



# New Zealand Gazette

OF THURSDAY, 29 SEPTEMBER 2005

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WELLINGTON: FRIDAY, 30 SEPTEMBER 2005 — ISSUE NO. 166

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## POWERCO LIMITED

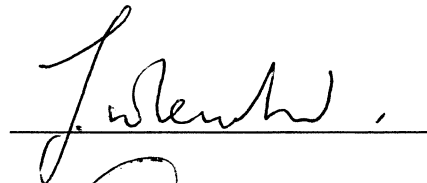
INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986

**POWERCO LIMITED****ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 2004****STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION  
SUPPLIED TO COMMERCE COMMISSION**


I, Jeffrey Wayne Kendrew, of New Plymouth, being a director of Powerco Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Powerco Limited under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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



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Declared at New Plymouth this 21<sup>st</sup> day of September 2005.



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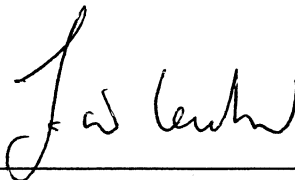
Justice of the Peace (or Solicitor or  
other person authorised to take a  
statutory declaration)

**Nigel Barbour  
Solicitor  
New Plymouth**

**POWERCO LIMITED****ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 2004****CERTIFICATION OF VALUATION REPORT OF DISCLOSING ENTITIES**

We, Jeffrey Wayne Kendrew, director and Nigel Dickson Barbour, director 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 requirement 19 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 complies with those Requirements; and
- (b) the replacement cost of the line business system fixed assets of Powerco Limited is 1,716,561,413; and
- (c) the depreciated replacement cost of the line business system fixed assets of Powerco Limited is \$903,355,918; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Powerco Limited is \$903,355,918; and
- (e) the optimised deprival valuation of the line business system fixed assets of Powerco Limited is \$903,355,918; and
- (f) The values in (b) through (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004). These valuations are as at 30 June 2005.



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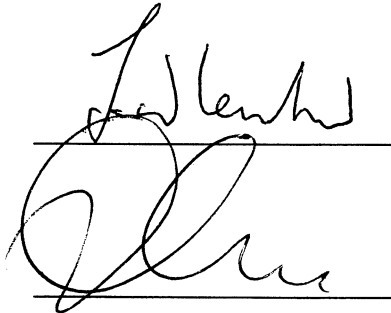
Date: 24 September 2005

**POWERCO LIMITED****ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 2004****CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES OTHER THAN TRANSPower**

We, Jeffrey Wayne Kendrew, director, and Nigel Dickson Barbour, director 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 Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; 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 requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Regulations 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at 30 June 2005.



21 September 2005

# Deloitte

## AUDIT REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF POWERCO LIMITED

We have audited the financial statements of Powerco Limited. The financial statements provide information about the past financial performance of Powerco Limited and its financial position as at 30 June 2005. This information is stated in accordance with the accounting policies.

### Directors' Responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Powerco Limited as at 30 June 2005, and the results of its operations and cash flows for the year ended on that date.

### Auditor's Responsibilities

It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that 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 Powerco Limited's circumstances, consistently applied and adequately disclosed.

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

Other than in our capacity as auditor and the provision of taxation, accounting and consulting advice, we have no relationship with or interests in Powerco Limited.

### Unqualified Opinion

We have obtained all the information and explanations 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;
- the financial statements referred to above:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Powerco Limited's financial position as at 30 June 2005 and the results of its operations and cash flows for the year ended on that date; and
- comply with the Electricity (Information Disclosure) Requirements 2004.

# Deloitte

Our audit was completed on 21 September 2005 and our unqualified opinion is expressed as at that date.



Deloitte  
Hamilton

## **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

*This audit report relates to the financial statements of Powerco Limited for the year ended 30 June 2005 included on Powerco Limited's web-site. Powerco Limited's Board of Directors is responsible for the maintenance and integrity of Powerco Limited's web site. We have not been engaged to report on the integrity of Powerco Limited's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.*

*The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 21 September 2005 to confirm the information included in the audited financial statements presented on this web site.*

*Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

# Deloitte

## AUDITOR'S OPINION ON THE PERFORMANCE MEASURES OF POWERCO LIMITED

We have examined the following information, being –

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (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 Powerco Limited and dated 21 September 2005 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity (Information Disclosure) Requirements 2004.



**Deloitte**  
Hamilton  
21 September 2005



## ELECTRICITY DIVISION

**Statement of Financial Position**  
**As at 30 June 2005**

	Notes	30 June 2005 12 mths \$000	31 March 2004 12 mths \$000
<b>Equity</b>			
Share capital		431,359	431,359
Retained earnings		4,629	12,916
		<u>435,987</u>	<u>444,275</u>
<b>Non Current Liabilities</b>			
Redeemable bonds	2	-	83,693
Capital bonds	3	-	47,551
Subordinated bonds	4	47,265	-
Guaranteed bonds	5	118,158	118,879
US dollar private placement notes	6	139,079	139,928
Commercial paper facility	7	69,803	56,240
Commercial bank debt	8	160,695	76,082
Funding facility	9	4,891	-
		<u>539,890</u>	<u>522,373</u>
<b>Current Liabilities</b>			
Accounts payable & accruals		32,948	25,249
Tax payable		16,380	21,527
		<u>49,328</u>	<u>46,776</u>
<b>Total Equity and Liabilities</b>		<u><b>1,025,205</b></u>	<u><b>1,013,424</b></u>
<b>Non Current Assets</b>			
Property, plant and equipment	10	942,684	925,046
Deferred funding costs		6,356	7,362
Current account		53,344	58,892
		<u>1,002,384</u>	<u>991,300</u>
<b>Current Assets</b>			
Funding Facility	9	-	3,947
Receivables		22,821	18,177
		<u>22,821</u>	<u>22,124</u>
<b>Total Assets</b>		<u><b>1,025,205</b></u>	<u><b>1,013,424</b></u>

The accompanying notes form part of these financial statements.





