



New Zealand Gazette

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AURORA ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

Information Disclosure by Aurora Energy Ltd
for the year ended 31 March 2006

Pursuant to the
ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

- A Statutory Declaration in Respect of Statements and Information Supplied to the Commerce Commission (Requirement 36)
- B Disclosure of Information Required in Financial Statements (Requirement 6 Schedule 1 Part 2)
- C Directors' Certification of Financial Statements, Performance Measures, and Statistics Disclosed (Requirement 31 (1))
- D Certification by Auditor in Relation to Financial Statements (Requirement 30)
- E Performance Measures:
Financial and Efficiency Performance Measures (Requirement 14)
Energy Delivery Efficiency Performance Measures (Requirement 20)
Reliability Performance Measures (Requirement 21)
- F Derivation Table (Requirement 15)
- G Annual Valuation Reconciliation Report (Requirement 16)
- H Certification of Performance Measures by Auditor (Requirement 30(3))
- I Certification of Valuation Report of Line Owner (Requirement 31(5))

Information Disclosure Disclaimer

Information disclosed in this document has been prepared solely for the purposes of the Electricity Information Disclosure Requirements 2004.

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

The information should not be used for any other purpose than that intended under the Requirements.

The information disclosed is for the lines business as described in the Requirements. There are other activities of the Company that are not required to be reported under the Requirements.

A STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO COMMERCE COMMISSION (REQUIREMENT 36)

I, Raymond Stuart Polson of 80 Browns Road, St Albans, Christchurch, being a director of Aurora Energy Ltd, 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 Aurora Energy Ltd under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

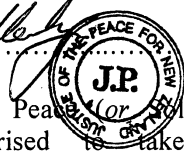
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

[Handwritten signature]
.....

Declared at Dunedin this *21* day of *NOVEMBER* 2006

Timothy John Hillerby
Electrical Worker
Dunedin.

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



**B DISCLOSURE OF INFORMATION REQUIRED IN FINANCIAL STATEMENTS
(REQUIREMENT 6 SCHEDULE 1 PART 2)**

	note*	2006 \$000	2005 \$000
STATEMENT OF FINANCIAL POSITION			
1 Current Assets			
(a) Cash and Bank Balances		15	80
(b) Short Term Investments		-	-
(c) Inventories		-	-
(d) Accounts Receivable		5,009	4,692
(e) Other Current Assets Not Listed in (a) to (d):		2,435	2,053
(f) Total Current Assets		7,459	6,825
2 Fixed Assets			
	3		
(a) System fixed assets		287,352	238,409
(b) Customer billing and information system assets		-	-
(c) Motor vehicles		21	6
(d) Office equipment		4	4
(e) Land and buildings		12,248	12,347
(f) Capital works under construction		10,209	6,437
(g) Other fixed assets not listed in (a) to (f)		-	-
(h) Total fixed assets		309,834	257,203
3 Other Tangible Assets Not Listed Above		-	-
4 Total Tangible Assets		317,293	264,028
5 Total Intangible Assets			
(a) Goodwill		-	-
(b) Other intangible assets not listed in (a)		-	-
(c) Total intangible		-	-
6 Total Assets		317,293	264,028
7 Current Liabilities			
(a) Bank overdraft		-	-
(b) Short term borrowings		-	-
(c) Accounts payables and accruals		8,334	6,940
(d) Dividend provision		-	-
(e) Provision for income tax		-	-
(f) Other current liabilities not listed in (a) to (e)		-	-
(g) Total current liabilities		8,334	6,940

* The accompanying notes form an integral part of these financial statements.

