



New Zealand Gazette

OF THURSDAY, 21 AUGUST 2003

WELLINGTON: WEDNESDAY, 27 AUGUST 2003 — ISSUE NO. 115

POWERCO LIMITED

INFORMATION FOR DISCLOSURE

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

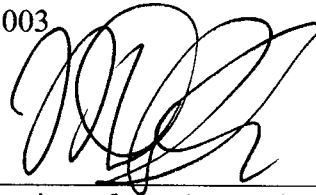
POWERCO LIMITED**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AND
THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT
REGULATIONS 2000 AND 2001****STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND
INFORMATION SUPPLIED TO SECRETARY**

I, Steven Ronald Boulton, of Level 2, Civic Centre Building, New Plymouth, being a principal of Powerco Limited, solemnly and sincerely declare that having made all reasonably enquiry, 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 the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

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



Declared at New Plymouth this 21st day of August 2003



Justice of the Peace (or Solicitor
or other person authorised to take
a statutory declaration)

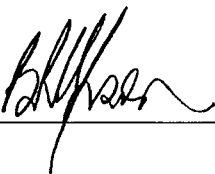
**Nigel Barbour
Solicitor
New Plymouth**

POWERCO LIMITED**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AND
ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT
REGULATIONS 2000 AND 2001****CERTIFICATION OF VALUATION REPORT OF LINE OWNERS**

We, Barry Raymond Upson, director and Steven Ronald Boulton, principal of Powerco Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

- (a) The attached valuation report of Powerco Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001, complies with the requirements of those regulations; and
- (b) The replacement cost of the line business system fixed assets of Powerco Limited is \$1,308,425,222; and
- (c) The depreciated replacement cost of the line business system fixed assets of Powerco Limited is \$703,268,496; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Powerco Limited is \$703,268,496; and
- (e) The optimised deprival valuation of the line business system fixed assets of Powerco Limited is \$703,268,496; and
- (f) The values in (b) through (e) have been prepared in accordance with the ODV handbook.

These valuations are based on the audited valuation of system fixed assets as at 31 March 2001, adjusted for subsequent movements in asset values.






Date: 21st August 2003

POWERCO LIMITED**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
AND THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT
REGULATIONS 2000 AND 2001****CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE
MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER
THAN TRANSPower**

We, Barry Raymond Upson, director, and Steven Ronald Boulton, principal of Powerco Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached audited financial statements of Powerco Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001 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 Powerco Limited, and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2003.





21st August 2003

**Deloitte
Touche
Tohmatsu**

**AUDITOR'S REPORT
TO THE READERS OF THE FINANCIAL STATEMENTS OF POWERCO LIMITED
FOR THE YEAR ENDED 31 MARCH 2003**

We have audited the financial statements of Powerco Limited on pages 1 to 17. The financial statements provide information about the past financial performance of Powerco 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 to 8.

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 Powerco Limited as at 31 March 2003, and results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report 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 Powerco Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including 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 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 carry out other assignments on behalf of the company in the areas of taxation and consulting advice. Other than in these capacities we have no relationship with or interest in Powerco Limited or its subsidiaries.

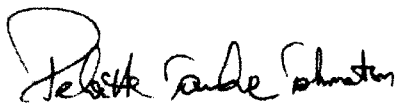
Unqualified Opinion

We have obtained all the information that we have required.

In our opinion –

- proper accounting records have been maintained by Powerco Limited as far as appears from our examination of those records, and
- the financial statements on pages 1 to 17:
 - (a) comply with generally accepted accounting practice; and
 - (b) give a true and fair view of the financial position of Powerco Limited as at 31 March 2003 and the results of its operations and cash flows for the year then ended; and
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 21 August 2003 and our unqualified opinion is expressed as at that date.



**Deloitte Touche Tohmatsu
Wellington**

**Deloitte
Touche
Tohmatsu**

POWERCO LIMITED

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

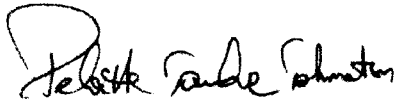
Auditor's Opinion of Performance Measures

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 time weighted averages calculations in regulation 33; and
- (d) The financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (e) The financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1 –

that were prepared by Powerco Limited and dated 21 August 2003 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.



**Deloitte Touche Tohmatsu
Wellington
21 August 2003**



ELECTRICITY DIVISION

**Statement of Financial Position
As at 31 March 2003**

	Notes	31 March 2003 \$000	31 March 2002 \$000
Equity			
Share capital		431,359	254,378
Retained earnings		11,506	2,251
	2	<u>442,865</u>	<u>256,629</u>
Non Current Liabilities			
Redeemable bonds	3	86,615	84,460
Capital bonds	4	49,212	-
Commercial paper	5	60,605	71,107
Commercial bank debt	6	347,928	-
Current account		(40,231)	(26,621)
Deferred taxation		-	(1,134)
Funding Facility		(256,787)	(3,032)
		<u>247,342</u>	<u>124,780</u>
Current Liabilities			
Accounts payable & accruals		18,790	6,057
Tax payable		27,138	14,359
		<u>45,928</u>	<u>20,416</u>
Total Equity and Liabilities		<u>\$736,135</u>	<u>\$401,825</u>
Non Current Assets			
Property, plant and equipment	8	718,932	390,604
Current Assets			
Receivables		17,203	11,221
		<u>17,203</u>	<u>11,221</u>
Total Assets		<u>\$736,135</u>	<u>\$401,825</u>