## ELECTRICITY DIVISION

**Statement of Financial Performance  
For the year ended 30 June 2005**

	Notes	30 June 2005 12 mths \$000	31 March 2004 12 mths \$000
Operating Revenue	17	<u>244,136</u>	<u>231,489</u>
Operating Surplus before taxation	18	49,636	65,231
Taxation expense	11	<u>16,380</u>	<u>21,526</u>
Operating Surplus Attributable to the Shareholders		<u>\$33,256</u>	<u>\$43,705</u>

The accompanying notes form part of these financial statements.



## ELECTRICITY DIVISION

**Statement of Movements in Equity**  
**For the year ended 30 June 2005**

	30 June 2005 12 mths \$000	31 March 2004 12 mths \$000
<b>Opening Balance</b>	<u>444,275</u>	<u>442,865</u>
Operating surplus attributable to the shareholders	33,256	43,705
<b>Total recognised revenue and expenses for the year.</b>	33,256	43,705
Distributions to shareholders: Dividends - paid	(41,543)	(42,295)
Ordinary Share issue	-	
Equity adjustment	-	
<b>Closing Balance</b>	<u>\$435,987</u>	<u>\$444,275</u>

The accompanying notes form part of these financial statements.



## ELECTRICITY DIVISION

**Statement of Cash Flows**  
**For the year ended 30 June 2005**

	30 June 2005 12 mths \$000	31 March 2004 12 mths \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Receipts from customers	238,089	223,271
Interest received	126	608
Net movement in GST	421	-
Dividends received	-	-
	<hr/> 238,635	<hr/> 223,879
<b>Cash was applied to:</b>		
Payments to suppliers and employees	132,721	111,628
Interest paid	8,030	18,219
Net movement in GST	-	2,200
Payments of income tax	28,113	27,138
	<hr/> 168,864	<hr/> 159,185
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	16	64,694
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash was applied to:</b>		
Purchase of property, plant and equipment	55,869	34,313
	<hr/> 55,869	<hr/> 34,313
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	(55,869)	(34,313)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Movement in current account	15,265	
Issue of commercial paper	12,770	-
Issue of subordinated bonds	47,263	-
Issue of bank debt	79,188	
Issue of Credit Wrap bonds	2,385	72,815
Issue of US dollar private placement	2,807	85,853
	<hr/> 159,679	<hr/> 158,668
<b>Cash was applied to:</b>		
USD private placement	-	301,887
Redeemable bonds	74,095	34,967
Capital Bonds	46,309	17,682
Credit Wrap	-	26,397
Movement in current account	-	18,662
Dividends paid	41,543	42,294
	<hr/> 161,946	<hr/> 441,889
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	(2,267)	(283,221)
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<hr/> 11,635	<hr/> (252,840)
<b>Opening cash brought forward</b>	(16,526)	256,787
<b>ENDING CASH CARRIED FORWARD</b>	<hr/> (4,891)	<hr/> 3,947

The accompanying notes form part of these financial statements.

# POWERCO LIMITED

## Notes to the Financial Statements

### For the year ended 30 June 2005

#### 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 2004.

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 Regulations.

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. The group financial statements incorporate the financial statements of the company and its subsidiaries, which have been consolidated using the purchase method. All significant inter-company transactions and balances are eliminated on consolidation. In the parent company financial statements investments in subsidiaries are stated at cost.

**b) 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.

**c) Property, Plant and Equipment**

All items of property, plant and equipment are initially recognised at cost in the statement of financial position. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and those costs directly attributable to bringing the item to working condition for its intended use.

Land and buildings are revalued from time to time for insurance purposes only. Optimised Deprival Value (ODV) is obtained from an independent registered valuer. Any impairment is recognised for accounting purposes and recognised in the Statement of Financial Performance.

**d) 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

**e) Properties Intended for Resale**

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

**f) Comparative Figures**

Comparative information has been reclassified, where necessary, to achieve consistency in disclosure with the current year.

**g) 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.

**h) 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 after allowance for all permanent differences and timing differences not expected to crystallise in the foreseeable future. This is the partial basis for the calculation of deferred taxation.

Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be realised or any losses utilised.

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%.

**i) 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.

**j) Investments**

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

**k) Impairment**

Assets are assessed for impairment at each reporting date. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance.

**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 so as to allocate a constant rate of return.

**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) Foreign currency transactions**

Transactions denominated in foreign currencies are translated at the New Zealand rate of exchange, using the average rate for the month in which the transactions occurred. At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these transactions are included in the Statement of Financial Performance.

**p) Translation of Financial Statements of Foreign Operations**

Assets and liabilities of foreign operations are translated at the closing rate. Revenue and expense items are translated at a weighted average of exchange rates over the period, as a surrogate for the spot rates at transaction dates. Exchange differences arising from translation are taken to the foreign currency translation reserve and recognised in the Statement of Movements in Equity. The foreign operations are independent trading operations by wholly owned subsidiaries.

**q) Goodwill**

Goodwill arising on the acquisition of subsidiaries is recognised as an asset and separately disclosed. Goodwill is amortised in the statement of financial performance on a straight line basis over the period of expected benefits. To the extent that the unamortised balance of goodwill is no longer probable of being recovered from the expected future economic benefits, it is recognised immediately as an expense.

**r) Goods and Services Tax (GST)**

All items in the statement of financial position are stated exclusive of GST, with the exception of receivables and payables, which include GST. All items in the statement of financial performance and statement of cash flows are stated exclusive of GST.

**s) 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.

**t) Revenue Recognition**

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

**u) Statement of Cash Flows**

The statement of cash flows is prepared exclusive of GST, which is consistent with the method used in the statement of financial performance. For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand in banks and investments in money market instruments, net of outstanding bank overdrafts. For the purposes of the Parent company, intercompany loans between subsidiaries are deemed to be a cash equivalent.