	note*	2006 \$000	2005 \$000
8 Non-Current Liabilities			
(a) Payables and accruals		-	-
(b) Long-term debt	5	107,600	103,800
(c) Deferred taxation	4	30,954	36,349
(d) Other funding not listed in (a) or (b)		-	-
(e) Total non-current liabilities		138,554	140,149
9 Equity			
(a) Shareholder's equity:	2		
(i) Share capital		9,750	9,750
(ii) Retained earnings		2,763	(3,818)
(iii) Reserves		157,892	111,007
(iv) Total shareholder's equity		170,405	116,939
(b) Minority interests in subsidiaries		-	-
(c) Total equity		170,405	116,939
(d) Capital notes		-	-
(e) Total capital funds		170,405	116,939
10 Total Equity and Liabilities (7(g) + 8(e) + 9(e))		317,293	264,028

STATEMENT OF FINANCIAL PERFORMANCE

11 Operating Revenue

(a) Revenue from line/access charges	57,714	55,620
(b) Revenue from "other" business (transfer payment)	-	-
(c) Interest on short-term investments, cash and bank balances	-	-
(d) AC loss-rental rebates	2,464	1,124
(e) Other revenue not listed in (a) to (d)	8,938	8,078
(f) Total operating revenue	69,116	64,822

12 Operating Expenditure

(a) Transmission charges	16,238	16,023
(b) Transfer payments to "other" business:		
(i) asset maintenance	7,614	7,636
(ii) consumer disconnections and reconnections	-	-
(iii) meter data	-	-
(iv) consumer-based load control	-	-
(v) royalty and patent expenses	-	-
(vi) avoided transmission charges for own generation	-	-
(vii) other goods and services	3,686	3,500
(viii) total transfer payment to other business	11,300	11,136

* The accompanying notes form an integral part of these financial statements.

	note*	2006 \$000	2005 \$000
(c) Payments to non-related entities for:			
(i) asset maintenance		-	-
(ii) consumer disconnections and reconnections		-	-
(iii) meter data		-	-
(iv) consumer-based load control		-	-
(v) royalty and patent expenses		-	-
(vi) total of specified expenses to non-related parties		-	-
(d) Employee salaries, wages and redundancies		-	-
(e) Consumer billing and information system expense		-	-
(f) Depreciation on:			
(i) system fixed assets		9,619	9,642
(ii) other assets not listed in (i)		1	1
(iii) total depreciation expense		9,620	9,643
(g) Amortisation of:			
(i) goodwill		-	-
(ii) other intangibles		-	-
(iii) total amortisation of intangibles		-	-
(h) Corporate and administration		1,134	1,257
(i) Human resource expenses		-	-
(j) Marketing and advertising		30	43
(k) Merger and acquisition expenses		-	-
(l) Take-over defence expenses		-	-
(m) Research and development expenses		-	-
(n) Consultancy and legal expenses		142	114
(o) Donations		-	-
(p) Directors' fees		112	89
(q) Auditor's fees:			
(i) audit fees to principal auditor		38	27
(ii) audit fees to other auditors		14	38
(iii) fees paid for other services provided by principal and other auditors		-	-
(iv) total auditor's fees		52	65
(r) Cost of offering credit:			
(i) bad debts written off		-	-
(ii) increase in estimated doubtful debts		-	-
(iii) total cost of offering credit		-	-
(s) Local Authority rates expense		427	236
(t) AC loss rental rebates paid to retailers		2,464	1,124
(u) Rebates to consumers due to ownership interest		-	-
(v) Subvention payments		1,430	1,172
(w) Unusual expenses		-	-
(x) Other expenditure not listed in (a) to (w)		-	-
13 Total Operating Expenditure (sum (12(a) to 12(x))		42,949	40,902

* The accompanying notes form an integral part of these financial statements.

	note*	2006 \$000	2005 \$000
14 Operating Surplus Before Interest and Income Tax		26,167	23,920
15 Interest Expense:			
(a) Interest expense on borrowings		7,448	7,324
(b) Financing charges relating to finance leases		-	-
(c) Other interest expense not listed in (a) or (b)		-	-
(d) Total interest expense		<u>7,448</u>	<u>7,324</u>
16 Operating Surplus Before Income Tax		18,719	16,596
17 Income Tax	1	(2,575)	8,136
18 Net Surplus After Tax		21,294	8,460

