



New Zealand Gazette

OF THURSDAY, 2 NOVEMBER 2006

WELLINGTON: FRIDAY, 3 NOVEMBER 2006 — ISSUE NO. 128

BULLER ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

BULLER ELECTRICITY LIMITED INFORMATION DISCLOSURE

Information Disclosure Disclaimer

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

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

The information disclosed is for the line business as described in the Electricity Information Disclosure Requirements 2004. There are also additional activities of the company that are not required to be reported under the Requirements.



BULLER ELECTRICITY LIMITED

Robertson Street
P O Box 243
Westport
New Zealand

Telephone: 03 788 8171
Facsimile: 03 788 8191
Email: Info@bullernetwork.co.nz

**IN ACCORDANCE WITH
THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004**

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND
STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN TRANSPower)**

WE, Peter William Young and Kevin Fredrick Poynter, directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Buller Electricity Limited prepared for the purposes of requirement 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 Buller Electricity Limited and having been prepared for the purposes of requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

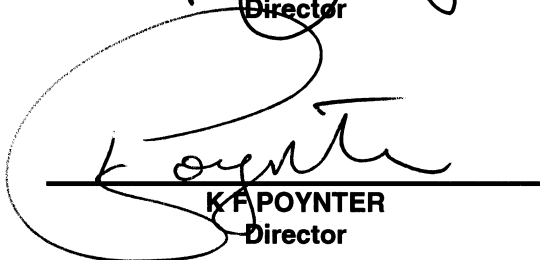
The valuations on which those financial performance measures are based are as at 31 March 2006.

For and on behalf of Directors



P W YOUNG
Director

Date: 30 October 2006



K F POYNTER
Director

Date: 30 October 2006

Buller Electricity Limited
Line Business Financial Statements

Statement of Financial Performance
for the year ended 31 March 2006

	Note	2006 \$	2005 \$
Total Operating Revenue		5,528,656	5,074,548
Total Operating Expenditure		4,496,117	4,402,919
Operating Surplus before Interest Expense and Income Tax		1,032,539	671,629
Interest Expense		224,278	209,048
Operating Surplus before Income Tax		808,261	462,581
Income Tax	2	115,000	(36,000)
Net Surplus after Tax		<u>693,261</u>	<u>498,581</u>

Statement of Movements in Equity
for the year ended 31 March 2006

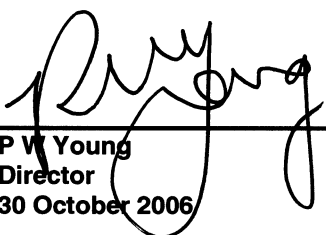
	Note	2006 \$	2005 \$
Equity as at 1 April 2005		19,431,354	18,932,773
Net Surplus after Tax for the Year		693,261	498,581
Revaluation Reserve Movements		(1,223,747)	0
Total Recognised Revenues and Expenses for the Year		(530,486)	498,581
Reallocation of Equity			
Dividend		<u>0</u>	<u>0</u>
Equity as at 31 March 2006		<u>18,900,868</u>	<u>19,431,354</u>

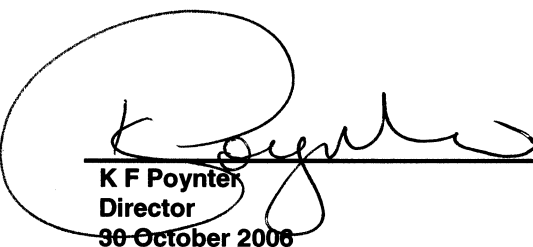
Buller Electricity Limited Line Business Financial Statements

Statement of Financial Position as at 31 March 2006

	Note	2006 \$	2005 \$
Equity			
Share Capital		4,964,358	4,964,358
Retained Earnings		4,478,783	3,785,522
Reserves	3	9,457,727	10,681,474
Total Equity		18,900,868	19,431,354
Represented by:			
Current Assets			
Cash at Bank and on Hand		19,753	102,017
Term Deposits		0	0
Receivables and Prepayments		504,805	499,079
Tax Refund Due		106,951	300,092
Deferred Tax		24,000	0
Other		256,054	261,609
		911,563	1,162,797
Current Liabilities			
Creditors		307,462	412,729
Provision for Dividend		0	0
Taxation Payable		0	0
Other Current Liabilities		4,407	45,064
Total Liabilities		311,869	457,793
Net Current Assets		599,694	705,004
Non Current Assets			
Property, Plant and Equipment	4	20,172,716	21,259,892
Long Term Investments		168,973	756,973
		20,341,689	22,016,865
Term Liabilities			
Loans		2,040,515	3,290,515
Net Assets		18,900,868	19,431,354