**v) 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 30 June 2005



## ELECTRICITY DIVISION

**2 Redeemable Fixed Coupon Bonds**

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.  
On 30 June 2005, Redeemable Fixed Coupon Bonds on issue were:

5 Year Fixed Coupon Bonds  
7 Year Fixed Coupon Bonds

	2005 12 mths \$000	2004 12 mths \$000
	-	98,001
	-	78,004
	-	<u>176,005</u>

The redeemable bonds issued on 1 September 2000 were due to expire on 1 September 2005 (5 year bonds) and 1 September 2007 (7 year bonds). The Redeemable Bonds were redeemed by Powerco in February 2005. \$180 million of commercial bank debt was used to refinance the redemption, and will continue to do so until September 2005, when it is intended that an issue of \$180 million in Credit Wrapped bonds will replace it.

The refinancing interest rate is based on the New Zealand 90 day BKBM plus a .20% margin. As at 30 June 2005 the applicable rates were:

September 2005 tranche (\$100m) 7.2425%  
September 2007 tranche (\$80m) 7.2425%

The fair value of the bonds as at 31 March 2004 were:  
5 year fixed coupon bonds \$100,864,378 (7.97%)  
7 year fixed coupon bonds \$82,399,937 (8.15%)

**3 Capital Bonds**

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.  
On 30 June 2005, no capital bonds were on issue:

	2005 12 mths \$000	2004 12 mths \$000
	-	<u>100,000</u>

The Capital Bonds, issued on 22 May 2002, were unsecured, subordinated debt obligations of Powerco Limited with an interest rate of 8.4% p.a. fixed until 22 May 2007. The Capital Bonds have now been replaced with an issue of Subordinated Bonds, which occurred on 15 April 2005. The Subordinated Bonds, as detailed in note 4 below, have an interest rate of 7.64% p.a. and expire on 15 April 2010.

**4 Subordinated Bonds**

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.  
On 30 June 2005, subordinated bonds on issue were:

	2005 12 mths \$000	2004 12 mths \$000
	<u>100,000</u>	-

The Subordinated Bonds were issued on 15 April 2005 and are unsecured, subordinated debt obligations of Powerco Limited. They were issued in order to replace the \$100m Capital Bonds, and have a tenure of 5 years. They have an interest rate of 7.64% p.a. fixed until expiry on 15 April 2010.  
The fair value of the subordinated bonds as at 30 June 2005 is \$102,755,042 (Capital Bonds Value, 31 March 2004: \$104,685,000).

Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2005



ELECTRICITY DIVISION

## 5 Guaranteed Bonds

As Powerco Limited is an integrated business, this disclosure relates to the business as a whole.  
On 30 June 2005, guaranteed bonds on issue were:

7 year guaranteed bonds  
9 year guaranteed bonds  
11 1/4 year guaranteed bonds

	2005	2004
	12 mths	12 mths
	\$000	\$000
	100,000	100,000
	100,000	100,000
	50,000	50,000
	<b>250,000</b>	<b>250,000</b>

The Guaranteed Bonds were issued on 29 March 2004 and are unsecured debt obligations of Powerco Limited. The scheduled payments by the Company of interest and principal are guaranteed on an unsecured basis by US-based XL Capital Assurance Inc, a specialist financial guaranty organisation. The bonds expire on 29 March 2011 (7 year bonds), 29 March 2013 (9 year bonds) and 29 June 2015 (11 year bonds). As at 30 June 2005, the interest rates on the guaranteed bonds are:

7 year guaranteed bonds 6.22%  
9 year guaranteed bonds 6.39%  
11 year guaranteed bonds 6.53%

The Guaranteed Bonds have the benefit of the Security Trust Deed as a Senior Secured Facility.

The fair values of the Guaranteed Bonds as at 30 June 2005 was:

7 year guaranteed bonds \$98,399,704  
9 year guaranteed bonds \$98,751,530  
11 year guaranteed bonds \$49,393,056

## 6 US Dollar Private Placement Notes

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

On 30 June 2005, US dollar private placement notes on issue were:

	2005	2004
	12 mths	12 mths
	\$000	\$000
	<b>294,266</b>	<b>294,266</b>

The USD Private Placement note issue took place on 25 November 2003 to private US investors. The coupon payments are semi-annual and the note issue expires 25 November 2014 (11 year), 25 November 2015 (12 year), and 25 November 2016 (13 year).

As at 30 June 2005, the interest rates on the notes were:

11 year USD private placement notes 5.47%  
12 year USD private placement notes 5.57%  
13 year USD private placement notes 5.67%

The USD Private Placement notes have the benefit of the Security Trust Deed as a Senior Secured Facility.

Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2005



ELECTRICITY DIVISION

**7 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 advance facility of \$200 million with a syndicate of banks made up of the Commonwealth Bank of Australia, Westpac Banking Corporation and ANZ National Bank (New Zealand) Limited, which continues until 3 August 2007. The facility has the benefit of the Security Trust Deed dated 10 March 2005 entered into by the Company, and is a Senior Secured Debt Facility for the purposes of the Security Trust Deed. At year-end a sum of \$150,000,000, which includes an interest portion of \$2,310,162 of 90 day bills, with varying maturity dates, had been drawn down under the commercial paper programme (2004: \$120,000,000 was drawn down under the commercial paper programme which included an interest portion of \$1,729,029).

**8 Commercial Bank Debt**

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

As at 30 June 2005 the balance of Commercial-Bank Debt is \$359,687,000. This includes a \$160 million Term Loan Facility agreed and drawn in August 2004, expiring August 2009, which was used to refinance the remaining tranche of the Asset Purchase Facility used to fund the acquisition of United Networks Limited (UNL) assets. The Term Loan Facility is jointly provided through Commonwealth Bank of Australia, Westpac Banking Corporation and ANZ National Bank, each with an equal share. The agreement expires in August 2009 and has the benefit of the Security Trust Deed, in which it is designated as a Senior Secured Debt Facility. The \$180 million refinance of the redeemable bonds is also included in this amount, as detailed in note 2 above.