ELECTRICITY DIVISION

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

	Notes	31 March 2003 \$000	31 March 2002 \$000
Operating Revenue	15	<u>172,265</u>	<u>130,576</u>
Operating Surplus before taxation	16	59,746	43,512
Taxation expense	9	<u>19,716</u>	<u>14,359</u>
Operating Surplus Attributable to the Shareholders		<u>\$40,030</u>	<u>\$29,153</u>



ELECTRICITY DIVISION

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

	Notes	31 March 2003 \$000	31 March 2002 \$000
Opening Balance		<u>256,629</u>	<u>253,759</u>
Operating surplus attributable to the shareholders		40,030	29,153
Total recognised revenue and expenses for the year.		40,030	29,153
Distributions to shareholders: Dividends - paid		(30,776)	(26,283)
Ordinary Share issue		66,679	-
Equity adjustment		110,303	-
Closing Balance		<u>\$442,865</u>	<u>\$256,629</u>



ELECTRICITY DIVISION
Statement of Cash Flows
For the year ended 31 March 2003

	31 March 2003 \$000	31 March 2002 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	159,044	143,167
Interest received	513	183
Net movement in GST	2,006	-
Dividends received	-	-
	161,563	143,350
Cash was applied to:		
Payments to suppliers and employees	59,424	62,912
Interest paid	14,336	11,990
Net movement in GST	-	(67)
Payments of income tax	5,805	3,411
	79,565	78,246
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14	65,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Disposal of property, plant and equipment	-	17,043
	-	17,043
Cash was applied to:		
Purchase of short term investments	-	-
Purchase of property, plant and equipment	349,633	24,494
	349,633	24,494
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(349,633)	(7,451)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Issue of Ordinary Shares	176,981	-
Issue of Capital Bonds	49,212	-
Commercial Bank Debt	263,468	-
Redeemable Bonds	86,615	-
	576,276	-
Cash was applied to:		
Current account movement	13,608	27,758
Bonds	-	20,148
Repayment of Commercial paper	10,502	7,850
Dividends paid	30,776	26,282
	54,886	82,038
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	521,390	(82,038)
NET INCREASE (DECREASE) IN CASH HELD	253,755	(24,385)
Opening cash brought forward	3,032	27,417
ENDING CASH CARRIED FORWARD	256,787	3,032

POWERCO LIMITED

Notes to the Financial Statements

For the year ended 31 March 2003

1. Statement of Accounting Policies

Reporting Entity

Powerco Limited is a company registered under the Companies Act 1993. The group consists of Powerco Limited and its subsidiaries.

The following activities were the principal activities undertaken by Powerco Limited throughout the period:

- Distribution of electricity and value added services.
- Distribution of gas and value added services.

These financial statements have been prepared to comply with the provisions of Section 44 of the Energy Companies Act 1992, the Companies Act 1993, and the Financial Reporting Act 1993.

Special purpose financial statements

These financial statements are made pursuant to Powerco's obligations under the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000.

The Lines Business is treated as the core business and corporate activities are accounted for through the Line and Other Business financial statements. Powerco has adopted the avoidable cost allocation methodology stipulated in the Electricity Information Disclosure Handbook issued on 30th June 2000.

There are various matters, which relate across the whole integrated business. These are shown specifically in the respective notes where relevant.

Measurement Basis

The Group follows the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis.

Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and the financial position, have been applied:

a) Basis of Consolidation

The consolidated financial statements include those of Powerco Limited and its subsidiaries, accounted for using the purchase method.

b) Property, Plant and Equipment

All property, plant and equipment values are stated at cost, less accumulated depreciation.

c) Depreciation of Property, Plant and Equipment

Depreciation rates based on remaining useful life, for major classes of asset are:

Land	Not Depreciated
Buildings	100 years
Furniture and Fittings	5 to 10 years
Office Equipment	3 to 10 years
Motor Vehicles	5 years
Network Systems	10 to 60 years

d) Properties intended for Resale

Properties intended for resale are shown at the lower of cost or net current value.

e) Receivables

Accounts receivable are valued at expected realisable value, after providing for doubtful debts. All known bad debts have been written off during the period under review.

f) Income Tax

The group adopts the liability method of accounting for deferred taxation.

The taxation charge against the surplus of the period is the estimated liability in respect of that surplus using a proforma income tax rate of 33%.

g) Inventory

Inventory is valued at the lower of historical cost and net realisable value. The weighted average method has been used to determine historical cost.

h) Investments

Investments are valued at the lower of cost and net realisable value.

i) Revenue Recognition

Revenue from the sale of distribution and value-added services is recognised when services are provided.

j) Contributions for Subdivisions/Uneconomic Lines

Contributions received from customers and grants towards the costs of reticulating new subdivisions and contributions received in constructing uneconomic lines are recognised as revenue. Any identified impairment losses in respect of uneconomic lines are recognised in the Statement of Financial Performance and the asset component is written down to its fair value.

k) Employee Entitlements

Liabilities for amounts expected to be paid to employees for their entitlement to annual leave and other current employee entitlements are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

A liability for long service leave is accrued for the value of expected future payments to be made in respect of services already provided by employees up to the balance date. The value is determined based on current wage and salary levels and service to date.