STATEMENT OF MOVEMENTS IN EQUITY

Equity at beginning of year	116,939	115,785
Surplus and revaluations		
net profit after tax for period	21,294	8,460
revaluations	46,885	-
Total recognised revenues and expenses	<u>68,179</u>	<u>8,460</u>
Other movements		
dividend distributions	(14,713)	(7,306)
Capital transferred	-	-
	<u>(14,713)</u>	<u>(7,306)</u>
Equity at end of year	<u>170,405</u>	<u>116,939</u>

STATEMENT OF CASH FLOWS

Cashflows From Operating Activities

Cash was provided from:		
Receipts from customers	68,799	64,957
	<u>68,799</u>	<u>64,957</u>
Cash was disbursed to:		
Payments to suppliers and employees	33,682	31,227
Income tax paid	3,202	2,450
Interest paid	7,448	7,324
	<u>44,332</u>	<u>41,001</u>
Net cash inflows/(outflows) from operating activities	6	24,467
		23,956

* The accompanying notes form an integral part of these financial statements.

	2006	2005
	\$000	\$000
Cashflows From Investing Activities		
Cash was provided from:		
Sale of assets	-	50
Cash was disbursed to:		
Purchase of fixed assets	<u>13,619</u>	<u>12,295</u>
Net cash inflows/(outflows) from investing activities	<u>(13,619)</u>	<u>(12,245)</u>
Cashflows From Financing Activities		
Cash was provided from:		
Proceeds of borrowings	<u>3,800</u>	-
Proceeds from Capital transferred	-	-
	<u>3,800</u>	-
Cash was disbursed to:		
Repayment of term liabilities	-	4,400
Dividend distributions	<u>14,713</u>	<u>7,306</u>
	<u>14,713</u>	<u>11,706</u>
Net cash inflows/(outflows) from financing activities	<u>(10,913)</u>	<u>(11,706)</u>
Net increase/(decrease) in cash held	<u>(65)</u>	<u>5</u>
Cash at beginning of year	<u>80</u>	<u>75</u>
Cash at End of Year	15	80

STATEMENT OF ACCOUNTING POLICIES

SPECIAL PURPOSE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the requirements of the Electricity Information Disclosure Requirements 2004, and relate to:

- The Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services.

SPECIFIC ACCOUNTING POLICIES

In accordance with clause 6 of the Requirements, the methodology adopted to allocate costs, revenues, assets and liabilities among the businesses is in accordance with the Electricity Information Disclosure Handbook.

The particular accounting policies adopted in the preparation of these financial statements are:

(a) Revenue

Revenue shown in the Statement of Financial Performance for the Line Business relates to the provision of electricity distribution.

(b) Expenditure

Expenditure shown in the Statement of Financial Performance is derived as follows:

Line Business

- Transmission charges, employee remuneration, administration and operating expenses are directly attributable to the Line Business.
- Maintenance and operation is provided in accordance with a 10 year Asset Management Services Contract with *DELTA* Utility Services Ltd.
- Other costs are allocated in accordance with the avoidable cost allocation methodology.

(c) Dividends

Dividends have been calculated in accordance with the Company's dividend policy.

(d) Allocation of Assets and Liabilities

Assets and liabilities are those which are directly related to the Lines Business.

(e) Current Assets

Accounts receivable are those directly related to the Lines Business and are valued at expected realisable value less provision for doubtful debts.

(f) Fixed Assets

On 30 April 2005, Aurora Energy revalued its electricity distribution network assets, excluding land and buildings, to the fair market value determined by the chartered accounting firm of KPMG. In the opinion of the Directors and their professional advisors, this best represents the fair value of those assets.

The increment in value resulting from this is credited to the revaluation reserves of the Company after adjusting for depreciation previously claimed.

Electricity network distribution additions since 1 May 2005 are carried at cost less depreciation.

Electricity Distribution Land and Buildings

Land and buildings associated with the electricity distribution network were revalued on 1 July 2001 to the fair market valuation as determined by the chartered accounting firm of KPMG. These revalued assets are carried at their revalued amount less accumulated depreciation.