Powerco Tasmania, a wholly-owned subsidiary, operates a working capital facility for up to AUD\$30 million with Westpac Banking Corporation. The facility expires in August 2007. As at 30 June 2005, Powerco Tasmania had drawn down NZD\$19.7 million (AUD\$18 million) on this facility.

**9 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 advance facility with the Commonwealth Bank of Australia for up to \$30 million. The facility, dated 22 March 2005, replaced a similar facility held with Bank of New Zealand for up to \$15 million. As at 30 June 2005, funds to the amount of \$26.2 million were drawn down on the facility (2004: investment of \$9.388 million), offset by unrealised deposits of \$410,894. The facility is based on a revolving credit arrangement and as such does not have set repayment dates. The facility expires on 22 March 2008 but is subject to automatic renewal for a further period. The facility has the benefit of the Security Trust Deed, as a Senior Secured Debt Facility.

As at 30 June 2005, Energy Brokers New Zealand Limited had cash and deposits of \$115,734 (31 March 2004: \$111,115).

As at 30 June 2005, Powerco Tasmania, a wholly-owned subsidiary, had deposits on call of NZD\$2.171 million (AUD\$1.985 million) with Westpac Banking Corporation (31 March 2004 NZD\$2.332 million (AUD \$2.033 million)) and cash and deposits of NZD\$120,763 (AUD\$110,417).

**10 Property, Plant and Equipment**

Property, Plant and Equipment as at 30 June 2005	2005 12 mths \$000	2004 12 mths \$000
<b>Information Systems</b>		
Capital value	13,723	7,660
less Accumulated depreciation	1,695	865
	<u>12,028</u>	<u>6,795</u>
<b>Network Systems</b>		
Capital value	998,509	954,823
less Accumulated depreciation	95,153	49,286
	<u>903,356</u>	<u>905,537</u>
<b>Work in Progress</b>	27,300	12,714
<b>Total Property, Plant and Equipment</b>	<u>\$942,684</u>	<u>\$925,046</u>
<b>Annual Valuation Reconciliation Report</b>		
<b>System fixed assets at ODV (end of previous financial year)</b>	905,537	703,269
Increase of value at end of year	-	196,223
Add system fixed assets acquired	43,686	34,313
Less depreciation	45,867	28,268
<b>Equals system fixed assets at ODV - end of financial year</b>	<u>\$903,356</u>	<u>\$905,537</u>

Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2005



## ELECTRICITY DIVISION

**11 Taxation****Taxation for the year ended 30 June 2005**

	2005 12 mths \$000	2004 12 mths \$000
Operating surplus before taxation	49,636	65,231
Prima facie taxation @ 33%	16,380	21,526
Plus/(less) tax effect of permanent timing differences:	-	-
Taxation expense	<u>16,380</u>	<u>21,526</u>

**12 Disclosure of Performance Measures Pursuant to Requirement 15(1) and Part III of the First Schedule of the Electricity Information Disclosure Regulations 2004**

Financial Performance Measures	2005	2004	2003	2002
( i ) Return on Funds	10.02%	12.50%	14.42%	14.26%
( ii ) Return on Equity	8.51%	10.52%	12.70%	12.22%
( iii ) Return on Investment including revaluation	6.71%	37.94%	9.66%	9.55%
( iv ) Return on Investment excluding revaluation	6.71%	6.77%	9.66%	9.55%
<b>Efficiency Performance Measures</b>				
( v ) Direct Line Cost per Kilometre	\$1,080.45	\$1,117.21	\$986.50	\$949.08
( vi ) Indirect Line Cost per Electricity Customer (including non-recurring costs)	\$95.78	\$65.87	\$75.43	\$77.61
( vii ) Indirect Line Cost per Electricity Customer (excluding non-recurring costs)	\$87.82	\$65.86	\$58.09	\$77.61

**13 Contingent Liabilities and Commitments**

As Powerco Limited 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.

**Commitments**

	2005 12 mths \$000	2004 12 mths \$000
Commitments for future capital expenditure resulting from contracts entered into:		
Tasmanian gas network	4,947	5,248
	<u>60,854</u>	<u>40,548</u>
	<u>65,801</u>	<u>45,796</u>

Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2005



ELECTRICITY DIVISION

**14 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 30 June 2005 comprise 65.9% (2004: 62.2%) 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 30 June 2005 the Company had interest rate swap agreements with registered banks. The maturities of these agreements are shown in Note 14 (iv). The weighted average of the interest rate swap agreements (excluding the reverse swap agreements) produce an interest rate of 6.6% 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 and the issue of USD private placement notes. There is currently no hedging against the risk of foreign currency exchange variations in relation to the independent foreign subsidiaries. The Company has put in place a cross-currency swap to hedge against the cost of the USD private placement interest costs.

**(iv) Fair Value**

**As at 30 June 2005**

Financial assets and liabilities (excluding Bonds and Investments referred to in Note 3,4 and 5 above) are considered to be at their fair value with the exception of the following items;

		Notional Values Current 30 June 2005 \$000	Notional Values Forward rate 30 June 2005 \$000	Mark to Market Adjustment 30 June 2005 \$000
	<b>Maturities</b>			
Interest rate swaps (Powerco pays fixed / receives floating)	2005-2015	870,000	-	(10,822)
Forward rate swaps (Powerco pays fixed / receives floating)	2005-2009	-	-	(2,472)
Swaps (Fixed to floating for bonds) (Powerco receives fixed/ pays floating plus margin)	2006-2015	822,266	-	(46,520)
				<u>(59,814)</u>

**As at 31 March 2004**

Financial assets and liabilities (excluding Bonds and Investments referred to in Note 3,4 and 5 above) are considered to be at their fair value with the exception of the following items;