A liability for gratuities is accrued for the employees value of current entitlements. The value is calculated based on the age of the employee, wage and salary levels and current length of service.

l) Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of operating surplus before taxation in equal instalments over the lease term.

m) Finance Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases and are capitalised. The finance charge is allocated to periods during the lease term.

n) Financial Instruments

The company has various financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations in interest rates. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

For interest rate swap agreements entered into in connection with the management of interest rate exposure, the differential to be paid or received is accrued as interest rates change and is recognised as a component of interest income/expense over the life of the agreement.

o) Goodwill

The excess of cost over the fair value of the net assets acquired is recognised as goodwill, and is amortised to the Statement of Financial Performance over the expected period of the benefit, currently estimated to be up to 5 years.

p) Changes in Accounting Policies

There have been no changes to accounting policies. All policies have been applied on a basis consistent with prior years.

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 2003

POWERCO



ELECTRICITY DIVISION

2 Share Capital

	2003 \$000	2002 \$000
Share Capital	431,359	254,378
Retained Earnings	11,506	2,251
	<u>442,865</u>	<u>256,629</u>

3 Redeemable Fixed Coupon Bonds

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.
On 31 March 2003, Redeemable Fixed Coupon Bonds on issue were:

	2003 \$000	2002 \$000
5 Year Fixed Coupon Bonds @ 7.77% p.a. interest	98,001	98,001
7 Year Fixed Coupon Bonds @ 7.95% p.a. interest	78,004	78,004
	<u>176,005</u>	<u>176,005</u>

These bonds were issued on 1 September 2000 and expire on 1 September 2005 (5 year bonds) and 1 September 2007 (7 year bonds). Bonds are carried at cost and have fixed interest rate terms. As at 1 April 2003, the interest rate on the redeemable fixed coupon bonds are:

5 year fixed coupon bonds 7.97%
7 year fixed coupon bonds 8.15%

On Maturity date, bondholders have a right to require the Company to redeem all of their bonds for cash. If this option is not taken, the Company will redeem the bonds for cash or convert the bonds to ordinary shares.

The fair value of each tranche of the bonds at 31 March is:

5 year fixed coupon bonds \$101,006,872 (2002: \$100,191,502)
7 year fixed coupon bonds \$ 81,576,604 (2002: \$80,288,758)

4 Capital Bonds

2003 \$000	2002 \$000
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As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.
On 31 March 2003, capital bonds on issue were:

<u>100,000</u>	-
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The Capital Bonds were issued on 22 May 2002 and are unsecured, subordinated debt obligations of Powerco Limited which are non-cumulative as to interest. The capital bonds have an interest rate of 8.4% p.a. fixed until 22 May 2007. Thereafter, Powerco has the ability to reset the terms and conditions of the capital bonds, including the interest rate, on dates determined by Powerco (Election Dates). On each election Date, Powerco has the right to convert some or all of the capital bonds into Powerco ordinary shares and bondholders can elect to retain their capital bonds or sell some or all of their capital bonds under the resale facility arranged by Powerco. If a bondholder does complete the sale of any bonds it has elected to sell, the bondholder can elect to convert such bonds to Powerco ordinary shares on the election date.

The fair value of the capital bonds as at 31 March 2003 is \$101,425,000.

5 Commercial Paper Facility

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.

The Company has established a commercial paper facility to enable the Company to borrow money from the capital market. The programme is supported by a cash advances facility of \$160 million with a syndicate of banks made up of the Bank of New Zealand, Westpac and ANZ Investment Bank, which continues until 30 October 2004. The facility is unsecured and is subject to a negative pledge deed declared by deed poll on August 1997, which has been joined by all subsidiaries (excluding Powerco Australian Holdings Limited and Powerco Holdings Limited) as guaranteeing subsidiaries. At year-end a sum of \$125,000,000, which includes an interest portion of \$1,848,311 of 90 day bills, with varying maturity dates, had been drawn down under the commercial paper programme (2002: \$144,000,000 was drawn down under the commercial paper programme which included an interest portion of \$1,820,306).

6 Cash Advances Facility (Commercial Bank Debt)

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.

Powerco Limited established an Asset Purchase Facility in July 2002 for the purpose of acquiring network assets from UNL. This Asset Purchase Facility for \$740 million is supported by a syndicate made up of Bank of New Zealand, Westpac and ANZ Investment Bank. This facility is made up of three commitments - a Bridge Facility of \$240 million (expiring 31 October 2003), Tranche A of \$250 million (expiring 1 November 2004) and Tranche B of \$250 million (expiring 1 November 2006). The facility is unsecured and is subject to a Negative Pledge Deed declared by Deed Poll on August 1997, which has been joined by all subsidiaries (excluding Powerco Australian Holdings Limited and Powerco Holdings Limited) as Guaranteeing Subsidiaries. At year-end a sum of \$707 million, which has accrued interest of \$7,178,571, had been drawn down under the Asset Purchase Facility. The remaining \$33 million of this facility has since been cancelled. This facility is due for rollover during the next year and will be refinanced on an on-going basis in accordance with normal commercial terms and is therefore of a non-current nature. At 31 March 2002, Powerco Limited had a Commercial Bank Debt facility with Bank of New Zealand totalling \$105 million. This has since been repaid.

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 2003



ELECTRICITY DIVISION

7 Working Capital Advances Facility

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.

Powerco Limited operates a wholesale capital advances facility with the Bank of New Zealand for up to \$15 million. As at 31 March 2003, no funds were drawn down on the facility and \$15.257 million was invested in call funds (2002: investment of \$5.035 million). The facility is based on a revolving credit arrangement and as such does not have set repayment dates. The facility expires on 31 July 2003 but is subject to automatic renewal for a further period. The facility is unsecured and is subject to a negative pledge deed and the guaranteeing subsidiaries referred to in Note 5 above.