Additions to land and buildings associated with electricity distribution assets since 1 May 2001, are carried at cost less accumulated depreciation.

(g) Distinction Between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure on the creation of a new asset, and any expenditure which results in a significant improvement to the original function of an existing asset. Revenue expenditure is defined as expenditure which maintains an asset in working condition and expenditure incurred operating the Company.

(h) Depreciation

Fixed assets are depreciated on the basis of valuation or cost price less estimated residual value on a straight line basis over their estimated useful life. Rates used are:

Buildings	1 - 2.5%
Plant and equipment	2.5 - 15%
Network assets	1 - 15%
Furniture and fittings	10%
Computer equipment	20%
Motor vehicles	5 - 30%

(i) Taxation

Income tax expense is charged in the statement of financial performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or income tax losses are only recognised where there is virtual certainty of realisation.

(j) Goods and Services Tax

These accounts are prepared exclusive of GST except for accounts receivable and accounts payable which are GST inclusive.

(k) Financial Instruments

The Lines Business is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position. All revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(l) Changes in Accounting Policies

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

2006	2005
\$000	\$000

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Taxation

Net profit before tax	18,719	16,596
Permanent difference	826	8,059
	<u>19,545</u>	<u>24,655</u>
Tax at 33 cents in the dollar	6,450	8,136
Under/(over) tax provision prior years	(9,025)	-
	<u>(2,575)</u>	<u>8,136</u>
Income tax charge		
Income tax charge comprises:		
Current taxation	2,820	2,336
Deferred taxation	(5,395)	5,800
	<u>(2,575)</u>	<u>8,136</u>

Note 2 : Shareholders Funds

Issued capital		
Balance at beginning of year	9,750	9,750
Transferred During Year	-	-
	<u>9,750</u>	<u>9,750</u>
Balance at end of year		
Reserves		
Asset revaluation reserve		
Balance at beginning of year	111,007	111,460
Transferred to retained earnings on disposal of assets	-	(453)
Net revaluation	46,885	-
	<u>157,892</u>	<u>111,007</u>
Balance at end of year		
Retained Earnings		
Balance at beginning of year	(3,818)	(5,425)
Net surplus for year	21,294	8,460
Dividend distributions	(14,713)	(7,306)
Transfer from Asset Revaluation Reserve	-	453
	<u>2,763</u>	<u>(3,818)</u>
Total Shareholders Funds	<u>170,405</u>	<u>116,939</u>

Note 3 : Fixed Assets

2005 Book Value \$000	Line Business	AS AT 31 MARCH 2006		Book Value \$000
		Cost or Revaluation \$000	Accumulated Depreciation \$000	
236,925	Network	295,172	10,130	285,042
1,220	Plant	2,029	170	1,859
264	Load Control Equipment	512	61	451
<u>238,409</u>	Subtotal	<u>297,713</u>	<u>10,361</u>	<u>287,352</u>
9,606	Buildings	9,980	473	9,507
2,741	Land	2,741	-	2,741
6	Vehicles	22	1	21
<u>250,762</u>	Subtotal	<u>310,456</u>	<u>10,835</u>	<u>299,621</u>
4	Furniture	5	1	4
6,437	Capital Work in Progress	10,209	-	10,209
<u>257,203</u>		<u>320,670</u>	<u>10,836</u>	<u>309,834</u>

2006 2005
\$000 \$000

Capital work in progress comprises:

Distribution substations	1,092	721
Low voltage reticulation	3,185	2,278
Distribution lines and cables	2,348	1,798
Distribution transformers	2,533	1,403
Other	163	108
Zone substations	419	129
Transmission reticulation	469	-
	<u>10,209</u>	<u>6,437</u>

Note 4 : Deferred Tax Liability

Balance at beginning of year	36,349	30,549
Movement from income tax charge	(5,395)	5,800
Balance at end of year	<u>30,954</u>	<u>36,349</u>