		Notional Values Current 31 March 2004 \$000	Notional Values Forward start 31 March 2004 \$000	Mark to Market Valuation 31 March 2004 \$000
	<b>Maturities</b>			
Interest rate swaps (Powerco pays fixed / receives floating)	2003-2012	878,000	-	(25,618)
Forward rate swaps (Powerco pays fixed / receives floating)	2006-2010	-	340,000	(4,964)
Swaps (Fixed to floating for bonds) (Powerco receives fixed / pays floating plus margin)	2004-2012	822,266	-	(13,134)
				<u>(43,716)</u>

Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2005



ELECTRICITY DIVISION

## 15 Related Party Transactions

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

Powerco is also deemed to have a related party relationship with New Plymouth District Council. The New Plymouth District Council held a 38.16% material interest in Powerco Limited until 31 October 2004. Powerco paid \$190,294 (2004: \$143,122) rent to the New Plymouth District Council at market rates. Rates have been paid to New Plymouth District Council to the value of \$12,962 (2004: \$29,395). Utility Rates have been paid to the New Plymouth District Council to the value of \$44,871 (2004: \$21,143). Other arms length transactions with the New Plymouth District Council amounted to \$15,682 (2004: \$30,837).

In the previous year ended 31 March 2004, Powerco paid consulting fees amounting to \$36,992 to Upson Consulting Ltd, a company in which Mr B R Upson, a Director, has an interest. The nature of the work performed was in the area of corporate development, finance and regulatory advice.

Powerco Network Management Limited, Powerco Energy Services Limited and Powerco Energy Services Eastern Limited are wholly owned subsidiaries of Powerco. These companies charge Powerco market rates for services provided, which includes the following areas:

Asset management  
Electrical and gas contracting  
Information systems  
Buildings and insurance  
Operational finance

All transactions are completed upon normal commercial terms.

## 16 Reconciliation of Operating Surplus After Taxation with cash inflow from operating activities

	2005 12 mths \$000	2004 12 mths \$000
Operating surplus after taxation	33,256	43,705
<b>Add (less) non cash items</b>		
Depreciation	37,067	28,478
	<u>37,067</u>	<u>28,478</u>
<b>Movements in working capital</b>		
Accounts receivable	(2,522)	(8,091)
Change in Prepayments	(488)	(246)
Tax refund due	(11,733)	(5,611)
Accounts payable	14,191	6,459
	<u>(552)</u>	<u>(7,489)</u>
<b>Net cashflow from operating activities</b>	<u>\$69,771</u>	<u>\$64,694</u>

**17 INFORMATION TO BE DISCLOSED IN FINANCIAL STATEMENTS PURSUANT TO REGULATION 6 AND PART II OF THE FIRST SCHEDULE OF THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 2004**

para		2005 12 mths \$'000
	<b>11 Operating revenue</b>	
	(a) Revenue from line/access charges:	238,922
	(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:	126
	(d) AC loss-rental rebates:	5,089
	(e) Other operating revenue not listed in (a) to (d):	
	<b>Total operating revenue</b>	<b>244,136</b>

**18 INFORMATION TO BE DISCLOSED IN FINANCIAL STATEMENTS PURSUANT TO REGULATION 6 AND PART II OF THE FIRST SCHEDULE OF THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 2004**

para		2005 12 mths \$'000
	<b>12 Operating expenditure</b>	
	(a) Payment for transmission charges	56,851
	(b) Transfer payments to the "Other" business for:	
	(i) Asset maintenance:	28,969
	(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	-
	(viii) <b>Total transfer payment to the "Other" business</b>	<b>28,969</b>
	(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:	37,067
	(ii) Other assets not listed in (i)	-
	(iii) <b>Total depreciation</b>	<b>37,067</b>
	(g) Amortisation of:	
	(i) Goodwill:	-
	(ii) Other intangibles:	-
	(iii) <b>Total amortisation of intangibles</b>	
	(h) Corporate and administration:	20,440
	(i) Human resource expenses:	575
	(j) Marketing/advertising:	550
	(k) Merger and acquisition expenses:	945
	(l) Takeover defence expenses:	-
	(m) Research and development expenses:	-

(n)	Consultancy and legal expenses:	4,248
(o)	Donations:	-
(p)	Directors' fees:	1,286
(q)	Auditors' fees:	
(i)	Audit fees paid to principal auditors:	204
(ii)	Audit fees paid to other auditors:	-
(iii)	Fees paid for other services provided by principal and other auditors:	
(iv)	<b>Total auditors' fees:</b>	204
(r)	Costs of offering credit:	
(i)	Bad debts written off:	109
(ii)	Increase in estimated doubtful debts:	-
(iii)	<b>Total cost of offering credit:</b>	109
(s)	Local authority rates expense:	67
(t)	AC loss-rentals (distribution to retailers/customers) expense:	4,953
(u)	Rebates to consumers due to ownership interest:	-
(v)	Subvention payments:	-
(w)	Unusual expenses:	-
(x)	Other expenditure not listed in (a) to (w)	-
13	<b>Total operating expenditure</b>	<b>156,263</b>
14	<b>Operating surplus before interest and income tax</b>	<b>87,874</b>
15	<b>Interest expense</b>	
(a)	Interest expense on borrowings	38,238
(b)	Financing charges related to finance leases	-
(c)	Other interest expense	-
(d)	<b>Total interest expense</b>	<b>38,238</b>
16	<b>Operating surplus before income tax</b>	<b>49,636</b>
17	<b>Income tax</b>	<b>16,380</b>
18	<b>Net surplus after tax</b>	<b>33,256</b>
Note 1	Employee salaries, wages and redundancies This expense is an integral part of the disclosures above.	3,330