8 Property, Plant and Equipment

Property, Plant and Equipment as at 31 March 2003

	2003 \$000	2002 \$000
Information Systems		
Capital value	7,660	5,982
less Accumulated depreciation	287	385
	<u>7,373</u>	<u>5,597</u>
Network Systems		
Capital value	724,286	393,089
less Accumulated depreciation	21,018	15,933
	<u>703,268</u>	<u>377,156</u>
Work in Progress	8,291	7,851
Total Property, Plant and Equipment	<u>\$718,932</u>	<u>\$390,604</u>

Annual Valuation Reconciliation Report

System fixed assets at ODV (end of previous financial year)	377,156	374,105
Adjustment following Commerce Commission audit process relating to previous year	-	1,232
Restated System fixed assets at ODV (start of period)	<u>377,156</u>	<u>375,337</u>
Add system fixed assets acquired	347,131	17,752
Less depreciation	21,018	15,933
Equals system fixed assets at ODV - end of financial year	<u>\$703,269</u>	<u>\$377,156</u>

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 2003



ELECTRICITY DIVISION

9 Taxation**Taxation for the year ended 31 March 2003**

	2003 \$000	2002 \$000
Operating surplus before taxation	59,746	43,512
Prima facie taxation @ 33%	19,716	14,359
Plus/(less) tax effect of permanent timing differences:	-	-
Taxation expense	<u>\$19,716</u>	<u>\$14,359</u>

10 Disclosure of Performance Measures Pursuant to Regulation 15(2) and Part III of the First Schedule of the Electricity (Information Disclosure) Regulations 2000

Financial Performance Measures	2003	2002	2001	2000
(i) Return on Funds	14.42%	14.26%	10.43%	10.77%
(ii) Return on Equity	12.70%	12.22%	8.58%	14.65%
(iii) Return on Investment including revaluation	9.66%	9.55%	4.04%	10.66%
(iv) Return on Investment excluding revaluation	9.66%	9.55%	6.70%	7.64%
Efficiency Performance Measures				
(v) Direct Line Cost per Kilometre	\$986.50	\$949.08	\$1,152.23	\$1,049.72
(vi) Indirect Line Cost per Electricity Customer (including non-recurring costs)	\$75.43	\$77.61	\$120.12	\$61.98
(vii) Indirect Line Cost per Electricity Customer (excluding non-recurring costs)	\$58.09	\$77.61	\$69.34	-

11 Contingent Liabilities and Commitments**Contingencies**

As Powerco is an integrated business, this disclosure relates to the business as a whole.

The Company has been named as a second defendant in a claim issued by Todd Energy Limited against Transpower Limited. The Plaintiffs allege various breaches of the Commerce Act 1986 and claim various declarations and injunctions together with damages. The damages amount is presently unquantified. The claim is being defended by Powerco, which contends that it is not in breach of any of its obligations. No provision for the claim has been included in the financial statements.

Capital Commitments

As Powerco is an integrated business, this disclosure relates to the business as a whole.

Commitments for future capital expenditure resulting from contracts entered into amounts to \$12.6 million (2002: \$840,000).

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 2003



ELECTRICITY DIVISION

12 Financial Instruments

As Powerco is an integrated business, this disclosure relates to the business as a whole.

(i) Credit Risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable. The five largest accounts receivable balances as at 31 March 2003 comprise 63.2% (2002: 11.49%) of total accounts receivable. These accounts are subject to a Board Prudential Supervision Policy which is used to manage the exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. Cash deposits are only made with registered banks.

(ii) Interest Rate Risk

Interest rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The company's short-term borrowings are on a floating daily interest rate. Non-current debt is funded by the fixed coupon bonds and Powerco's commercial paper program based on 90 day Bank Bills.

Powerco has entered into interest rate swap agreements to reduce the impact of the changes in interest rates on its borrowings. As at 31 March 2003 the Company had interest rate swap agreements with registered banks. The maturities of these agreements are shown in Note 22 (iv). The weighted average of the interest rate swap agreements (excluding the reverse swap agreements) produce an interest rate of 6.74% p.a.

(iii) Foreign Exchange Risk

The Company has exposure to foreign exchange risk as a result of the independent foreign subsidiary trading in their local currency. There is currently no hedging against the risk of foreign currency exchange variations.

(iv) Fair Value

As at 31 March 2003

Financial assets and liabilities (excluding Bonds referred to in Note 3 and 4 above) are considered to be at their fair value with the exception of the following items;

	Maturities	Notional Values Current 31 March 2003 \$000	Notional Values Forward rate 31 March 2003 \$000	Mark to Market Adjustment 31 March 2003 \$000
Interest rate swaps (Powerco pays fixed / receives floating)	2003 - 2012	1,416,000	-	(19,188)
Forward rate swaps (Powerco pays fixed / receives floating)	2006 - 2010	-	25,000	(1,234)
Swaps (Fixed to floating for Bonds) (Powerco receives fixed/ pays floating plus margin)	2003 - 2012	420,000	-	(4,715)
				<u>(25,137)</u>

As at 31 March 2002

Financial assets and liabilities (excluding Bonds and Investments referred to in Note 6 and 14 above) are considered to be at their fair value with the exception of the following items;

	Maturities	Notional Values Current 31 March 2002 \$000	Notional Values Forward rate 31 March 2002 \$000	Mark to Market Adjustment 31 March 2002 \$000
Interest rate swaps (Powerco pays fixed / receives floating)	2002-2010	420,000	-	(1,943)
Forward rate swaps (Powerco pays fixed / receives floating)	2005-2011	-	305,000	182
Swaps (Fixed to floating for bonds) (Powerco receives fixed/ pays floating plus margin)	2006-2008	178,000	-	1,614
				<u>(147)</u>

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 2003

POWERCO



ELECTRICITY DIVISION

13 Related Party Transactions

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.

