



# New Zealand Gazette

OF THURSDAY, 16 NOVEMBER 2006

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WELLINGTON: MONDAY, 20 NOVEMBER 2006 — ISSUE NO. 143

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## ELECTRICITY ASHBURTON LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986

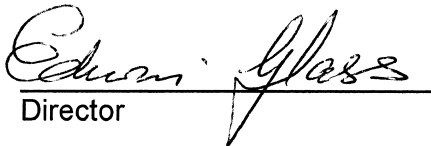
**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE  
MEASURES, AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES  
(OTHER THAN TRANSPower)**

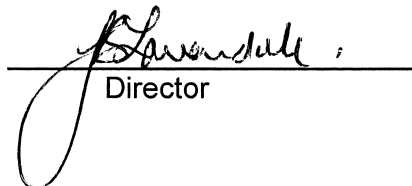
We, Edwin Glass and John Bruce Tavendale, Directors of Electricity Ashburton Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached audited financial statements of Electricity Ashburton 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 Electricity Ashburton Limited, and having been prepared for the purposes of requirements 6, 14, 15, 16, 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

Dated this 18th day of October 2006

  
Director

  
Director

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2006 \$	2005 \$
<b>REVENUE</b>	<b>2</b>		
Line Charges		22,027,159	19,542,677
Other		<u>1,352,782</u>	<u>1,079,902</u>
		23,379,941	20,622,579
<b>OPERATING EXPENDITURE</b>			
Transmission Charges		5,919,780	5,639,487
Other		<u>9,685,004</u>	<u>8,875,689</u>
		15,604,784	14,515,176
<b>OPERATING SURPLUS before Deferred Discount</b>	<b>3</b>	7,775,157	6,107,403
Customer Deferred Discount	<b>5</b>	<u>2,975,612</u>	<u>2,811,832</u>
<b>OPERATING SURPLUS before Taxation</b>		4,799,545	3,295,571
Taxation	<b>4</b>	2,580,918	2,042,512
		<hr/>	<hr/>
<b>NET SURPLUS after Taxation</b>		2,218,627	1,253,059

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS  
STATEMENT OF MOVEMENT IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2006**

<b>EQUITY AT START OF YEAR</b>	<b>6</b>	85,060,252	83,798,093
Operating Surplus after Taxation		<u>2,218,627</u>	<u>1,253,059</u>
Total Recognised Revenue and Expenses for the Period		2,218,627	1,253,059
<b>Other Movements</b>			
Share Issued		<u>17,200</u>	<u>9,100</u>
		87,296,079	85,060,252

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LTD – LINES BUSINESS  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2006**

	Note	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
	7		
Inventory		2,413,109	2,191,238
Receivables and Prepayments		<u>2,553,134</u>	<u>2,287,375</u>
<b>Total Current Assets</b>		4,966,243	4,478,613
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
Ashburton Aquatic Park Trust Loan		0	300,000
<b>Fixed Assets</b>			
	9		
Distribution System		115,932,633	110,589,062
Land & Buildings		2,114,880	2,113,394
Motor Vehicles		214,019	126,069
Plant, Furniture & Equipment		751,081	871,070
Work in Progress		<u>1,879,400</u>	<u>803,162</u>
<b>Total Non Current Assets</b>		120,892,013	114,802,757
		<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>		<u><u>\$125,858,256</u></u>	<u><u>\$119,281,370</u></u>
<b>CURRENT LIABILITIES</b>			
	8		
Bank Overdraft		3,393,491	3,315,724
Provision for Dividend			0
Provision for Taxation		439,198	502,122
Creditors		<u>2,637,551</u>	<u>2,063,055</u>
<b>Total Current Liabilities</b>		6,470,240	5,880,901
<b>NON CURRENT LIABILITIES</b>			
	4		
Deferred Taxation		13,391,937	11,740,217
Bank Loan		<u>18,700,000</u>	<u>16,600,000</u>
<b>Total Non Current Liabilities</b>		32,091,937	28,340,217
<b>SHAREHOLDERS' FUNDS</b>			
	6		
Deferred Shares		28,750,000	28,750,000
Rebate Shares		1,250,000	1,250,000
Non Allocated Shares		(50,700)	(67,900)
Reserves		47,479,654	47,479,654
Retained Earnings		<u>9,867,125</u>	<u>7,648,498</u>
<b>Total Shareholders Funds</b>		87,296,079	85,060,252
		<u>                    </u>	<u>                    </u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>\$125,858,256</u></u>	<u><u>\$119,281,370</u></u>

