ATFE^{Adj} \times 100$
			1.32	0.34	0.58

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

THE POWER COMPANY LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

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

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES YEARS ENDING 31 MARCH 2000, 2001, 2002 AND 2003

	2003	2002	2001	2000
(e) Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	68.2%	60.7%	66.5%	65%
(f) Loss Ratio (Transmission losses over energy entering the system)	9.1%	10.1%	11.1%	11.5%
(g) Capacity Utilisation (Maximum demand over total transformer capacity)	35.9%	38.4%	34.8%	34%

The loss ratio is derived from electricity supplied information provided by other parties. The Power Company Limited is unable to audit this information and is not confident with its accuracy and considers the figure is overstated.

STATISTICS

		66kV	33kV	11kV	400V	Total
System Length (km's)	1999/00	258	517	5,708	989	7,472
	2000/01	263	541	5,707	989	7,500
	2001/02	342	499	5,714	985	7,540
	2002/03	349	489	5,724	1,005	7,567
Overhead Lines (km's)	1999/00	258	516	5,661	886	7,321
	2000/01	263	539	5,658	886	7,346
	2001/02	342	497	5,661	879	7,379
	2002/03	349	486	5,669	876	7,379
Underground Cables (km's)	1999/00	0	1	47	103	151
	2000/01	0	2	49	104	155
	2001/02	0	2	53	106	161
	2002/03	0	3	55	129	187

	TX Capacity	Maximum Demand	Electricity Supplied	Electricity Conveyed	Total Customers
1999/00	286,403	97,827	557,816,831	493,872,093	30,273
2000/01	291,963	101,631	591,686,187	525,979,285	31,005
2001/02	298,004	114,322	608,062,700	546,387,820	31,800
2002/03	308,761	110,963	662,476,687	602,095,219	31,944

Retailer	KWh (2002/03)	KWh (2001/02)	KWh (2000/01)	KWh (1999/00)
Retailer A	-	8,861,505	15,724,675	12,038,776
Retailer B	21,740,841	25,163,920	18,101,969	8,189,523
Retailer C	337,448,503	311,274,343	334,899,374	352,579,433
Retailer D	166,448,292	77,128,323	24,404,807	11,290,158
Retailer E	24,589,531	75,935,636	103,216,972	89,472,164
Retailer F	26,999,250	24,739,800	12,969,034	2,458,440
Electricity Invercargill Limited	24,868,802	23,284,293	16,662,454	17,843,599
Total	602,095,219	546,387,820	525,979,285	493,872,093

The Electricity Supplied details are provided by other parties. The Power Company Limited is unable to audit this information and is not confident with its accuracy.

THE POWER COMPANY LIMITED LINE BUSINESS RELIABILITY PERFORMANCE MEASURES

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

RELIABILITY STATISTICS FOR YEARS ENDING 31 MARCH 2000, 2001, 2002 AND 2003

Class		A	B	C	D	E	F	G	H	I	TOTAL
Interruptions	1999/00	0	424	488	1	0	1	2	0	0	916
	2000/01	0	177	389	0	0	2	0	0	0	568
	2001/02	0	194	375	0	0	1	0	0	0	570
	2002/03	0	149	388	0	0	3	0	0	0	540
Predicted 2003/2004			167	370							
5-Year Average Target			164	365							
SAIDI	1999/00	0	73.9	339.6	51.3	0	1.1	0.6	0	0	466.4
	2000/01	0	16.0	130.0	0	0	0.5	0	0	0	146.5
	2001/02	0	20.0	117.8	0	0	1.3	0	0	0	139.0
	2002/03	0	18.9	147.8	0	0	0.3	0	0	0	167.0
Predicted 2003/2004			18.0	140.0							
5-Year Average Target			18.0	135.0							
SAIFI	1999/00	0	0.56	5.89	0.28	0	0.04	0.01	0	0	6.78
	2000/01	0	0.13	2.76	0	0	0.01	0	0	0	2.90
	2001/02	0	0.14	2.73	0	0	0.01	0	0	0	2.88
	2002/03	0	0.11	3.22	0	0	0.01	0	0	0	3.33
Predicted 2003/2004			0.12	3.00							
5-Year Average Target			0.12	2.90							
CAIDI	1999/00	0	131.9	57.7	180.9	0	30.0	44.4	0	0	68.8
	2000/01	0	120.5	47.1	0	0	80.0	0	0	0	50.5
	2001/02	0	146.8	43.1	0	0	161.0	0	0	0	48.3
	2002/03	0	174.4	45.9	0	0	40.3	0	0	0	50.1
Predicted 2003/2004			150.0	46.7							
5-Year Average Target			150.0	46.5							