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	87,874,307				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	87,874,307				
Interest on cash, bank balances, and short-term investments (ISTI)	125,668				
OSBIIT minus ISTI	87,748,639	a	87,748,639		87,748,639
Net surplus after tax from financial statements	33,255,950				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	33,255,950	n		33,255,950	
Amortisation of goodwill and amortisation of other intangibles					
Subvention payment	0	g	add	add	add
Depreciation of SFA at BV (x)	0	s	add	add	add
Depreciation of SFA at ODV (y)	37,066,633				
ODV depreciation adjustment	37,066,633	d	add	add	add
Subvention payment tax adjustment	0	s*			
Interest tax shield	0	q	deduct	deduct	deduct
Revaluations	12,577,255	r			12,577,255
Income tax	16,379,796	p			16,379,796
<b>Numerator</b>			87,748,639	33,255,950	58,791,588
Fixed assets at end of previous financial year (FA <sub>0</sub> )	925,045,535				
Fixed assets at end of current financial year (FA <sub>1</sub> )	942,683,759				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	-7,071,745				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-10,126,660				
Average total funds employed (ATFE)	925,265,434 (or regulation 33 time-weighted average)	c	925,265,434		925,265,434
Total equity at end of previous financial year (TE <sub>0</sub> )	444,275,659				
Total equity at end of current financial year (TE <sub>1</sub> )	435,988,640				
Average total equity	440,132,150 (or regulation 33 time-weighted average)	k		440,132,150	

WUC at end of previous financial year (WUC <sub>0</sub> )	12,713,385					
WUC at end of current financial year (WUC <sub>1</sub> )	27,300,000					
Average total works under construction	20,006,692 (or regulation 33 time-weighted average)	deduct	20,006,692	deduct	20,006,692	
Revaluations	0					
Half of revaluations	0	r/2		deduct	0	
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0					
Intangible assets at end of current financial year (IA <sub>1</sub> )	0					
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add	0	
Subvention payment at end of previous financial year (S <sub>0</sub> )	0					
Subvention payment at end of current financial year (S <sub>1</sub> )	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 <sub>book</sub> )	925,045,535					
System fixed assets at end of current financial year at book value (SFA <sub>br1</sub> )	942,683,759					
Average value of system fixed assets at book value	933,864,647 (or regulation 33 time-weighted average)	f	933,864,647	deduct	933,864,647	
System Fixed assets at year beginning at ODV value (SFA <sub>odv0</sub> )	905,784,562					
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv1</sub> )	903,356,529					
Average value of system fixed assets at ODV value	904,570,545 (or regulation 33 time-weighted average)	h	904,570,545	add	904,570,545	
<b>Denominator</b>			875,964,640		875,964,640	
<b>Financial Performance Measure:</b>			10.02		8.51	6.71

16 DISCLOSURE OF OPTIMAL DEPRIVAL VALUE (ODV) PURSUANT TO REGULATION 19 OF THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 2004

	2005	2004	2003	2002
ODV as per latest valuation	\$903,101,585	\$905,537,811	\$703,268,496	\$377,155,871

20 Disclosure of Energy Delivery Efficiency Performance Measures and Statistics Pursuant to Electricity Information Disclosure Amendment Requirements 2004, Schedule 1, Part 4, Requirement 20.

20.1 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

	2005 Powerco	2004 Powerco	2003 Powerco	2002 Powerco
(a) Load Factor	67.4%	67.2%	71.7%	63.5%
(b) Loss Ratio	5.58%	6.82%	6.57%	5.88%
(c) Capacity Utilisation	27.5%	26.8%	25.7%	28.44%

Notes:

20.1 (a): 2003 load factor is calculated using the time weighted average method. The load factor calculated using full-year actual data is 66.8%.

20.1 (b): 2003 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.

20.1 (b): Loss ratios depend on information gathered from retailers.

20.1 (c): 2003 capacity utilisation is calculated using the time weighted average method. The capacity utilisation calculated using full-year actual data is 28%.

20.2 STATISTICS

(a) System Length

Nominal Voltage	2005	2004	2003	2002
	Powerco Total System Length (km)	Powerco Total System Length (km)	Powerco Total System Length (km)	Powerco Total System Length (km)
110kV	-	-	-	-
66kV	151.36	150.31	62.64	-
33kV	1,427.15	1,444.80	1,193.80	1,030.26
22kV	120.83	107.08	107.06	107.70
11kV	15,251.43	15,240.88	11,869.06	9,896.20
6.6kV	440.12	442.02	442.69	444.73
230/400V	9,420.80	7,554.75	5,883.85	4,481.57
Total *	26,811.69	24,939.64	19,559.11	15,960.46

(b) Overhead Line Length

Nominal Voltage	2005	2004	2003	2002
	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	-	-	-	-
66kV	150.35	150.23	62.61	-
33kV	1,334.25	1,343.01	1,122.13	984.31
22kV	120.50	106.71	106.71	107.37
11kV	13,751.22	13,763.39	10,959.88	9,378.37
6.6kV	431.62	432.40	432.40	434.95
230/400V	5,775.95	4,979.16	4,043.87	3,252.62
Total *	21,563.89	20,774.90	16,727.59	14,157.62

(c) Underground Line Length

Nominal Voltage	2005	2004	2003	2002
	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	-	-	-	-
66kV	1.00	0.08	0.03	-
33kV	92.90	101.59	71.67	45.96
22kV	0.32	0.36	0.35	0.33
11kV	1,500.21	1,477.49	909.18	517.83
6.6kV	8.51	9.62	10.29	9.78
230/400V	3,644.85	2,575.60	1,839.98	1,228.95
Total *	5,247.79	4,164.74	2,831.52	1,802.85

\*Note:

20.2 (a) - (c): 2003 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.

20.2 (a) - (c): The increase in 230/400V System Lengths (both overhead and underground) in 2005 is reflective of the system increase in both the Eastern and Western regions and also due to a backlog of as-built information being processed in the 2004 - 2005 period.

	2005	2004	2003	2002
	Powerco	Powerco	Powerco	Powerco
(d) Transformer Capacity (kVA)	2,641,773	2,580,877	1,816,103	1,312,237
(e) Maximum Demand (kW)	727,421	692,249	466,001	373,232
(f) Total Electricity Entering the System (before losses of electricity), in kilowatt hours	4,291,991,861	4,073,919,387	2,926,495,360	2,077,336,916

\*Note:

20.2 (a) - (c): 2003 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.