For and on behalf of the Board

Date: 18 Oct 06 . DIRECTOR *Edwin Glass* . DIRECTOR *Harvendale*

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Receipts from Customers		23,127,693	19,958,287
Interest		<u>24,366</u>	<u>4,226</u>
		23,152,059	19,962,513
<b>Cash was Disbursed for:</b>			
Payment to Suppliers & Employees		(12,830,364)	(12,390,016)
Interest Paid		(1,265,115)	(969,706)
Net G S T Movement		38,972	(37,649)
Taxation Expenses		<u>(992,122)</u>	<u>(985,139)</u>
		(15,048,629)	(14,382,510)
<b>Net Cash Flows from Operating Activities</b>	<b>15</b>	<b>8,103,430</b>	<b>5,580,003</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Sale of Investment		300,000	0
Sale of Fixed Assets		<u>23,768</u>	<u>365,759</u>
		323,768	365,759
<b>Cash was Applied to:</b>			
Distribution System Improvements		(10,174,762)	(8,037,093)
Other Fixed Asset Additions		<u>(447,403)</u>	<u>(645,411)</u>
		(10,622,165)	(8,682,504)
<b>Net Cash Flows Used in Investing Activities</b>		<b>(10,298,397)</b>	<b>(8,316,745)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Contribution from Owners		17,200	9,100
Loan Received		<u>2,100,000</u>	<u>2,350,000</u>
		2,117,200	2,359,100
<b>Cash was Applied to:</b>			
Industry & Loan Repayments		0	0
Dividend		<u>0</u>	<u>(1,173,000)</u>
		0	(1,173,000)
<b>Net Cash Flows From Financing Activities</b>		<b>2,117,200</b>	<b>1,186,100</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(77,767)</b>	<b>(1,550,642)</b>
Opening Cash Brought Forward		<u>(\$3,315,724)</u>	<u>(\$1,765,082)</u>
Ending Cash Carried Forward		<u><u>(\$3,393,491)</u></u>	<u><u>(\$3,315,724)</u></u>
<b>REPRESENTED BY:</b>			
Bank Account		<u><u>\$ (3,393,491)</u></u>	<u><u>(\$3,315,724)</u></u>

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2006**

**1 STATEMENT OF ACCOUNTING POLICIES**

**Statutory Base**

Electricity Ashburton Limited is a Co-operative company registered under the Co-operative Companies Act 1996.

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity Information Disclosure Requirements 2004 from the financial statements of Electricity Ashburton Limited as at 31 March 2006

**Measurement Base**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a modified historic cost basis have been followed.

**Accounting Policies**

**a) Revenue**

Line revenue is recognised as actual amounts invoiced during the period.  
Capital contributions are recognised as revenue in the year of receipt.

**b) Transmission Charges**

Transmission charges are recognised as a direct cost to the line business activity.

**c) Depreciation**

Depreciation has been provided on all tangible fixed assets other than freehold land on the following basis and at the following rates which amortise the cost of the asset over their economic lives.

Fixed Assets:

Distribution Network	1.4 % to 6.7% straight line
Buildings	
- concrete	1 % straight line
- brick	2 % straight line
- wooden	2.5% straight line
Motor Vehicles	14.4% to 31.2 % diminishing value
Plant & Equipment	7.5% to 60% diminishing value

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

**d) Income Taxation**

The income taxation expense charged against the operating surplus for the year is the estimated liability in respect of that operating surplus and is calculated after allowance for permanent differences.

Deferred Taxation is calculated on the comprehensive basis using the liability method (see Note 4). Future tax benefits attributable to tax losses or timing differences are only realised when there is virtual certainty of realisation.

**e) Valuation of Assets**

Land is stated at cost, all other fixed assets (except distribution assets) are stated at cost less accumulated depreciation.

All distribution system assets were revalued on an Optimised Deprival Value (ODV) basis by PricewaterhouseCoopers as at 31 March 2004. All additions to the distribution network are recorded at cost. Distribution system assets will be revalued at least once every three years.

**f) Accounts Receivable**

Receivables are shown at net realisable value. All known bad debts have been written off during the year.