Note 5 : Term Debt

Balance at beginning of year	103,800	108,200
Current year borrowing	3,800	-
Current year repayment	-	(4,400)
Balance at end of the year	<u>107,600</u>	<u>103,800</u>

The Line Business has a borrowing facility allowing it to draw funds up to \$110 million. At year-end \$107.6 million had been drawn on the facility. The weighted average interest rate on the advances at 31 March 2006 was 7.5%. The repayment period on the advances is between 2 and 10 years as follows:

1 - 2 years	-
2 - 5 years	-
5 years and greater	107,600
	<u>107,600</u>

2006	2005
\$000	\$000

Note 6 : Reconciliation of Net Surplus from Operating Activities

Net profit after tax	21,294	8,460
Items not involving cashflows depreciation	9,620	9,643
Impact of changes in working capital items		
(increase)/decrease in accounts receivable	(317)	135
(increase)/decrease in inventories	-	-
(increase)/decrease in tax refund	(382)	(114)
increase/(decrease) in taxation payable	-	-
increase/(decrease) in accounts payable	1,394	1,637
increase/(decrease) in term liabilities	-	-
gain on sale of assets	-	-
increase/(decrease) in deferred tax liability	(5,395)	5,800
capital creditors included in accounts payable	(1,747)	(1,605)
	<hr/>	<hr/>
Net cash inflows/(outflows) from operating activities	<u>24,467</u>	<u>23,956</u>

Note 7 : Commitments

As 31 March 2006, capital expenditure contracted for was \$4,282,918 (2005 : \$900,079).

Note 8 : Contingent Liabilities

There were no contingent liabilities as at 31 March 2006 (2005 : nil).

Note 9 : Financial Instruments

Financial instruments which potentially subject the Lines Business to credit risk principally consist of cash and accounts receivable.

Credit Risk

Contracts have been entered into with various counter-parties having such credit ratings and in accordance with dollar limits as set by the board of directors.

Collateral

The Lines Business does not generally require collateral or other security to support service contracts. While the Lines Business may be subject to credit losses up to the notional value of the services or goods supplied in the event of non-performance by counter-parties, it does not expect such losses to occur.

Concentration of Credit Risk

Financial instruments which potentially subject the Lines Business to concentrations of credit risk principally consist of cash and accounts receivable.

The Lines Business places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

The Lines Business has several large customers for which no collateral is required. These debtors are subject to normal on-going credit control procedures.

Note 10 : Disclosure of Information Relating to Transactions Between Persons in a Prescribed Business Relationship and Related Parties (Requirement 8)

	2006 \$000	2005 \$000
During the Year the Line Business:		
Purchased the following services from DELTA Utility Services Ltd:		
Asset maintenance	7,614	7,636
Network management, operation and other	3,686	3,500
Consumer reconnections and disconnections	-	
Total	11,300	11,136
Network capital work and development		
distribution substations	978	982
low voltage reticulation	2,490	3,100
distribution lines and cables	1,882	2,447
distribution transformers	1,704	1,910
zone substations	357	176
other plant and equipment	87	147
sub-transmission reticulation	223	-
Total	7,721	8,762

Network operation and maintenance is charged in accordance with a Fixed Term Contract. Capital work is subject to open tender, established market rates, or competitive pricing.

At balance date, \$6,826,500 was owed to DELTA Utility Services Ltd (2005 - \$5,492,945). Of this, \$1,601,524 was due and payable on 20 April, while \$5,224,976 relating to capital work-in-progress was payable at a later date.

Other Line Business Related Parties:

The Lines Business has a borrowing facility with Dunedin City Treasury Ltd. During the year it paid \$7.448 million interest (2005 - \$7.324 million) and as at 31 March 2006 \$107.6 million of loan monies were outstanding (2005 : \$103.8 million).