Powerco paid consulting fees amounting to \$109,100 (2002: \$56,200) to Upson Associates Ltd, a company in which Mr B R Upson, a director has an interest, for work performed in the area of corporate development, finance and regulatory advice.

Powerco paid consulting fees amounting to \$17,000 (2002: nil) to Ogden Consulting Limited, a company in which Mr J H Ogden, a director, has an interest, for work performed in the area of corporate finance and regulatory advice.

Powerco is also deemed to have a related party relationship with New Plymouth District Council. The New Plymouth District Council holds a 38.16% material interest in Powerco Limited. Powerco paid \$124,938 (2002: \$62,304) rent to the New Plymouth District Council at market rates. Rates have been paid to New Plymouth District Council to the value of \$7,147 (2002: \$21,060). Utility Rates have been paid to the New Plymouth District Council to the value of \$5,239 (2002: nil). Other arms length transactions with the New Plymouth District Council amounted to \$66,954 (2001: \$131,628).

Powerco paid consulting fees and brokerage amounting to 48% of the total fees paid for asset acquisition transactions (2002: 77%) to companies in the Macquarie New Zealand group, companies in which Mr J H Ogden was a Director. Mr J H Ogden resigned as a Director of Macquarie New Zealand Limited on 30 April 2002, resigned as a Director of Macquarie Equities New Zealand Limited on 5 December 2002 and resigned as a consultant to Macquarie New Zealand Limited on 31 January 2003.

In the financial year under review, all operating activities and relevant assets were transferred to a subsidiary company, Powerco Management Services Limited. PMS Ltd charges Powerco market rates for all services provided, including electricity network management and maintenance. The following amounts were paid to PMS Ltd for services provided:

Network Maintenance	\$14,339,832
Asset Management	\$ 7,466,984
Operations and Dispatch	\$ 2,168,055
Group Services	\$ 3,106,810
Corporate Services	\$12,116,457

These transactions are completed upon normal commercial terms. No amounts have been forgiven or written off in the year.

**14 Reconciliation of Operating Surplus After Taxation
with cash inflow from operating activities**

	2003 \$000	2002 \$000
Operating surplus after taxation	40,030	29,153
Add (less) non cash items		
Depreciation	21,305	18,237
Provision for Doubtful Debts	-	308
	<hr/> 21,305	<hr/> 18,545
Movements in working capital		
Asset revaluation	-	10,874
Accounts receivable	(8,003)	1,591
Change in Prepayments	2,022	(2,173)
Movements in deferred taxation	1,134	(1,659)
Tax refund due	12,778	12,608
Inventories	-	1,405
Accounts payable	12,732	(5,240)
	<hr/> 20,663	<hr/> 17,406
Net cashflow from operating activities	<hr/> \$81,998	<hr/> \$65,104

15 INFORMATION TO BE DISCLOSED IN FINANCIAL STATEMENTS PURSUANT TO REGULATION 6 AND PART II OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000

para

	2003 \$'000
11	
11 Operating revenue	
(a) (a) Revenue from line/access charges:	167,048
(b) (b) Revenue from "Other" business for services carried out by the line business (transfer payment):	
(c) (c) Interest on cash, bank balances and short term investments:	513
(e) (d) AC loss-rental rebates:	4,704
(f) (e) Other revenue not listed in (a) to (d):	
(g) Total operating revenue	172,265

16 INFORMATION TO BE DISCLOSED IN FINANCIAL STATEMENTS PURSUANT TO REGULATION 6 AND PART II OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000

para

	2003 \$'000
12 Operating expenditure	
(a) Payment for transmission charges	39,720
(b) Transfer payments to the "Other" business for:	
(i) Asset maintenance:	19,295
(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	618
(viii) Total transfer payment to the "Other" business	19,913
(c) Expense to entities that are not related parties for:	
(i) Asset maintenance:	
(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))	
(d) Employee salaries, wages and redundancies (1)	
(e) Consumer billing and information system expense	
(f) Depreciation on:	
(i) System fixed assets:	21,305
(ii) Other assets not listed in (i)	
(iii) Total depreciation	21,305
(g) Amortisation of:	
(i) Goodwill:	
(ii) Other intangibles:	
(iii) Total amortisation of intangibles	
(h) Corporate and administration:	11,478
(i) Human resource expenses:	379
(j) Marketing/advertising:	
(k) Merger and acquisition expenses:	1,697
(l) Takeover defence expenses:	
(m) Research and development expenses:	
(n) Consultancy and legal expenses:	760

(o)	Donations:	
(p)	Directors' fees:	344
(q)	Auditors' fees:	
	(i) Audit fees paid to principal auditors:	81
	(ii) Audit fees paid to other auditors:	
	(iii) Fees paid for other services provided by principal and other auditors:	863
	(iv) Total auditors' fees:	944
(r)	Costs of offering credit:	
	(i) Bad debts written off:	117
	(ii) Increase in estimated doubtful debts:	
	(iii) Total cost of offering credit:	117
(s)	Local authority rates expense:	7
(t)	AC loss-rentals (distribution to retailers/customers) expense:	1,520
(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	98,184
14	Operating surplus before interest and income tax	74,082
15	Interest expense	
	(a) Interest expense on borrowings	14,335
	(b) Financing charges related to finance leases	
	(c) Other interest expense	
	(d) Total interest expense	14,335
16	Operating surplus before income tax	59,747
17	Income tax	19,716
18	Net surplus after tax	40,030

Note 1 Employee salaries, wages and redundancies
This expense is an integral part of the disclosures above.