20.2 (a) - (c): The increase in 230/400V System Lengths (both overhead and underground) in 2005 is reflective of the system increase in both the Eastern and Western regions and also due to a backlog of as-built information being processed in the 2004 - 2005 period.

<b>(g) The total amount of electricity (in kilowatt hours) supplied from the system (after losses of electricity) during the financial year on behalf of each person that is an electricity generator or an electricity retailer, or both:</b>				
	4,052,404,352	3,796,233,588	2,734,368,580	1,955,252,266

	2005 Powerco 000 kWh	2004 Powerco 000 kWh	2003 Powerco 000 kWh	2002 Powerco 000 kWh
Retailer A	1,892,505	1,730,537	1,465,424	1,279,941
Retailer B	989,805	937,591	448,648	103,482
Retailer C	360,548	371,397	344,854	304,821
Retailer D	363,733	297,671	114,646	23,972
Retailer E			-	15,599
Retailer F	39,161	44,169	95,955	127,445
Retailer G			-	1,049
Retailer H			-	-
Retailer I	406,634	414,868	264,842	98,261
Retailer J			-	-
Retailer K			-	682
Retailer L			-	-
Retailer M	18			
<b>Total</b>	<b>4,052,404</b>	<b>3,796,233</b>	<b>2,734,369</b>	<b>1,955,252</b>

Note: 20.2 (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.

**(h) Total Customers**

	2005 Powerco	2004 Powerco	2003 Powerco	2002 Powerco
	298,665	296,165	216,660	157,451

Note: 20.2 (h): 2003 number of consumers is given for the time weighted average method. The actual sum for the combined network after acquisition was 293,479 consumer connections.

**21 Disclosure of Reliability Performance Measures Pursuant to Electricity Information Disclosure Amendment Requirements 2004, Schedule 1, Part 5, Requirement 21.**

**21.1 Total Number Of Interruptions**

Interruption Class	2005 Powerco Number of Interruptions	2004 Powerco Number of Interruptions	2003 Powerco Number of Interruptions	2002 Powerco Number of Interruptions
Class A - Transpower Planned	10	10	8	13
Class B - Distributor Planned	648	799	864	673
Class C - Distributor Unplanned	1,888	2,344	1,504	973
Class D - Transpower Unplanned	16	25	31	10
Class E - ECNZ Unplanned	0	0	0	0
Class F - Other Generator Unplanned	0	0	0	0
Class G - Other Line Owner Unplanned	0	0	2	1
Class H - Other Line Owner Planned	0	0	0	0
Class I - Other Owner ( Not in A - H)	120	20		0
<b>Total</b>	<b>2,682</b>	<b>3,198</b>	<b>2,409</b>	<b>1,670</b>

**21.2 Interruption Targets for the Following Financial Year**

	2006 Powerco
Class B - Principal Line Owner Planned	831
Class C - Principal Line Owner Unplanned	1830

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

	2006 Powerco	2007-2010 Powerco
Class B - Principal Line Owner Planned	831	831
Class C - Principal Line Owner Unplanned	1830	1830

**21.4 Proportion of the Total Number of Faults Not Restored Within:-**

	Period	2005 Powerco	2004 Powerco	2003 Powerco	2002 Powerco
Class C - Principal Line Owner Unplanned	3 hours	24.2%	25.6%	21.3%	8.22%
Class C - Principal Line Owner Unplanned	24 hours	1.8%	2.5%	0.7%	0.82%

21.5(a) Total Number Of Faults Per 100km Of Prescribed Voltage Line

Nominal Voltage	2005	2004	2003	2002
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-	-	-
66kV	3.96	3.33	9.31	-
33kV	9.46	10.18	6.42	3.98
22kV	18.21	19.61	12.14	13.00
11kV	11.40	14.34	11.69	8.91
6.6kV	5.00	6.33	4.74	6.07
3.3kV	-	-	-	-
<b>Total</b>	<b>11.06</b>	<b>13.72</b>	<b>11.00</b>	<b>8.40</b>

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

Nominal Voltage	2006	2005	2004	2003
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	N/A	-	-	-
66kV	5.50	5.50	4.95	-
33kV	6.90	6.93	6.49	5.90
22kV	11.00	10.98	9.39	9.50
11kV	11.30	11.28	9.21	9.40
6.6kV	10.63	10.86	9.60	9.70
3.3kV	N/A	-	-	-
<b>Total (Weighted Average)</b>	<b>10.62</b>	<b>10.85</b>	<b>8.96</b>	<b>9.20</b>

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

Nominal Voltage	2006	2007-2010
	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	N/A	N/A
66kV	5.50	5.50
33kV	6.90	6.90
22kV	11.00	11.00
11kV	11.30	11.30
6.6kV	10.63	10.63
3.3kV	N/A	N/A
<b>Total (Weighted Average)</b>	<b>10.62</b>	<b>10.62</b>

21.6 Total Number Of Faults Per 100km Of Prescribed Voltage Underground Line

Nominal Voltage	2005	2004	2003	2002
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-	-	-
66kV	-	-	-	-
33kV	-	2.95	0.58	-
22kV	-	-	-	-
11kV	5.66	6.84	4.08	4.25
6.6kV	-	-	-	-
3.3kV	-	-	-	-
<b>Total (weighted average)</b>	<b>5.30</b>	<b>6.54</b>	<b>3.78</b>	<b>3.83</b>

21.7 Total Number Of Faults Per 100km Of Prescribed Voltage Overhead Line

Nominal Voltage	2005	2004	2003	2002
	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km	Powerco Number of Faults/100km
110kV	-	-	-	-
66kV	3.99	3.33	9.32	-
33kV	10.12	10.72	6.80	4.17
22kV	18.26	19.68	12.18	13.04
11kV	12.02	15.14	12.32	9.17
6.6kV	5.10	6.48	4.86	6.21
3.3kV	-	-	-	-
<b>Total (weighted average)</b>	<b>11.64</b>	<b>14.45</b>	<b>11.56</b>	<b>8.64</b>