For and on Behalf of the Board


P W Young
Director
30 October 2006


K F Poynter
Director
30 October 2006

Buller Electricity Limited Line Business Financial Statements

Statement of Cashflows for the year ended 31 March 2006

	Note	2006 \$	2005 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers		5,170,329	4,923,519
Interest received		0	437
Taxation Refund		154,539	0
		<u>5,324,868</u>	<u>4,923,956</u>
Cash was disbursed to:			
Payment to Suppliers & Employees		3,811,474	3,890,818
Interest Paid		224,278	209,047
Income Tax Paid		102,110	269,474
		<u>4,137,862</u>	<u>4,369,339</u>
Net cash inflow from operating activities	11	<u>1,187,006</u>	<u>554,617</u>
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Property, Plant and Equipment		0	0
Sale of Investments		588,000	2,386
		<u>588,000</u>	<u>2,386</u>
Cash was applied to:			
Purchase of Investments			
Purchase of Property, Plant and Equipment		607,270	2,228,830
		<u>607,270</u>	<u>2,228,830</u>
Net cash outflow from investing activities		<u>(19,270)</u>	<u>(2,226,444)</u>
Cash Flow from Financing Activities			
Cash was provided from:			
Borrowing		0	2,600,000
		<u>0</u>	<u>2,600,000</u>
Cash was applied to:			
Dividend Paid		0	0
Loan Payments		1,250,000	850,000
		<u>1,250,000</u>	<u>850,000</u>
Net cash inflow (outflow) from financing activities		<u>(1,250,000)</u>	<u>1,750,000</u>
Net Increase/(Decrease) in cash held		(82,264)	78,172
Add opening cash brought forward		102,017	23,845
Ending Cash and Term Deposits carried forward		<u>19,753</u>	<u>102,017</u>
End of Year Balance Represented By:			
Cash at Bank and on Hand		19,753	102,017
Short Term Deposits		0	0
		<u>19,753</u>	<u>102,017</u>

Buller Electricity Limited Line Business Financial Statements

Notes to and forming part of the Financial Statements for the year ended 31 March 2006

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Buller Electricity Limited is a company registered under the Companies Act 1993 and owns 100% of Buller Energy Limited and 100% of Buller Communications Limited.

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

Measurement Base

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

Specific Accounting Policies

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

- a) **Revenue**
Fixed and variable line charges are recognised as actual amounts invoiced during the period. Contributions received from customers towards the cost of reticulating subdivisions and constructing line extensions are recognised as revenue in the year received.
- b) **Receivables**
Receivables are stated at their estimated realisable value after providing for doubtful debts. All known bad debts have been written off during the year.
- c) **Investments**
Investments are recorded at the lower of cost or net realisable value.
- d) **Property, Plant and Equipment**
The Distribution System Assets are stated at valuation, as determined every 3 years by a valuer. These assets were revalued on 31 March 2006 by Mike McSherry MIPENZ CPENG IPER Chief Executive Buller Electricity Limited using the depreciated replacement cost basis. Subsequent additions to the distribution system assets are recorded at cost less disposals.

Land and buildings were revalued by Coast Valuations Limited an independent registered valuer as at 31 March 2004 in accordance with the New Zealand Institute of Valuers Asset Valuation Standards at net current value.

All other fixed assets are recorded at cost less accumulated depreciation to date.

- e) **Depreciation**
Depreciation is provided on a straight line basis on all Property, Plant and Equipment (Land is not depreciated), at rates calculated to allocate the assets cost less expected residual value over their estimated useful lives as follows:

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

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

Buller Electricity Limited Line Business Financial Statements

f) Employee Entitlements

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

g) Goods and Services Tax (GST)

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

h) Income Tax

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

i) Financial Instruments

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

j) Statement of Cash Flows

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

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

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies this year.