**g) Inventories**

Inventories are valued at the lower of cost, determined on a weighted average cost basis, and net realisable value.

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

These financial statements have been prepared exclusive of GST with the exception of accounts receivable and accounts payable, which are shown inclusive of GST.

**i) Allocation Methodologies**

Allocations of costs, revenues, assets and liabilities have been allocated in accordance with the Electricity Information Disclosure Requirements 2004.

**Changes in Accounting Policies**

There have been no material changes in accounting policies. All accounting policies have been applied on bases consistent with those used in the previous year.

<b>2 REVENUE</b>	<b>2006</b>	<b>2005</b>
	\$	\$
a) Revenue from line / access charges;	0	0
i) Revenue invoiced to customers by electricity retailer	20,942,004	19,071,738
ii) Revenue invoiced to customers by line owner	0	0
b) Revenue for services carried out by the line business	0	0
c) Income from interest on cash, bank balance and short term investments	24,366	4,226
d) AC loss – rental rebates	1,085,155	470,939
e) Other Revenue not listed in (a to d)	<u>1,328,416</u>	<u>1,075,676</u>
f) Total Operating Revenue	23,379,941	20,622,579
<b>3 OPERATING EXPENDITURE</b>		
a) Transmission Charges	5,919,780	5,639,487
b) Transfer Payments to "Other" Business		
i) Asset Maintenance	1,270,005	797,538
ii) Consumer Disconnection and Reconnection Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	46,745	38,433
v) Royalty and Patent expense	0	0
vi) Avoided transmission charges for own generation	0	0
vii) Other Goods and Services not listed in (i to vi)	<u>0</u>	<u>0</u>
Total transfer payment to the "Other" Business	1,316,750	835,971
c) Expense to entities that are not related parties for -		
i) Asset Maintenance	875	76,845
ii) Consumer Disconnection and Reconnections Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	0	5,362
v) Royalty and Patent expense	<u>0</u>	<u>0</u>
Total of specified expenses to non-related parties	875	82,207

	2006	2005
	\$	\$
d) Employee Salaries and Redundancies	1,830,921	1,628,604
e) Consumer billing and information system expense	94,585	76,845
f) Depreciation on-		
i) System fixed assets	3,764,872	3,754,700
ii) Other system assets not listed in (i)	452,939	436,524
Total Depreciation	4,217,811	4,191,224
g) Amortised of-		
i) Goodwill	0	0
ii) Other Tangibles	0	0
iii) Total amortisation of Intangibles	0	0
h) Corporate and Administration	404,792	350,437
i) Human Resource expenses	20,600	19,003
j) Marketing and advertising	58,263	34,077
k) Merger and acquisition expenses	0	0
l) Takeover defence expense	0	0
m) Research and development expenses	0	0
n) Consultancy and legal expenses	49,163	77,571
o) Donations	0	0
p) Directors fees	99,000	93,988
q) Auditors fees-		
i) Audit fees paid to principal auditors	21,908	19,113
ii) Audit fees paid to other auditors:	14,723	24,247
iii) Fees paid for other services provided by principal and other auditors	0	0
iv) Total auditors fees	36,631	43,360
r) Cost of offering credit-		
i) Bad debts written off	0	0
ii) Increase in estimated doubtful debts	0	0
iii) Total cost of offering credit	0	0
s) Local Authority rate expense	142,294	149,301
t) AC loss - rental rebates (distribution to retailers) expense	0	0
u) Rebates to customers due to ownership interest	2,975,612	2,811,832
v) Subvention payments	0	0
w) Unusual expenses	0	0
x) Other expenditure not listed in (a to w)	260,535	249,937
Total Operating Expenditure	17,427,612	16,283,844
<b>Operating surplus before interest and income tax</b>	<b>5,952,329</b>	<b>4,338,735</b>
<b>Interest Expense</b>		
a) Interest expense on borrowings	1,152,784	1,000,244
b) Financing charges related to finance lease	0	0
c) Other interest expense not listed in (a to b)	0	42,920
d) Total interest expense	0	0
	1,152,784	1,043,164
<b>Operating surplus before income tax</b>	<b>4,799,545</b>	<b>3,295,571</b>
Income Tax	2,580,918	2,042,512
<b>Net Surplus after tax</b>	<b>\$2,218,627</b>	<b>\$1,253,059</b>