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	74,081,697				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	74,081,697				
Interest on cash, bank balances, and short-term investments (ISTI)	513,463				
OSBIT minus ISTI	73,568,234	a	73,568,234		73,568,234
Net surplus after tax from financial statements	40,029,826			40,029,826	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	40,029,826	n			
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add
Subvention payment	0	s	add	0	add
Depreciation of SFA at BV (x)	21,305,035				
Depreciation of SFA at ODV (y)	21,305,035				
ODV depreciation adjustment	0	d	add	0	add
Subvention payment tax adjustment	0	s*t	deduct	0	deduct
Interest tax shield	4,561,335	q	deduct	0	deduct
Revaluations	19,716,181	r	add	0	add
Income tax	19,716,181	p	deduct	0	deduct
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 _c)	390,603,759				
Fixed assets at end of current financial year (FA _t)	718,931,988				
Adjusted net working capital at end of previous financial year (ANWC _c)	5,165,478				
Adjusted net working capital at end of current financial year (ANWC _t)	-1,587,056				
Average total funds employed (ATFE)	529,196,399 (or regulation 33 time-weighted average)	c	529,196,399		529,196,399
Total equity at end of previous financial year (TE _c)	256,630,094				
Total equity at end of current financial year (TE _t)	442,865,041				
Average total equity	334,227,988 (or regulation 33 time-weighted average)	k		334,227,988	

16 DISCLOSURE OF OPTIMAL DEPRIVAL VALUE (ODV) PURSUANT TO REGULATION 20 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	2003	2002	2001	2000
ODV as per latest valuation	703,268,496	377,155,871	374,105,277	\$253,264,729

17 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO REGULATION 21 AND PART IV OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

17.1	2003	2002	2001	2000
		Powerco	Powerco	Powerco
(a) Load Factor (time weighted)	71.7%	63.5%	63.91%	63.26%
(b) Loss Ratio (time weighted using actual data)	6.57%	5.88%	6.80%	6.80%
(c) Capacity Utilisation (time weighted)	25.7%	28.44%	28.19%	29.28%

Notes:

17.1 (a): Load factor is calculated using the time weighted average method. The load factor calculated using full-year actual data is 66.8%.

17.1 (b): Loss ratio is calculated using full year kWh data for Western area, and 5 month (1 Nov 2002 to 31 Mar 03) kWh data for Eastern area. It is a time weighted calculation based on actual data.

17.1 (c): Capacity utilisation is calculated using the time weighted average method. The capacity utilisation calculated using full-year actual data is 28%.

17.2 (a) System Length

Nominal Voltage	2003	2002	2001	2000
	Powerco Total System Length (km)	Powerco Total System Length (km)	Powerco Total System Length (km)	Powerco Total System Length (km)
110kV	0.00	-	-	-
66kV	62.64			
33kV	1,193.80	1,030.26	1,030.53	747.30
22kV	107.06	107.70	113.31	113.50
11kV	11,869.06	9,896.20	9,501.67	6,403.44
6.6kV	442.69	444.73	430.75	834.44
230/400V	5,883.85	4,481.57	4,236.34	2,760.21
Total *	19,559.11	15,960.46	15,312.60	10,858.89

(b) Overhead Line Length

Nominal Voltage	2003	2002	2001	2000
	Powerco O/H Line Length (km)	Powerco O/H Line Length (km)	Powerco O/H Line Length (km)	Powerco O/H Line Length (km)
110kV	0.00	-	-	-
66kV	62.61			
33kV	1,122.13	984.31	975.51	731.14
22kV	106.71	107.37	113.07	113.23
11kV	10,959.88	9,378.37	9,012.63	6,179.87
6.6kV	432.40	434.95	430.75	828.52
230/400V	4,043.87	3,252.62	3,077.06	2,300.18
Total *	16,727.59	14,157.62	13,609.03	10,152.94

(c) Underground Line Length

Nominal Voltage	2003	2002	2001	2000
	Powerco U/G Line Length (km)	Powerco U/G Line Length (km)	Powerco U/G Line Length (km)	Powerco U/G Line Length (km)
110 kV	0.00	-		
66kV	0.03			
33kV	71.67	45.96	55.02	16.16
22kV	0.35	0.33	0.24	0.27
11kV	909.18	517.83	485.76	223.57
6.6kV	10.29	9.78	3.27	5.92
230/400V	1,839.98	1,228.95	1,159.28	460.03
Total *	2,831.52	1,802.85	1,703.57	705.95

***Note:**

17.2 (a) - (c): System lengths are calculated using the weighted average method. The system length (HV and LV) using actual data at the financial year-end is 24,978 km.

	2003 Powerco	2002 Powerco	2001 Powerco	2000 Powerco
(d) Transformer Capacity (kVA) (TWA method)	1,816,103	1,312,237	1,320,123	831,041
(e) Maximum Demand (kW) (TWA method)	466,001	373,232	372,086	243,335
(f) Total Electricity Entering the System after losses (kWh) (TWA method)	2,926,495,360	2,077,336,916	2,083,151,254	1,348,358,790

Notes:

17.2 (d): Transformer capacity was calculated using the time weighted average method. The actual transformer capacity at financial year-end was 2,507,891 kVA.