Buller Electricity Limited Line Business Financial Statements

	2006 \$	2005 \$
2 INCOME TAX		
Operating Surplus before Income Tax	808,261	462,581
Prima Facie Taxation at 33%	266,726	152,651
Plus tax losses offset	(18,726)	(107,651)
Plus Tax effect of permanent differences	(115,000)	(45,000)
Less Tax effect of timing differences not Recognised	6,000	(36,000)
Timing Differences on Holiday Pay	(24,000)	0
Total Income Tax Expense (Benefit)	<u>115,000</u>	<u>(36,000)</u>
The income tax expense comprises:		
- current taxation	139,000	(36,000)
Deferred Tax Charge/(Credit)	(24,000)	0
	<u>115,000</u>	<u>(36,000)</u>
A deferred tax liability of \$1,917,034 has not been recognised (2005 \$1,887,712). This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.		
3 RESERVES		
Share Premium Reserve	255,796	255,796
Revaluation Reserve Land and Buildings	93,454	93,454
Revaluation Distribution System	9,074,427	10,298,174
Revaluation other Assets	34,050	34,050
	<u>9,457,727</u>	<u>10,681,474</u>
4 PROPERTY, PLANT & EQUIPMENT		
Distribution System Assets		
At Valuation – end of previous year	20,128,645	18,653,438
System Fixed Assets acquired during the year	893,252	2,193,435
Less Disposal of Stock	0	0
Less Depreciation on System Fixed Assets	(744,880)	(718,228)
Revaluation Movement	(1,223,747)	0
System Fixed Assets at valuation – end of financial year	<u>19,053,270</u>	<u>20,128,645</u>
Land and Buildings		
At Valuation	940,094	940,094
Accumulated Depreciation	(59,539)	(42,190)
Net Book Value at end of year	880,555	897,904
Customer Billing and IS		
Cost	373,297	329,458
Accumulated Depreciation	(311,665)	(279,427)
Net Book Value at end of year	61,632	50,031
Office Equipment		
Cost	96,835	94,044
Accumulated Depreciation	(61,747)	(52,162)
Net Book Value	35,088	41,882

Buller Electricity Limited Line Business Financial Statements

	2006 \$	2005 \$
Motor Vehicles		
Cost	128,771	128,771
Accumulated Depreciation	<u>(57,467)</u>	<u>(41,921)</u>
Net Book Value	71,304	86,850
Other		
Cost	200,350	184,430
Accumulated Depreciation	<u>(129,483)</u>	<u>(129,850)</u>
Net Book Value	<u>70,867</u>	<u>54,580</u>
Total Net Book Value	<u>20,172,716</u>	<u>21,259,892</u>

The system fixed assets are stated at valuation, as determined every 3 years by a valuer. These assets were revalued on 31 March 2006 to a value of \$19,053,270 by Mike McSherry MIPENZ CPENG IPER Chief Executive Buller Electricity Limited using depreciated replacement cost basis.

Land and Buildings were revalued by Coast Valuation Limited on 31 March 2004.

5 SEGMENTAL REPORTING

Buller Electricity operates predominantly in one industry, distribution of electricity. All its core functions are carried out within the Buller region conveying electricity and managing and operating assets of the line business.

6 RELATED PARTIES

The related parties of Buller Electricity Limited are the Buller Electric Power Trust, Buller Energy Limited, Buller Communications Limited.

The Buller Electric Power Trust owns 100% of Buller Electricity Limited who owns 100% of Buller Communications Limited.

The Buller Electric Power Trust loaned to Buller Electricity Limited \$1,740,515 by way of an interest bearing, unsecured loan, repayable on demand. Buller Electricity Limited has on loan to Buller Communications Limited \$242,873 against which there is a provision of \$74,000, resulting in a net balance of \$168,873.

Transactions between Related Parties

The Line Business purchased line construction and maintenance services at cost including overheads from its contracting division for the period 1 April 2005 to 31 March 2006. At year end there was an outstanding debtor of \$256,054 for related parties and no debts were written off or forgiven during the year. The following Table lists the value of the related party transactions.

	2006 \$	2005 \$
Construction of subtransmission assets	28,030	0
Construction of zone substations	132,257	549,562
Construction of distribution lines and cables	389,218	173,487
Construction of medium voltage switchgear	43,944	71,431
Construction of distribution transformers	101,992	46,503
Construction of distribution substations	48,976	46,462
Construction of low voltage reticulation	148,834	49,954
Construction of other system fixed assets	0	0
Maintenance of assets	720,377	552,788
Consumer connections and disconnections	0	0
Other Services	0	4,601

Buller Electricity Limited

Line Business Financial Statements

7 FINANCIAL INSTRUMENTS

(a) Credit Risk

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

(b) Interest Rate Risk

- i) All term loans are unsecured and subject to negative pledge undertakings. The term loans are not hedged and are at the floating 90 day bill rate. The company currently has \$5million rolling loan facilities.
- ii) The company has a loan of \$1,740,515 that is interest bearing (8%), unsecured and repayable on demand.
- iii) Deposit interest rates range from 7.30% pa – 7.80% pa at balance date 31 March 2006.