	2006	2005
	\$	\$
<b>4 TAXATION</b>		
Net Surplus before Taxation	<u>4,799,545</u>	<u>3,295,571</u>
Prima facie taxation at 33%	1,583,850	1,087,538
Plus Tax effect on permanent differences	<u>997,068</u>	<u>954,974</u>
Total Taxation Expense	<u><u>2,580,918</u></u>	<u><u>2,042,512</u></u>
The Taxation charge comprises:		
Current Taxation	929,198	502,122
Deferred Taxation	<u>1,641,720</u>	<u>1,540,390</u>
	<u><u>2,580,918</u></u>	<u><u>2,042,512</u></u>
Deferred Taxation Liability:		
Opening Balance	11,740,217	10,199,827
Current Year Movement	1,689,017	1,540,390
Prior Year Adjustment	<u>0</u>	<u>0</u>
	<u><u>13,391,937</u></u>	<u><u>11,740,217</u></u>

#### 5 CUSTOMER DEFERRED DISCOUNT AND DIVIDEND

Calculations for deferred discounts paid to each customer were based on their individual customer line charges for the 12 months ended 28 February 2006

There has been no dividend declared during the year.

#### 6 EQUITY

a) Shareholders' equity-		
i) Share capital	29,949,300	29,932,100
ii) Retained earnings	9,867,125	7,648,498
iii) Reserves	<u>47,479,654</u>	<u>47,479,654</u>
iv) Total shareholders' equity	87,296,079	85,060,252
b) Minority interests in subsidiaries	<u>0</u>	<u>0</u>
c) Total equity	87,296,079	85,060,252
d) Capital notes	<u>0</u>	<u>0</u>
e) Total capital funds	87,296,079	85,060,252

There are 28,750,000 deferred shares held by the Ashburton District Council and these have the following conditions attached to them:

- i) There is no right to distributions, dividends or rebates
- ii) There is a right to vote if the rights attached to the deferred shares are to be altered or there is a proposal which would change the control of the Company or the rights of the Council are not carried forward on amalgamation
- iii) The shares are not transferable except to another local authority or if 25% of the voting shares are controlled by one person.
- iv) The right to an equal distribution with the holders of the rebate shares on a winding up of the Company

The Share capital of \$29,949,300 is the total shareholding in Electricity Ashburton Ltd.

	2006	2005
	\$	\$
<b>7 CURRENT ASSETS</b>		
a) Cash and bank balances	0	0
b) Short term investments	0	0
c) Inventories	2,413,109	2,191,238
d) Accounts receivable	2,553,134	2,287,375
e) Other current assets not listed in (a to f)	<u>0</u>	<u>0</u>
f) Total Current Assets	4,966,243	4,478,613
<b>8 CURRENT LIABILITIES</b>		
a) Bank overdraft	3,393,491	3,315,724
b) Short term borrowings	0	0
c) Payables and accruals	2,637,551	2,063,055
d) Provision for dividend payable	0	0
e) Provision for income tax	439,198	502,122
f) Other current liabilities not listed in (a to e)	<u>0</u>	<u>0</u>
g) Total Current Liabilities	6,470,240	5,880,901
<b>NON CURRENT LIABILITIES</b>		
a) Payroll and accruals	0	0
b) Borrowings	18,700,000	16,600,000
c) Deferred tax	13,391,937	11,740,217
d) Other non current liabilities not listed in (a to c)	<u>0</u>	<u>0</u>
e) Total Non Current Liabilities	32,091,937	28,340,217
<b>9 FIXED ASSETS</b>		
a) System fixed assets	115,932,633	110,589,062
b) Consumer billing and information system assets	0	64,714
c) Motor Vehicles	214,019	126,087
d) Office Equipment	751,081	806,338
e) Land & Buildings	2,114,880	2,113,394
f) Capital works under construction:	<u>1,879,400</u>	<u>803,162</u>
g) Total Fixed Assets	120,892,013	114,502,757
h) Other tangible assets not listed above.	<u>0</u>	<u>300,000</u>
Total Tangible Assets	125,828,256	119,281,370