During the year, the Lines Business also undertook the following transactions with Dunedin City Holdings Ltd:

Purchase of subvention expense	\$ 1.43 million (2005 : \$1.17 million)
Dividends paid	\$14.71 million (2005 : \$7.31 million)

As at 31 March 2006, \$1.193 million of subvention was outstanding (2005 : \$0.825 million).

No related party transactions took place at a nominal or nil value. No related party debts have been written-off or forgiven during the period.

During the year, the Lines Business also undertook the following transactions with Dunedin City Council:

Rates paid	\$ 0.275 million
Under-grounding of street lights	\$ 0.008 million

C DIRECTORS' CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED (REQUIREMENT 31(1))

We, Raymond Stuart Polson and Ross Douglas Liddell, directors of Aurora Energy Ltd, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) the attached audited financial statements of Aurora Energy Ltd 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 Aurora Energy Ltd, 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.



Raymond Stuart Polson



Ross Douglas Liddell

21 November 2006

AUDIT NEW ZEALAND

REPORT OF THE AUDITOR-GENERAL**TO THE READERS OF THE FINANCIAL STATEMENTS OF
AURORA ENERGY LIMITED
FOR THE YEAR ENDED 31 MARCH 2006**

We have audited the financial statements of Aurora Energy Limited on pages 2 to 12. The financial statements provide information about the past financial performance of Aurora Energy Limited and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

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 Aurora Energy 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 Bede Kearney of Audit New Zealand 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 Aurora Energy Limited's circumstances, consistently applied and adequately disclosed.

We conducted our 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.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Aurora Energy Limited.

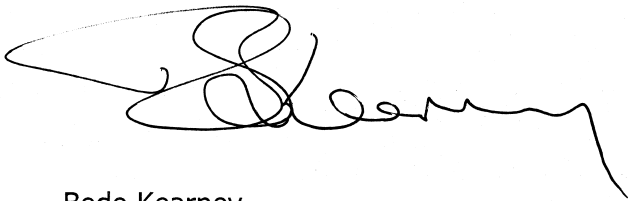
Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by Aurora Energy Limited as far as appears from our examination of those records; and
- the financial statements of Aurora Energy 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 Aurora Energy 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 21 November 2006 and our unqualified opinion is expressed as at that date.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

E PERFORMANCE MEASURES

	2006	2005	2004	2003
Disclosures of financial performance measures and efficiency performance measures under requirement 14 of the Electricity Information Disclosure Requirements 2004				
1 Financial performance measures				
(a) Return on funds	15.2%	13.5%	14.9%	15.5%
(b) Return on equity	38.7%	18.2%	28.9%	46.5%
(c) Return on investment	15.0%	8.1%	31.6%	9.3%
2 Efficiency performance measures				
(a) Direct line costs per kilometre	\$2,108	\$2,126	\$2,131	\$2,159
(b) Indirect line costs per electricity consumer	\$27.84	\$26.63	\$31.32	\$30.41

Disclosure of financial performance measures and efficiency performance measures under requirement 20 of the Electricity Information Disclosure Requirements 2004

1 Energy delivery efficiency performance measures				
(a) Load factor	57.2%	57.5%	58.7%	54.6%
(b) Loss ratio	5.8%	6.1%	6.3%	6.2%
	Note – the loss ratio is deduced from reports of energy injected by others and reports of retail sales by others. Aurora Energy is unable to audit these reports and has little confidence in their accuracy. Accordingly the ratio should be treated with great caution.			
(c) Capacity utilisation	33.6%	34.2%	32.5%	36.7%
2 Statistics				
(a) System length				
Circuit kilometres 66 kV	109	109	54	N/A
Circuit kilometres 33 kV	480	479	535	591
Circuit kilometres 11 kV	2,231	2,181	2,115	2,029
Circuit kilometres 6.6 kV	774	773	798	815
Circuit kilometres 400 V	1,654	1,603	1,523	1,436
Circuit kilometres 600 V DC	4	4	4	4
Total	5,252	5,149	5,029	4,875
(b) System length – overhead				
Circuit kilometres 66 kV	109	109	54	N/A
Circuit kilometres 33 kV	390	390	447	503
Circuit kilometres 11 kV	1,823	1,818	1,796	1,760
Circuit kilometres 6.6 kV	540	541	562	583
Circuit kilometres 400 V	1,062	1,063	1,035	998
Circuit kilometres 600 V DC	1	1	1	1
Total Overhead	3,925	3,922	3,895	3,845