(c) Fair Values

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

8 COMMITMENTS

There are no capital commitments at 31 March 2006. (2005 \$Nil)

9 CONTINGENT LIABILITIES

There is a contingent liability for discrepancies that may arise on the reconciliation of energy transported versus energy charged by the various energy retailers. The potential or maximum liability is not able to be estimated. (2005 \$Nil)

10 PRICE THRESHOLD COMPLIANCE

Buller Electricity Limited was in breach of the price path thresholds set by the Commerce Commission in September 2003 and March 2004. Directors believe that any liability arising from these breaches will not be material. The company was not in breach of the price and quality thresholds at March 2006.

	2006	2005
	\$	\$
11 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Reported Net Surplus after tax	693,261	498,581
Add (Less) Non Cash Items:		
Depreciation	823,433	796,311
Vested Assets	(352,734)	(146,716)
Add (Less) Movements in Working Capital Items:	0	
Decrease (Increase) in Tax Receivable	169,141	(305,474)
Decrease (Increase) in Receivables	(5,726)	(4,360)
(Decrease) Increase in Creditors	(145,924)	(22,116)
(Decrease) Increase in Tax Payable	0	0
Decrease (Increase) in other Current Assets	0	0
Decrease (Increase) in Interdivisional Balance	5,555	(261,609)
	<u>493,745</u>	<u>554,617</u>
Add (Less) Movements in Non-current Items:		
Net Loss (Gain) on Disposal of Assets	0	0
Net Cash Inflows from Operating Activities	<u>1,187,006</u>	<u>554,617</u>

Buller Electricity Limited

Line Business Financial Statements

12 Information to be Disclosed in Financial Statements under requirement 6 of the Electricity Information Disclosure Requirements 2004.

Statement of Financial Position Disclosure (Schedule 1, Part 2)		2006	2005
		\$	\$
1	Current Assets		
(a)	Cash & Bank balances	19,753	102,017
(b)	Short term investments	0	0
(c)	Inventories	0	0
(d)	Accounts receivable	504,805	499,079
(e)	Other current assets not listed in (a) to (d)	387,005	561,701
(f)	Total current assets	911,563	1,162,797
2	Fixed Assets		
(a)	System fixed assets	19,053,270	20,128,645
(b)	Customer billing and information system assets	61,632	50,030
(c)	Motor Vehicles	71,304	86,851
(d)	Office Equipment	35,088	41,882
(e)	Land and Buildings	880,555	897,904
(f)	Capital works under construction		0
(g)	Other fixed assets not listed in (a) to (f)	70,867	54,580
(h)	Total fixed assets	20,172,716	21,259,892
3	Other tangible assets not listed above	168,973	756,973
4	Total tangible assets	21,253,252	23,179,662
5	Intangible assets		
(a)	Goodwill	0	0
(b)	Other intangible not listed in (a)	0	0
(c)	Total intangible assets	0	0
6	Total Assets	21,253,252	23,179,662
7	Current Liabilities		
(a)	Bank Overdraft		0
(b)	Short term borrowings		0
(c)	Payables and accruals	307,462	412,729
(d)	Provision for dividend payable	0	0
(e)	Provision for income tax	0	0
(f)	Other Current Liabilities not listed in (a) to (e)	4,407	45,064
(g)	Total Current Liabilities	311,869	457,793
8	Non-current Liabilities		
(a)	Payables and accruals	0	0
(b)	Borrowings	2,040,515	3,290,515
(c)	Deferred tax	0	0
(d)	Other Non-current Liabilities not listed in (a) to (e)	0	0
(e)	Total Non-current Liabilities	2,040,515	3,290,515
9	Equity		
(a)	Shareholders equity		
(i)	Share Capital	4,964,358	4,964,358
(ii)	Retained Earnings	4,478,783	3,785,522
(iii)	Reserves	9,457,727	10,681,474
(iv)	Total Shareholders equity	18,900,868	19,431,354
(b)	Minority interests in subsidiaries		0
(c)	Total Equity	18,900,868	19,431,354
(d)	Capital Notes		0
(e)	Total capital funds	18,900,868	19,431,354
10	Total equity and liabilities	21,253,252	23,179,662