	2006 \$	2005 \$
<b>Intangible Assets</b>		
a) Goodwill	0	0
b) Other intangible assets not listed in (a)	<u>0</u>	<u>0</u>
c) Total Intangible Assets	0	0
 <b>FIXED ASSETS DEPRECIATION</b>		
Distribution System	123,452,205	114,343,762
Accumulated Depreciation	<u>7,519,572</u>	<u>3,754,700</u>
	115,932,633	110,589,062
 Land & Buildings	 2,775,612	 2,725,587
Accumulated Depreciation	<u>660,732</u>	<u>612,193</u>
	2,114,880	2,113,394
 Motor Vehicles	 793,824	 662,643
Accumulated Depreciation	<u>579,805</u>	<u>536,556</u>
	214,019	126,087
 Plant, Furniture & Equipment	 4,420,112	 4,180,932
Accumulated Depreciation	<u>3,669,031</u>	<u>3,309,880</u>
	751,081	871,052
 Work in Progress	 1,879,400	 803,162
	<u>120,892,013</u>	<u>114,502,757</u>
<b>Total Non Current Assets</b>	<b>120,892,013</b>	<b>114,502,757</b>

Distribution assets were revalued by PricewaterhouseCoopers as at 31 March 2004

The directors believe that rating valuation is a fair representation of the fair value of the company's land and buildings. The rating valuation of land and buildings at 1 July 2004 is \$2,367,750.

## 10 FINANCIAL INSTRUMENTS

Electricity Ashburton Limited estimates that in respect of the reported Financial Instruments being cash, bank deposits, account receivables, investments and industry loan reported in the financial statement:-

- a) Fair value is equivalent to carrying an amount as stated in the statement of financial position.
- b) Concentration of credit risk is minimised in respect of:-
  - i) Receivables, the company has exposure of credit risk by having six line customers. Credit risk with each of these customers is managed by a use of system agreement. The company performs credit evaluations where considered necessary.
  - ii) Bank deposits, by a specific policy of spreading investments between registered trading banks, Canterbury Building Society and the Loan and Building Society.
  - iii) Cash, by being held in minimal quantities.

The Company has a \$10 million multi option credit line facility and a \$500,000 overdraft facility with Westpac, which are secured by a negative pledge over assets. During the year the company uplifted loans to the value of \$2.1 million from BNZ. Interest rates for existing loans are between 6.4% and 7.95% and expire on 23 March 2010. These loans are secured by a negative pledge over assets

## 11 COMMITMENTS

Estimated capital expenditure contracted for at balance date is \$444,672 (2005: \$1,344,169)

**12 CONTINGENT LIABILITIES**

As at 31 March 2006 there were no material contingent liabilities (2005 Nil)

**13 SEGMENT INFORMATION**

The predominant activity of Electricity Ashburton Limited is the distribution of electricity. All operations are conducted in New Zealand.

**14 RELATED PARTIES**

Electricity Ashburton Limited has a contracting division that provides services to the Lines Business. The services provided are for the maintenance of the network and capital construction of System Assets. The services are provided in an ongoing capacity. The standard charge for these services are:

Labour	\$37.00 per hour
External Purchase	Charged at cost
Transport (light truck)	\$14.22 per hour
Transport (heavy truck)	\$21 to \$42 per hour

The contracting division of Electricity Ashburton Limited has provided the following services at cost, including overheads, for the period 1 April 2005 to 31 March 2006

	2006	2005
	\$	\$
Construction of distribution lines & cables	3,790,386	3,920,506
Construction of medium voltage switchgear	0	0
Construction of distribution transformers	2,450,853	1,349,963
Construction of distribution substations	2,710,523	2,233,605
Construction of low voltage lines and cables	117,228	129,016
Construction of other system fixed assets	0	0
Maintenance of assets	1,316,750	797,538
Consumer connections and reconnections	0	0
Other services	0	24,504

No amounts have been forgiven or written off, and no amounts remain outstanding at the end of the period.