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	1999/00	2.33	6.20	7.79	7.44
	2000/01	1.52	2.60	6.52	5.99
	2001/02	2.31	1.15	6.27	5.68
	2002/03	1.14	2.27	6.65	6.03
UG per 100km	1999/00	0	0	8.50	8.20
	2000/01	0	0	8.13	7.82
	2001/02	0	0	1.93	1.86
	2002/03	0	0	3.65	3.47
Total per 100km	1999/00	2.33	6.18	7.80	7.45
	2000/01	1.52	2.59	6.54	6.00
	2001/02	2.31	1.14	6.24	5.65
	2002/03	1.14	2.25	6.62	6.00
Predicted 2003/2004		1.70	1.60	6.30	5.70
5-Year Average Target		1.70	1.80	6.10	5.56

Class C Interruptions Not Restored in	3 hours	2.3%
Class C Interruptions Not Restored in	24 hours	0%

THE POWER COMPANY LIMITED
CERTIFICATION OF FINANCIAL STATEMENTS
PERFORMANCE MEASURES AND STATISTICS

We, Alan Bertram Harper and Cameron Andrew McCulloch, Directors of The Power Company Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

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

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

Signed:
 Dated: 6 August 2003 6 August 2003

STATUTORY DECLARATION IN RESPECT OF
STATEMENTS AND INFORMATION
SUPPLIED TO SECRETARY

I, Alan Bertram Harper, of 18 Turnbull Street, Invercargill, being a Director of The Power Company Limited, solemnly and sincerely declare that having made all reasonable inquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Signed:
 Declared at Invercargill this 6 day of August 2003.

Signed: [Signature] **Karyna R. Young**
 [Solicitor] **Solicitor**
Invercargill

THE POWER COMPANY LIMITED
CERTIFICATION OF FINANCIAL STATEMENTS
PERFORMANCE MEASURES AND STATISTICS

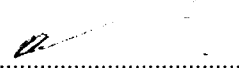
We, Alan Bertram Harper and Cameron Andrew McCulloch, Directors of The Power Company Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

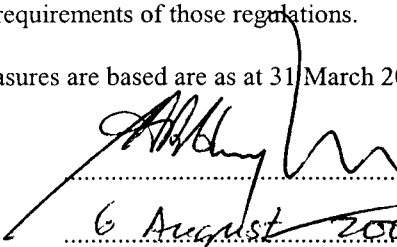
- a) The attached audited financial statements of The Power Company Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations; and
- b) The attached information being the derivation table, financial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

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

Signed:

Dated:


.....
6 August 2003


.....
6 August 2003



PricewaterhouseCoopers
Forsyth Barr House
The Octagon
PO Box 5848
Dunedin
New Zealand
Telephone +64 3 477 8784
Facsimile +64 3 477 1186

Auditors' Report

To the readers of the financial statements of The Power Company Limited – Lines Business

We have audited the accompanying financial statements of The Power Company Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of The Power Company Limited – Lines Business and its financial position as at 31 March 2003. 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 The Power Company Limited – Lines Business as at 31 March 2003, and the results of operations and cash flows for the year then ended.

Auditor's Responsibilities

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

Basis of Opinion

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

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

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacities as auditors we have no relationship with or interests in The Power Company Limited.

Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been kept by The Power Company Limited as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of The Power Company Limited – Lines Business as at 31 March 2003 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 6 August 2003 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Dunedin

**PricewaterhouseCoopers**

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Auditors' Opinion of Performance Measures

The Power Company Limited – Lines Business

We have examined the attached information, being –

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

-

that were prepared by The Power Company Limited – Lines Business and dated 7 August 2002 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999 (as amended).

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 (as amended).

PricewaterhouseCoopers
Dunedin
6 August 2003