Buller Electricity Limited Line Business Financial Statements

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

	2006	2005
	\$	\$
11 Operating revenue		
(a) Revenue from line/access charges	5,027,999	4,848,060
(b) Revenue from "Other" business (transfer payment)	5,930	6,327
(c) Income from interest on bank & short term investments	0	437
(d) AC loss rental rebates	147,144	70,474
(e) Other operating revenue not listed in (a) to (d)	347,583	149,251
(f) Total operating revenue	5,528,656	5,074,549
12 Operating expenditure		
(a) Transmission Charges	1,769,223	1,944,759
(b) Transfer payments to "Other" business		
(i) Asset maintenance	720,377	551,574
(ii) Consumer disconnections and reconnections	0	0
(iii) Meter data	0	0
(iv) Consumer based load control	0	0
(v) Royalty and patent expenses	0	0
(vi) Avoided transmission charges for own generation	0	0
(vii) Other goods & services not listed in (i) to (vi) above	0	0
(viii) Total transfer payment to the "Other" business	720,377	551,574
(c) Payments to non-related entities		
(i) Asset maintenance	116,553	91,770
(ii) Consumer disconnections and reconnections	0	0
(iii) Meter data	0	0
(iv) Consumer based load control	0	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties	116,553	91,770
(d) Employee salaries, wages and redundancies	441,634	451,245
(e) Consumer billing and information system expense	0	0
(f) Depreciation on		
(i) System fixed assets	721,590	713,143
(ii) Other assets not listed in (i)	105,815	83,167
(iii) Total depreciation expense	827,405	796,310
(g) Amortisation of		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	320,908	257,062
(i) Human resource expense	67,833	32,824
(j) Marketing and advertising	0	0
(k) Merger and acquisition expenses	0	0
(l) Takeover defence expenses	0	0
(m) Research and development expenses	0	0
(n) Consultancy and legal expenses	19,691	2,660
(o) Donations	40,149	38,263
(p) Directors fees	83,750	77,917
(q) Audit fees		
(i) Audit fees paid to principal auditors	30,400	29,000
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by auditors	46,903	117,983
(iv) Total auditors fees	77,303	146,983
(r) Costs of offering credits		
(i) Bad debts written off	0	0
(ii) Increase in estimated doubtful debts	0	0
(iii) Total costs of offering credit	0	0
(s) Local authority rates	11,292	11,553
(t) AC loss-rental rebates expense	0	0
(u) Rebates to customers due to ownership interest		
(v) Subvention payments	0	0
(w) Unusual expenses	0	0
(x) Other expenditure not listed in (a) to (w)	0	0

Buller Electricity Limited
Line Business Financial Statements

13	Total operating expenditure	4,496,117	4,402,919
14	Operating surplus before interest and income tax	1,032,539	671,629
15	Interest		
	(a) Interest expense on borrowings	224,278	209,048
	(b) Financing charges related to finance leases	0	0
	(c) Other interest expense	0	0
	(d) Total interest expense	224,278	209,048
16	Operating surplus before income tax	808,261	462,581
17	Income Tax	115,000	(36,000)
18	Net surplus after tax	693,261	498,581
19	Annual Valuation Reconciliation Report for the year ending 31 March 2006		
	System fixed assets at ODV – end of the previous financial year	20,128,645	18,653,438
	Add system fixed assets acquired during the year at ODV	893,252	2,193,435
	Less depreciation on system fixed assets at ODV	(744,880)	(718,228)
	Add revaluations of system fixed assets	0	0
	Equals system fixed assets at ODV – end of financial year	20,277,017	20,128,645

Buller Electricity Limited Line Business Financial Statements

13 PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under requirement 14 of the Electricity Information Disclosure Requirements 2004.

	2006	2005	2004	2003
1 Financial Performance Measures				
(a) Return on Funds	4.72%	3.34%	6.8%	5.1%
(b) Return on Equity	3.52%	2.67%	4.6%	3.6%
(c) Return on Investment	3.85%	3.14%	4.9%	3.6%
2 Efficiency Performance Measures				
(a) Direct line costs per kilometre	\$2,184	\$1,830	\$2,548	\$2,494
System Length Km	586	598	608	598
(b) Indirect line costs per electricity customer	\$147	\$136	\$111	\$135
Total consumers	4,211	4,178	4,171	4,187

Buller Electricity Limited Line Business Performance Measures

Disclosure of energy delivery efficiency performance measures under requirement 20 of the Electricity Information Disclosure Requirements 2004.