**15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2006	2005
	\$	\$
Reported Net Profit After Tax	2,218,627	1,253,059
Add Non Cash items:		
Movement in Deferred Taxation	1,651,720	1,540,390
Capital Gain on Assets	0	(341,523)
Loss on Sale of Assets	1,371	0
Depreciation Recovered	(10,041)	0
Depreciation	4,217,811	4,191,224
	<u>8,079,488</u>	<u>6,643,150</u>
Add (less) Movements in Working Capital Items:		
Decrease (Increase) in Receivables	(265,759)	(307,247)
Decrease (Increase) in Inventories	(221,871)	(382,723)
(Decrease) Increase in Accounts Payable	574,496	109,840
(Decrease) Increase in Tax Payable	(62,924)	(483,017)
	<u>23,942</u>	<u>(1,063,147)</u>
Net Cash Flows from Operating Activities	<u><u>8,103,430</u></u>	<u><u>5,580,003</u></u>

	<b>2006</b>	<b>2005</b>
	\$	\$
<b>16 ANNUAL ODV VALUATION RECONCILIATION</b>		
System fixed assets at ODV – end of previous financial year	110,846,473	106,569,140
<i>Add</i> system fixed assets acquired during the year at ODV	8,853,625	8,061,230
<i>Less</i> system fixed assets disposed of during the year at ODV	(2,593)	(29,197)
<i>Less</i> depreciation on system fixed assets at ODV	(3,764,872)	(3,754,700)
<i>Add</i> revaluations of system fixed assets	<u>0</u>	<u>0</u>
System fixed assets at ODV – end of financial year	115,932,633	110,846,473

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	5,952,329				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	5,952,329				
Interest on cash, bank balances, and short-term investments (ISTI)	-24,366				
OSBIT minus ISTI	5,927,963	a	5,927,963		5,927,963
Net surplus after tax from financial statements	2,218,627				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,218,627	n		2,218,627	
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	add 0
Subvention payment	0	s	add 0	add 0	add 0
Depreciation of SFA at BV (x)	3,764,872				
Depreciation of SFA at ODV (y)	3,764,872				
ODV depreciation adjustment	0	d	add 0	add 0	add 0
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	372,378	q			deduct 372,378
Revaluations	0	r			add 0
Income tax	2,580,918	p			deduct 2,580,918
<b>Numerator</b>			OSBIT <sup>ADJ</sup> = a + g + s + d	NSAT <sup>ADJ</sup> = n + g + s - s*t + d	OSBIT <sup>ADJ</sup> = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA <sub>0</sub> )	114,502,757				
Fixed assets at end of current financial year (FA <sub>1</sub> )	120,892,013				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	2,415,558				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	2,328,692				
Average total funds employed (ATFE)	120,069,510	c	120,069,510		120,069,510
Total equity at end of previous financial year (TE <sub>0</sub> )	85,060,252				
Total equity at end of current financial year (TE <sub>1</sub> )	87,296,079				
Average total equity	86,178,166 (or regulation 33 time-weighted average)	k		86,178,166	
WUC at end of previous financial year (WUC <sub>0</sub> )	803,162				
WUC at end of current financial year (WUC <sub>1</sub> )	1,879,400				
Average total works under construction	1,341,281 (or regulation 33 time-weighted average)	e	deduct 1,341,281	deduct 1,341,281	deduct 1,341,281
Revaluations	0	r			
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>bv0</sub> )	110,589,062				
System fixed assets at end of current financial year at book value (SFA <sub>bv1</sub> )	115,932,633				
Average value of system fixed assets at book value	113,260,848 (or regulation 33 time-weighted average)	f	deduct 113,260,848	deduct 113,260,848	deduct 113,260,848
System Fixed assets at year beginning at ODV value (SFA <sub>odv0</sub> )	110,846,473				
System Fixed assets at end of current financial year at ODV value(SFA <sub>odv1</sub> )	116,190,044				
Average value of system fixed assets at ODV value	113,518,259 (or regulation 33 time-weighted average)	h	add 113,518,259	add 113,518,259	add 113,518,259
<b>Denominator</b>			ATFE <sup>ADJ</sup> = c - e - f + h	Ave TE <sup>ADJ</sup> = k - e - m + v - f + h	ATFE <sup>ADJ</sup> = c - e - 1/2r - f + h
<b>Financial Performance Measure:</b>			5.0	2.6	2.5
			ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100	ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100	ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100

= maximum statutory income tax rate applying to corporate entities    bv = book value    ave = average    odv = optimised deprival valuation    subscript '0' = end of the previous financial year  
subscript '1' = end of the current financial year    ROF = return on funds    ROE = return on equity    ROI = return on investment