17.2 (e): Maximum Demand kW was calculated using the time weighted average method. The maximum demand using actual full-year data was 701,126 kW.

17.2 (f): The kWh supplied to the network was calculated using the time weighted average method.

(g) Total Electricity Conveyed Through System On Behalf of Other Electricity Retailers after losses (kWh)	2003 Powerco	2002 Powerco	2001 Powerco	2000 Powerco
	2,734,368,580	1,955,252,266	1,941,496,969	1,256,670,392

	2003 Powerco 000 kWh	2002 Powerco 000 kWh	2001 Powerco 000 kWh	2000 Powerco 000 kWh
Retailer A	1,465,424	1,279,941	1,331,898	1,063,744
Retailer B	448,648	103,482	160,686	60,017
Retailer C	344,854	304,821	137,191	22,723
Retailer D	114,646	23,972	78,944	37,515
Retailer E	-	15,599	78,307	-
Retailer F	95,955	127,445	71,700	15,357
Retailer G	-	1,049	53,782	2,901
Retailer H	-	-	13,574	28,246
Retailer I	264,842	98,261	8,152	1
Retailer J	-	-	6,768	55
Retailer K	-	682	495	-
Retailer L	-	-	-	26,112
Total	2,734,369	1,955,252	1,941,497	1,256,670

Note: 17.2 (g): The data provided to Powerco by Retailers for electricity delivered to their customers is subject to errors of completeness and timing. This can lead errors in the calculation of loss percentage.

	2003 Powerco	2002 Powerco	2001 Powerco	2000 Powerco
(h) Total Customers (time weighted average)	216,660	157,451	157,120	106,525

Note: 17.2 (h): Number of consumers is given for the time weighted average method. The actual sum for the combined network after acquisition is 293,479 consumer connections.

18 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO REGULATION 22 AND PART VI OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

18.1 Total Number Of Interruptions

Interruption Class	2003 Powerco Number of Interruptions	2002 Powerco Number of Interruptions	2001 Powerco Number of Interruptions	2000 Powerco Number of Interruptions
Class A - Transpower Planned	8	13	4	2
Class B - Distributor Planned	864	673	447	279
Class C - Distributor Unplanned	1,504	973	718	842
Class D - Transpower Unplanned	31	10	9	6
Class E - ECNZ Unplanned	0	-	-	-
Class F - Other Generator Unplanned	0	-	-	-
Class G - Other Line Owner (Not in A to F)	2	1	-	-
Class H - Other Line Owner (Not in A to G)	-	-	-	-
Class I - Other Owner	-	-	-	-
Total	2,409	1,670	1,178	1,129

18.2 Interruption Targets for the Following Financial Year

	2004 Powerco
Class B - Principal Line Owner Planned	1010
Class C - Principal Line Owner Unplanned	1471

18.3 Average Interruption Targets for the Following Financial Year and Subsequent 4 Financial Years

	2004 Powerco	2005-2008 Powerco
Class B - Principal Line Owner Planned	1010	1010
Class C - Principal Line Owner Unplanned	1471	1458

18.4 Proportion of the Total Number of Faults Not Restored Within:-

	Period	2003 Powerco	2002 Powerco	2001 Powerco
Class C - Principal Line Owner Unplanned	3 hours	21.3%	8.22%	8.64%
Class C - Principal Line Owner Unplanned	24 hours	0.7%	0.82%	14.00%

Note: 18.4: The percentage of faults over 3/24 hours is calculated using time weighted average data.

18.5a Total Number Of Faults Per 100km Of Prescribed Voltage Line

Nominal Voltage	2003	2002	2001	2000
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-	-	-
66kV	9.31	-	-	-
33kV	6.42	3.98	3.40	3.48
22kV	12.14	13.00	13.24	8.81
11kV	11.69	8.91	11.23	12.54
6.6kV	4.74	6.07	5.34	0.72
3.3kV	-	-	-	-
Total	11.00	8.40	10.29	10.43

Note: 18.5 (a): The number of faults per km is based on time weighted average data.

18.5b Total Number Of Faults Per 100km Of Prescribed Voltage Line (Targeted for the Following Financial Year)

Nominal Voltage	2004	2003	2002
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-	-
66kV	4.95	-	-
33kV	6.49	5.9	6.1
22kV	9.39	9.5	9.5
11kV	9.21	9.4	9.4
6.6kV	9.60	9.7	9.7
3.3kV	-	-	-
Total (Weighted Average)	8.96	9.2	9.1

**18.5c Total Number Of Faults Per 100km
Of Prescribed Voltage Line
(Targeted for the Following Financial Year
and Subsequent 4 Financial Years)**

Nominal Voltage	2004	2005-2008
	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-
66kV	4.95	4.86
33kV	6.49	6.41
22kV	9.39	9.30
11kV	9.21	9.13
6.6kV	9.60	9.52
3.3kV	-	-
Total (Weighted Average)	8.96	8.88

**18.6 Total Number Of Faults Per 100km Of
Prescribed Voltage Underground Line**

Nominal Voltage	2003	2002	2001	2000
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-	-	-
66kV	0.00	-	-	-
33kV	0.58	-	-	-
22kV	0.00	-	-	-
11kV	4.08	4.25	3.29	4.92
6.6kV	0.00	-	-	-
3.3kV	-	-	-	-
Total	3.78	3.83	2.94	4.47

Note: 18.6 The number of faults per km is based on time weighted average data.