21.8 SAIDI for total interruptions

Interruption Class	2005	2004	2003	2002
	SAIDI	SAIDI	SAIDI	SAIDI
<b>Total</b>	<b>208.32</b>	<b>370.41</b>	<b>295.55</b>	<b>159.57</b>

21.9 SAIDI Targets for the Following Financial Year

Interruption Class	2006	2005	2004	2003
	Powerco SAIDI	Powerco SAIDI	Powerco SAIDI	Powerco SAIDI
Class B - Distributor Planned	20	20	29	25
Class C - Distributor Unplanned	130	130	101	73

**21.10 SAIDI Targeted for the Following Financial Year and Subsequent 4 Financial Years**

Interruption Class	2006	2007-2010
	Powerco SAIDI	Powerco SAIDI
Class B - Distributor Planned	20	20
Class C - Distributor Unplanned	130	130

**21.11 SAIDI classified**

Interruption Class	2005	2004	2003	2002
	Powerco SAIDI	Powerco SAIDI	Powerco SAIDI	Powerco SAIDI
Class A - Transpower Planned	3.03	12.86	3.46	8.82
Class B - Distributor Planned	11.12	21.93	46.99	38.02
Class C - Distributor Unplanned	183.43	304.35	234.35	91.92
Class D - Transpower Unplanned	9.21	31.04	10.37	20.59
Class E - ECNZ Unplanned	-	-	-	-
Class F - Other Generator Unplanned	-	-	0.16	-
Class G - Other Line Owner Unplanned	-	-	0.22	0.23
Class H - Other Line Owner Planned	-	-	-	-
Class I - Other Owner ( Not in A - H)	1.53	0.24	-	-
<b>Total</b>	<b>208.32</b>	<b>370.41</b>	<b>295.55</b>	<b>159.57</b>

Note: 21.11 (h): 2003 number of consumers is given for the time weighted average method. The actual sum for the combined network after acquisition was 293,479 consumer connections.

**21.12 SAIFI for total interruptions**

Interruption Class	2005	2004	2003	2002
	SAIFI	SAIFI	SAIFI	SAIFI
<b>Total</b>	<b>2.915</b>	<b>3.787</b>	<b>3.473</b>	<b>2.555</b>

**21.13 SAIFI Targeted for the Following Financial Year**

Interruption Class	2006	2005	2004	2003
	Powerco SAIFI	Powerco SAIFI	Powerco SAIFI	Powerco SAIFI
Class B - Distributor Planned	0.14	0.14	0.19	0.16
Class C - Distributor Unplanned	2.36	2.36	1.98	1.74

**21.14 SAIFI Targeted for the Following Financial Year and Subsequent 4 Financial Years**

Interruption Class	2006	2007-2010
	Powerco SAIFI	Powerco SAIFI
Class B - Distributor Planned	0.14	0.14
Class C - Distributor Unplanned	2.36	2.36

**21.15 SAIFI classified**

Interruption Class	2005	2004	2003	2002
	Powerco SAIFI	Powerco SAIFI	Powerco SAIFI	Powerco SAIFI
Class A - Transpower Planned	0.010	0.029	0.033	0.038
Class B - Distributor Planned	0.095	0.114	0.249	0.192
Class C - Distributor Unplanned	2.651	3.258	2.930	2.045
Class D - Transpower Unplanned	0.150	0.385	0.257	0.275
Class E - ECNZ Unplanned	-	-	-	-
Class F - Other Generator Unplanned	-	-	0.002	-
Class G - Other Line Owner Unplanned	-	-	0.002	0.005
Class H - Other Line Owner Planned	-	-	-	-
Class I - Other Owner ( Not in A - H)	0.010	0.001	-	-
<b>Total</b>	<b>2.915</b>	<b>3.787</b>	<b>3.473</b>	<b>2.555</b>

Note: 21.15 (h): 2003 number of consumers is given for the time weighted average method. The actual sum for the combined network after acquisition was 293,479 consumer connections.

**21.16 CAIDI for total interruptions**

Interruption Class	2005	2004	2003	2002
	CAIDI	CAIDI	CAIDI	CAIDI
<b>Total (Average)</b>	<b>71.5</b>	<b>97.8</b>	<b>85.1</b>	<b>62.5</b>

**21.17 CAIDI Targeted for the Following Financial Year**

Interruption Class	2006	2005	2004	2003
	Powerco CAIDI	Powerco CAIDI	Powerco CAIDI	Powerco CAIDI
Class B - Distributor Planned	142.9	142.9	153.7	153.0
Class C - Distributor Unplanned	55.0	55.0	51.1	42.0

21.18 CAIDI  
Targeted for the Following Financial Year and  
Subsequent 4 Financial Years

Interruption Class	2006	2007-2010
	Powerco	Powerco
Class B - Distributor Planned	142.9	142.9
Class C - Distributor Unplanned	55.0	55.0

21.19 CAIDI classified

Interruption Class	2005	2004	2003	2002
	Powerco CAIDI	Powerco CAIDI	Powerco CAIDI	Powerco CAIDI
Class A - Transpower Planned	302.4	449.0	105.4	233.5
Class B - Distributor Planned	117.4	191.6	188.6	198.3
Class C - Distributor Unplanned	69.2	93.4	80.0	44.9
Class D - Transpower Unplanned	61.3	80.6	40.3	74.9
Class E - ECNZ Unplanned	-	-	-	-
Class F - Other Generator Unplanned	-	-	95.0	-
Class G - Other Line Owner Unplanned	-	-	87.9	46.9
Class H - Other Line Owner Planned	-	-	-	-
Class I - Other Owner ( Not in A - H)	159.1	266.1	-	-
<b>Total (Average)</b>	<b>71.5</b>	<b>97.8</b>	<b>85.1</b>	<b>62.5</b>

Note: 21.19 (h): 2003 number of consumers is given for the time weighted average method. The actual sum for the combined network after acquisition was 293,479 consumer connections.