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
PERFORMANCE MEASURES  
FOR THE YEAR ENDED 31 MARCH 2006**

**FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES**

	2006	2005	2004	2003
<b>1 Financial Performance Measures</b>				
(a) Return on funds	5.0%	3.8%	7.4%	2.8%
(b) Return on equity	2.6%	1.5%	5.3%	0.5%
(c) Return on investment	2.5%	1.7%	17.8%	1.0%
<b>2 Efficiency Performance Measures</b>				
(a) Direct line costs per kilometre	1144	930	934	1107
(b) Indirect line costs per electricity customer	59	58	51	48

**ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS**

**1 Energy Delivery Efficiency Performance Measures:**

(a) Load factor	56.12%	52.25%	58.17%	61.25%
(b) Loss ratio	7.80%	6.55%	7.46%	7.44%
(c) Capacity utilisation	30.29%	29.11%	30.59%	31.02%

**2 Statistics**

(a) Circuit Length (Total kms)

66 kV	179	179	179	127
33 kV	208	211	200	227
22 kV	615	547	444	374
11 kV	1,438	1,487	1,561	1,606
230/400 V	362	352	346	337
Total	2,802	2,776	2,730	2,671

(b) Circuit Length - Overhead (kms)

66 kV	178	178	178	126
33 kV	202	205	194	221
22 kV	609	541	440	371
11 kV	1,334	1,389	1,467	1,517
230/400 V	140	141	145	146
Total Overhead	2,463	2,454	2,424	2,381

	2006	2005	2004	2003
(c) Circuit Length - Underground (kms)				
66 kV	1	1	1	1
33 kV	6	6	6	6
22 kV	6	6	4	3
11 kV	104	98	94	89
230/400 V	222	211	201	191
Total Underground	339	322	306	290
(d) Transformer Capacity (kVA))	343,370	328,327	298,165	270,503
(e) Maximum Demand (kW)	104,021	95,580	91,206	83,918
(f) Total electricity entering system before losses (kWh)				
	511,395,742	437,494,579	466,050,900	450,270,045
(g) Total electricity supplied from system after losses (kWh)				
Retailer A	194,509,783	183,230,589	190,751,776	221,466,356
Retailer B	30,544,572	35,217,601	133,601,732	121,853,775
Retailer C	10,511,442	15,002,767	8,059,288	3,099,157
Retailer D	0	0	0	0
Retailer F	192,097,674	123,560,285	34,030,383	27,449,843
Retailer G	1,566,036	978,813	658,537	1,152,684
Exported from Network	42,253,112	50,852,875	64,173,212	41,770,000
Total	471,482,619	408,842,930	431,274,928	416,791,815
(h) Total Customers	15,795	15,311	15,049	14,789

## RELIABILITY PERFORMANCE MEASURES

### 1 Total number of interruptions

Class B - Planned by Line Owner	272	197	192	241
Class C - Unplanned by Line Owner	204	173	214	293
Class D - Unplanned by Transpower	0	0	0	2
Class G - Unplanned by Other Line Owners	0	0	0	0
Total	476	370	406	536

### 2 Interruption targets for (next year)

Class B - Planned by Line Owner	210
Class C - Unplanned by Line Owner	190

### 3 Average interruption targets (5 years)

Class B - Planned by Line Owner	210
Class C - Unplanned by Line Owner	190



	2006	2005	2004	2003
<b>4 Fault Restoration Times (Class C) interruptions not restored within:</b>				
3 Hours	18.63%	24.86%	17.29%	24.57%
24 Hours	0.00%	0.00%	0.00%	1.71%
<b>5 Number of faults per 100 km of prescribed voltage line</b>				
(a) Total number of faults				
66 kV	1.7	0.6	0.0	3.1
33 kV	1.0	2.8	3.5	1.3
22 kV	11.8	7.7	18.0	16.3
11 kV	8.4	7.3	8.1	14.0
Total	8.1	6.5	7.8	11.0
(b) Target for (next year)				
66 kV	1			
33 kV	3			
22 kV	8			
11 kV	10			
Total	6			
(c) Average Target (5 years)				
66 kV	1			
33 kV	3			
22 kV	8			
11kV	10			
Total	6			
<b>6 The total number of faults per 100km of prescribed voltage underground line</b>				
66 KV	0	0	0	0
33 kV	0	0	0	0
22 kV	0	0	0	0
11kV	1.9	1.0	3.2	2.2
Total	1.7	0.9	1.0	0.7
<b>7 The total number of faults per 100km of prescribed voltage overhead line</b>				
66 kV	1.7	0.6	0	3.2
33 kV	1.0	2.9	3.6	1.4
22 kV	11.8	8.5	18.2	16.4
11 kV	8.4	9.0	8.5	14.7
Total	8.1	7.7	8.7	12.2
<b>8 SAIDI for the total number of interruptions</b>				
	150.20	132.69	198.63	318.86
<b>9 SAIDI targets (next year)</b>				
Class B - Planned by Line Owner	93			
Class C - Unplanned by Line Owner	57			