	2006	2005	2004	2003
1 Energy Delivery efficiency performance measures:				
(a) Load Factor (=a/b*c*100)	66%	66%	64% *	63%*
a = kWh of electricity entering system	45,579,301	45,629,456	44,037,981 *	42,764,385*
b = Maximum demand	7,846	7,903	7,820 *	7,749*
c = Total number of hours in year	8,760	8,760	8,784	8,760
(b) Loss Ratio (=a/b*100)	10.96%	9.78%	8.98% *	11.44%*
a = losses in electricity in kWh	4,993,733	4,460,951	3,955,387 *	4,893,797*
b = kWh of electricity entering system	45,579,301	45,629,456	44,037,981 *	42,764,385*
(c) Capacity Utilisation (=a/b*100)	27%	27%	27% *	27%*
a = Maximum demand	7,846	7,903	7,820 *	7,749*
b = Transformer Capacity	29,103	28,735	28,550	28,775
2 Statistics				
(a) System Length (Total) (kms)				
Circuit Kilometres 110kV	2	2	1	0
Circuit Kilometres 33kV	102	101	103	111
Circuit Kilometres 11kV	355	367	374	357
Circuit Kilometres 400V	128	128	130	130
Total	<u>587</u>	<u>598</u>	<u>608</u>	<u>598</u>
(b) Circuit Length (Overhead) (kms)				
Circuit Kilometres 110kV	2	2	1	0
Circuit Kilometres 33kV	101	101	103	111
Circuit Kilometres 11kV	345	360	370	351
Circuit Kilometres 400V	115	118	118	118
Total Overhead	<u>563</u>	<u>581</u>	<u>592</u>	<u>580</u>
(c) Circuit Length (Underground) (kms)				
Circuit Kilometres 110kV	0.0	0.0	0.0	0.0
Circuit Kilometres 33kV	0.5	0.2	0.2	0.2
Circuit Kilometres 11kV	10.3	7.0	4.2	5.0
Circuit Kilometres 400V	12.7	10.0	11.8	11.6
Total Underground	<u>23.5</u>	<u>17.2</u>	<u>16.2</u>	<u>16.8</u>
(d) Transformer Capacity (In Kilovolt Amperes)	29,103	28,735	28,550	28,775
(e) Maximum Demand (kW)	7,846	7,903	7,820 *	7,749*

Buller Electricity Limited Line Business Performance Measures

	2006	2005	2004	2003
(f) Total Electricity Entering the system (before losses of electricity, kWh)	45,579,301	45,629,456	44,037,981 *	42,764,385*
(g) Electricity conveyed for each retailer including losses				
Retailer 1	22,501,318	23,506,625	23,626,294	27,950,508
Retailer 2	12,893,416	12,559,755	12,559,535	7,341,546
Retailer 3	3,371,825	3,017,768	3,073,096	2,578,535
Retailer 4	0	0	0	0
Retailer 5	1,138,848	2,044,202	823,668	0
Retailer 6	680,161	40,155	0	0
	<u>40,585,568</u>	<u>41,168,505</u>	<u>40,082,593 *</u>	<u>37,870,589*</u>
(h) Total Customers	4,211	4,178	4,171	4,187

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

Buller Electricity Limited Line Business Performance Measures

Disclosure of reliability performance measures under requirement 21 of the Electricity Information Disclosure Requirements 2004.

	2006	2005	2005	2003
1 Total Number of Interruptions				
Class A - Planned by Transpower	0	0	0	0
Class B - Planned by Line Owners	39	24	44	29
Class C - Unplanned by Line Owners	38	32	34	44
Class D - Unplanned by Transpower	0	0	0	0
Class E - Unplanned by ECNZ	0	0	0	0
Class F - Unplanned by other generation	0	0	0	0
Class G - Any Other Loss of Supply	0	0	0	1
Class H - Planned - by another Line Owner	0	0	0	0
Class I - Any Other Loss of Supply	1	1	1	0
	<u>78</u>	<u>57</u>	<u>79</u>	<u>74</u>
2 Interruption Targets for 2006/2007				
Class B - Planned by Line Owners	40			
Class C - Unplanned by Line Owners	32			
3 Average Interruption Targets for 2006/2011				
Class B - Planned by Line Owners	35			
Class C - Unplanned by Line Owners	26			
4 Proportion of Class C Interruptions not restored within:				
3 Hours	6			
24 Hours	0			
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
11kV	10.1	8.7	7.5	10.9
33kV	1.9	2.0	3.9	4.5
Total	8.2	7.1	6.7	9.4
(b) Target for 2006/2007 year				
11kV	6.0			
33kV	4.0			
Total	5.5			
(c) Average Target for 2006/2011 years				
11kV	5.2			
33kV	3.2			
Total	4.7			
6 The total number of faults per 100 circuit kilometres of <u>underground</u> prescribed voltage electric line				
11kV	0	0	0	0
33kV	0	0	0	0
Total	0	0	0	0
7 The total number of faults per 100 circuit kilometres of <u>overhead</u> prescribed voltage electric line				
11kV	10.4	8.5	7.5	11.1
33kV	1.9	1.8	3.9	4.5
Total	8.5	6.9	6.7	9.5

Note: The totals in clauses 5, 6 and 7 are not designed to sum the figures above each total.