**18.7 Total Number Of Faults Per 100km Of
Prescribed Voltage Overhead Line**

Nominal Voltage	2003	2002	2001	2000
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-	-	-
66kV	9.32	-	-	-
33kV	6.80	4.17	3.59	-
22kV	12.18	13.04	13.27	8.83
11kV	12.32	9.17	11.66	12.82
6.6kV	4.86	6.21	5.34	0.72
3.3kV	-	-	-	-
Total	11.56	8.64	10.67	10.62

Note: 18.7 The number of faults per km is based on time weighted average data.

18.8 SAIDI

Interruption Class	2003	2002	2001	2000
	Powerco SAIDI	Powerco SAIDI	Powerco SAIDI	Powerco SAIDI
Class A - Transpower Planned	3.46	8.82	7.51	6.53
Class B - Distributor Planned	46.99	38.02	23.59	13.23
Class C - Distributor Unplanned	234.35	91.92	60.84	88.73
Class D - Transpower Unplanned	10.37	20.59	3.75	1.05
Class E - ECNZ Unplanned	0.00	-	-	-
Class F - Other Generator Unplanned	0.16	-	-	-
Class G - Other (Not in A to F)	0.22	0.23	-	-
Class H - Other Owner	-	-	-	-
Class I - Other Owner (Not in A - I)	-	-	-	-
Total	295.55	159.57	95.69	109.53

Note: 18.8 SAIDI, SAIFI and CAIDI are calculated using time weighted averages for all factors. ie: using total Western plus 5/12 Eastern customer minutes, customer interruptions, and customers

18.9 SAIDI -

Targeted for the Following Financial Year

	2004 Powerco SAIDI
Interruption Class	SAIDI
Class B - Distributor Planned	29
Class C - Distributor Unplanned	101

2003 Powerco SAIDI	2002 Powerco SAIDI
25	25.00
73	75.00

18.10 - 18.11 SAIDITargeted for the Following Financial Year and
Subsequent 4 Financial Years

	2004 Powerco SAIDI	2005-2008 Powerco SAIDI
Interruption Class	SAIDI	SAIDI
Class B - Distributor Planned	29	29
Class C - Distributor Unplanned	101	101

18.12 SAIFI

	2003 Powerco SAIFI	2002 Powerco SAIFI	2001 Powerco SAIFI	2000 Powerco SAIFI
Interruption Class	SAIFI	SAIFI	SAIFI	SAIFI
Class A - Transpower Planned	0.033	0.04	0.03	0.03
Class B - Distributor Planned	0.249	0.19	0.15	0.10
Class C - Distributor Unplanned	2.930	2.05	1.42	1.73
Class D - Transpower Unplanned	0.257	0.27	0.23	0.19
Class E - ECNZ Unplanned	0.000	-	-	-
Class F - Other Generator Unplanned	0.002	-	-	-
Class G - Other (Not in A to F)	0.002	0.00	-	-
Class H - Other Line Owner	-	-	-	-
Class I - Other Owner	-	-	-	-
Total	3.473	2.55	1.84	2.04

Note: 18.12 SAIDI, SAIFI and CAIDI are calculated using time weighted averages for all factors. ie: using total Western plus 5/12 Eastern customer minutes, customer interruptions, and customers.

18.13 SAIFI -

Targeted for the Following Financial Year

	2004 Powerco SAIFI
Interruption Class	SAIFI
Class B - Distributor Planned	0.19
Class C - Distributor Unplanned	1.98

2003 Powerco SAIFI	2002 Powerco SAIFI
0.16	0.16
1.74	1.74

18.14 - 18.15 SAIFITargeted for the Following Financial Year and
Subsequent 4 Financial Years

	2004 Powerco SAIFI	2005-2008 Powerco SAIFI
Interruption Class	SAIFI	SAIFI
Class B - Distributor Planned	0.19	0.19
Class C - Distributor Unplanned	1.98	1.98

18.16 CAIDI

	2003 Powerco CAIDI	2002 Powerco CAIDI	2001 Powerco CAIDI	2000 Powerco CAIDI
Interruption Class	CAIDI	CAIDI	CAIDI	CAIDI
Class A - Transpower Planned	105.4	233.46	224.57	240.00
Class B - Distributor Planned	188.6	198.35	153.90	139.84
Class C - Distributor Unplanned	80.0	44.94	42.87	51.26
Class D - Transpower Unplanned	40.3	74.89	16.36	5.67
Class E - ECNZ Unplanned	-	-	-	-
Class F - Other Generator Unplanned	95.0	-	-	-
Class G - Other (Not in A to F)	87.9	46.88	-	-
Class H - Other Line Owner	-	-	-	-
Class I - Other Owner	-	-	-	-
Total (Average)	85.1	62.46	52.14	53.76

Note: 18.16 SAIDI, SAIFI and CAIDI are calculated using time weighted averages for all factors. ie: using total Western plus 5/12 Eastern customer minutes, customer interruptions, and customers.

18.17 CAIDI

Targeted for the Following Financial Year

Interruption Class	2004
	Powerco CAIDI
Class B - Distributor Planned	153.7
Class C - Distributor Unplanned	51.1

2003	2002
Powerco	Powerco
CAIDI	CAIDI
153.0	153.0
42.0	43.1

18.18 CAIDITargeted for the Following Financial Year and
Subsequent 4 Financial Years

Interruption Class	2004	2005-2008
	Powerco CAIDI	Powerco CAIDI
Class B - Distributor Planned	153.7	153.7
Class C - Distributor Unplanned	51.1	51.1