	2006	2005	2004	2003
<b>10 Average SAIDI targets (5 years)</b>				
Class B - Planned by Line Owner	93			
Class C - Unplanned by Line Owner	57			
<b>11 SAIDI - Classification of interruptions</b>				
Class B - Planned by Line Owner	62.30	78.88	88.61	103.80
Class C - Unplanned by Line Owner	87.90	53.81	110.02	201.37
Class D - Unplanned by Transpower	0	0	0	13.69
Class G - Unplanned by Other Line Owner	0	0.01	0	0
<b>12 SAIFI for the total number of interruptions</b>	1.31	1.17	1.47	2.40
<b>13 SAIFI targets (next year)</b>				
Class B - Planned by Line Owner	0.26			
Class C - Unplanned by Line Owner	0.94			
<b>14 Average SAIFI targets (5 years)</b>				
Class B - Planned by Line Owner	0.26			
Class C - Unplanned by Line Owner	0.94			
<b>15 SAIFI - Classification of interruptions</b>				
Class B - Planned by Line Owner	0.22	0.25	0.30	0.38
Class C - Unplanned by Line Owner	1.09	0.92	1.17	1.51
Class D - Unplanned by Transpower	0	0	0	0.52
Class G - Unplanned by Other Line Owner	0	0	0	0
<b>16 CAIDI for the total number of interruptions</b>	114	113	135	133
<b>17 CAIDI targets for (next year)</b>				
Class B - Planned by Line Owner	358			
Class C - Unplanned by Line Owner	61			
<b>18 Average CAIDI target (5 years)</b>				
Class B - Planned by Line Owner	358			
Class C - Unplanned by Line Owner	61			
<b>19 CAIDI - Classification of Interruptions</b>				
Class B - Planned by Line Owner	278	313	295	275
Class C - Unplanned by Line Owner	81	59	94	134
Class D - Unplanned by Transpower	0	0	0	27
Class G - Unplanned by Other Line Owner	0	10	0	0



Chartered Accountants  
& Business Advisers

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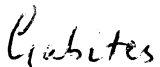
### AUDITOR'S OPINION OF PERFORMANCE MEASURES

We have examined the attached information, being –

- (a) a derivation table; and
- (b) an annual ODV reconciliation report; and
- (c) time-weighted averages calculations (if they apply); and
- (d) financial performance measures; and
- (e) financial components of the efficiency performance measures

that were prepared by Electricity Ashburton Limited and dated 18<sup>th</sup> October 2006 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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



**GABITES  
CHARTERED ACCOUNTANTS  
ASHBURTON**

18<sup>th</sup> October 2006



Chartered Accountants  
& Business Advisers

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### AUDITORS REPORT

To the readers of the Financial Statements of Electricity Ashburton Limited.

We have audited the accompanying financial statements of Electricity Ashburton Limited on pages two to twelve. The financial statements provide information about the past financial performance of Electricity Ashburton Limited and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages five and six.

#### **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 Electricity Ashburton Limited as at 31 March 2006, and the results of operations and cash flows for the year ended 31 March 2006.

#### **Auditor's Responsibilities**

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

#### **Basis of Opinion**

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

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

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

Our firm and the partners and employees of our firm, deal with the company on normal terms within the ordinary course of the business of the company. As part of these trading activities our firm and the partners and the employees are obliged to hold shares in the company. Our firm and the partners and employees have no other interests in the company.

#### **Unqualified Opinion**

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

In our opinion:-

- proper accounting records have been maintained by Electricity Ashburton Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Ashburton Limited on pages two to twelve:-
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of the Company as at 31 March 2006 and the results of its operations and cash flows for the year then ended; and
  - (c) comply with the Electricity Information Disclosure Requirements 2004

Our audit was completed on 18<sup>th</sup> October 2006 and our opinion is expressed as at that date.



**GABITES  
CHARTERED ACCOUNTANTS  
ASHBURTON**