Buller Electricity Limited Line Business Performance Measures

	2006	2005	2004	2003	
SAIDI					
8	SAIDI for the total number of interruptions	196	134	256	370
9	SAIDI targets for 2006/2007				
	Class B - Planned by Line Owners	170			
	Class C - Unplanned by Line Owners	85			
10	Average SAIDI targets for 2007/2011 years				
	Class B - Planned by Line Owners	137			
	Class C - Unplanned by Line Owners	78			
11	SAIDI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0	0	0
	Class B - Planned by Buller Electricity	108	64	165	222
	Class C - Unplanned by Buller Electricity	84	65	84	144
	Class D - Unplanned by Transpower	4	0	0	0
	Class E - Unplanned by Line Owner generation	0	0	0	0
	Class F - Unplanned by other generator	0	0	0	0
	Class G - Unplanned - by another line owner	0	0	0	0
	Class H - Planned - by another Line Owner	0	0	0	0
	Class I - Any Other Loss of Supply	0	5	8	4
		196	134	257	370
SAIFI					
12	The SAIFI for the total number of Interruptions	1.88	1.34	2.41	1.98
13	SAIFI Targets for 2006/2007				
	Class B - Planned by Line Owners	0.85			
	Class C - Unplanned by Line Owners	0.97			
14	Average SAIFI targets for 2007/2011 years				
	Class B - Planned by Line Owners	0.79			
	Class C - Unplanned by Line Owners	0.94			
15	The SAIFI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0.00	0.00	0.00
	Class B - Planned by Buller Electricity	0.62	0.44	1.01	0.54
	Class C - Unplanned by Buller Electricity	1.18	0.78	1.22	1.32
	Class D - Unplanned by Transpower	0.08	0.00	0.00	0.00
	Class E - Unplanned by Line Owner generation	0	0.00	0.00	0.00
	Class F - Unplanned by other generator	0	0.00	0.00	0.00
	Class G - Unplanned - by another Line Owner	0	0.00	0.00	0.00
	Class H - Planned - by another Line Owner	0	0.00	0.00	0.00
	Class I - Any Other Loss of Supply	0	0.12	0.17	0.12
		1.88	1.34	2.41	1.98

Buller Electricity Limited Line Business Performance Measures

	2006	2005	2004	2003
CAIDI				
16	The CAIDI for the total number of interruption			
	104	100	107	187
17	CAIDI targets for 2006/2007			
	Class B - Planned by Line Owners			
	200			
	Class C - Unplanned by Line Owners			
	88			
18	Average CAIDI Target for 2007/2011 years			
	Class B - Planned by Line Owners			
	173			
	Class C - Unplanned by Line Owners			
	83			
19	The CAIDI for the total number of interruptions within each interruption class			
	Class A - Planned by Transpower			
	0	0	0	0
	Class B - Planned by Buller Electricity			
	176	145	163	411
	Class C - Unplanned by Buller Electricity			
	71	84	69	109
	Class D - Unplanned by Transpower			
	42	0	0	0
	Class E - Unplanned by Line Owner generation			
	0	0	0	0
	Class F - Unplanned by other generator			
	0	0	0	0
	Class G - Unplanned - by another Line Owner			
	0	0	0	30
	Class H - Planned - by another Line Owner			
	0	0	0	0
	Class I - Any Other Loss of Supply			
	0	40	45	0
	<u>104</u>	<u>100</u>	<u>107</u>	<u>187</u>

Note: The totals in clause 19 are not designed to sum the figures above each total.

BULLER ELECTRICITY LIMITED - Lines Business

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

Derivation Table	Input and Calculation	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	1,033				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	1,033				
Interest on cash, bank balances, and short-term investments (ISTI)					
OSBIT minus ISTI	1,033	a	1,033		1,033
Net Surplus after tax from financial statements	693				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	693	n		693	
Amortisation of goodwill and amortisation of other intangibles		g	add -	add -	add -
Subvention payment		s	add -	add -	add -
Depreciation of SFA at BV (x)	745				
Depreciation of SFA at ODV (y)	745				
ODV depreciation adjustment	-	d	add -	add -	add -
Subvention payment tax adjustment	-	s*t		deduct -	deduct -
Interest tax shield	74	q			deduct 74
Revaluations		r			add
Income tax	115	p			deduct 115
Numerator			1,033 OSBIT ^{ADJ} =a+g+s+d	693 NSAT ^{ADJ} =n+g+s-t+d	844 BIIT ^{ADJ} =a+g-q+r+s+d-p-s*t
Fixed asset at end of previous year (FA ₀)	21,260				
Fixed assets at end of current financial year (FA ₁)	20,173				
Adjusted net working capital at end of previous financial year (ANWC ₀)	(88)				
Adjusted net working capital at end of current financial year (ANWC ₁)	197				
Average total funds employed (ATFE)	20,771	c	20,771		20,771
Total equity at end of previous financial year (TE ₀)	19,431				
Total equity at end of current financial year (TE ₁)	18,901				
Average total equity	19,166	k		19,166	
WUC at end of previous financial year (WUC ₀)					
WUC at end of current financial year (WUC ₁)					
Average total works under construction		e	deduct	deduct	deduct
Revaluations	(1,224)	r			
Half of revaluations	(612)	r/2	-612		deduct (612)
Intangible assets at end of previous financial year (IA ₀)	-				
Intangible assets of end of current financial year (IA ₁)	-				
Average total intangible asset	-	m		add -	
Subvention payment at end of previous financial year (S ₀)	-				
Subvention payment at end of current financial year (S ₁)	-				
Subvention payment tax adjustment at end of previous financial year	-				
Subvention payment tax adjustment at end of current financial year	-				
Average subvention payment and related tax adjustment	-	v		add -	
System fixed assets at end of previous year at book value (SFA _{BV0})	20,338				
System fixed assets at end of current financial year at book value (SFA _{BV1})	19,053				
Average value of system fixed assets at book value	19,696	f	deduct 19,696	deduct 19,696	deduct 19,696
System fixed assets at year beginning at ODV value (SFA _{ODV0})	20,129				
System fixed assets at end of current financial year at ODV value (SFA _{ODV1})	20,277				
Average value of system fixed assets at ODV value	20,203	h	add 20,203	add 20,203	add 20,203
Denominator			21,890 ATFE ^{ALJ} =c-e-f+h	19,673 AveTE ^{ALJ} =k-e-m+v-f+h	21,890 ATFE ^{ALJ} =c-e-1/2r-f+h
Financial performance measure			4.72% ROF=OSBIT ^{ALJ} /ATFR ^{ALJ} x	3.52% ROE=NSAT ^{ALJ} /ATE ^{ALJ} x	3.85% ROI=OSBIT ^{ALJ} /ATFE ^{ALJ}

t = maximum statutory income tax rate applying to corporate entities, bv = book value, ave = average, odv = optimised deprival valuation, subscript '0' = end of previous financial year, subscript '1' = end of current financial year ROF = return on funds ROE = return on equity ROI = return on investment



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF BULLER ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2006

We have audited the financial statements of Buller Electricity Limited on pages 2 to 12. The financial statements provide information about the past financial performance of Buller Electricity Limited and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 5 and 6.

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 Buller Electricity Limited as at 31 March 2006, and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity Information Disclosure Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

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

Basis of Opinion

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

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

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



In addition to issuing audit certificates pursuant to the Electricity Information Disclosure Requirements 2004 we have carried out other audit assignments for Buller Electricity Limited. This involved issuing an audit opinion on the annual financial statements for the year ended 31 March 2006 as well as audit certificates pursuant to the Commerce Act Electricity Lines Threshold Notice 2004. We have also performed accounting advice and taxation assignments for Buller Electricity Limited. These assignments are compatible with those independence requirements. Other than these assignments we have no relationship with or interest in Buller Electricity Limited.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by Buller Electricity Limited as far as appears from our examination of those records; and
- the financial statements of Buller Electricity Limited on pages 2 to 12:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Buller Electricity Limited's financial position as at 31 March 2006 and the results of its operations and cash flows for the year ended on that date; and
 - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 30 October 2006 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Bruce Loader', with a long, sweeping flourish extending to the right.

Bruce Loader
KPMG Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand
30 October 2006



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

We have examined the information on pages 12 to 19, being:

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (c) the time-weighted averages calculations in requirement 32;
- (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 Buller Electricity Limited and dated 30 October 2006 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.

A handwritten signature in black ink, appearing to read 'Bruce Loader', with a long horizontal line extending to the right.

Bruce Loader
KPMG Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand
30 October 2006