	2006	2005	2004	2003
(c) System length – underground				
Circuit kilometres 66 kV	0.3	N/A	N/A	N/A
Circuit kilometres 33 kV	90	89	88	88
Circuit kilometres 11 kV	407	363	320	269
Circuit kilometres 6.6 kV	234	232	235	232
Circuit kilometres 400 V	593	540	487	439
Circuit kilometres 600 V DC	3	3	3	3
Total Underground	1,327	1,228	1,133	1,031
(d) Transformer capacity (kVA)	799,866	779,835	758,211	740,166
(e) Maximum demand (kW)	268,976	266,859	246,190	271,850
(f) Total electricity supplied before losses from the system (kWh)	1,347,469,425	1,344,545,511	1,269,877,041	1,300,088,384
(g) Electricity conveyed after losses for each party (kWh)				
Party 1	593,893,724	579,997,179	559,134,598	549,017,685
Party 2	363,120,171	386,155,577	372,571,922	404,561,670
Party 3	235,195,791	223,143,337	214,527,945	198,173,212
Party 4	26,362,592	33,675,391	15,450,111	6,669,136
Party 5	20,955,620	20,743,856	20,742,113	28,311,598
Party 6	26,253,429	16,588,984	4,623,330	29,942,765
Party 7	2,774,737	1,998,497	2,302,073	2,619,514
Party 8	708,772	321,934	36,594	-
Party 9	-	-	-	9,072
(h) Total consumers	76,400	75,117	73,972	72,794

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

1 Total number of interruptions				
Class A – planned by Transpower	0	0	0	0
Class B – planned by line owners	258	269	293	341
Class C – unplanned by line owners	492	445	453	464
Class D – unplanned by Transpower	1	0	1	3
Class E – unplanned by embedded generation	0	0	0	1
Class F – unplanned by generation on other networks	0	0	0	0
Class G – unplanned by other 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	0	0	0
2 No of interruption targets for next financial year				
Class B – planned by line owners	300	300	300	250
Class C – unplanned by line owners	480	450	450	430
3 Average no of interruption targets for next 5 years				
Class B – planned by line owners	280	280	280	230
Class C – unplanned by line owners	470	440	420	390
4 Proportion of Class C interruptions not restored within				
3 hours	13.20%	16.63%	16.56%	13.7%
24 hours	0.0%	0.0%	0.9%	0.2%

	2006	2005	2004	2003
5 (a) and (d) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
66 kV	5.5	1.8	1.8	N/A
33 kV	7.1	5.4	3.4	4.4
11 kV	14.0	12.4	12.6	12.2
6.6 kV	5.8	7.0	6.0	6.9
Total	11.1	10.0	9.5	9.6
5 (b) and (d) Target number of faults per 100 circuit kilometres for next financial year				
66 kV	3.0	3.0	2.0	N/A
33 kV	6.0	5.0	3.0	2.5
11 kV	12.5	12.5	12.5	12.0
6.6 kV	7.0	7.0	6.0	6.0
Total	10.6	10.0	9.4	8.9
5 (c) and (d) Average target number of faults per 100 circuit kilometres for next 5 years				
66 kV	3.0	3.0	2.0	
33 kV	6.0	5.0	3.0	2.5
11 kV	12.5	12.5	12.5	12.0
6.6 kV	7.0	7.0	6.0	6.0
Total	10.6	10.0	9.4	8.9
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
33 kV	0.0	3.4	3.4	1.1
11 kV	2.9	4.4	5.0	5.2
6.6 kV	0.4	5.6	2.5	1.7
Total	1.8	4.7	3.9	3.2
7 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
66 kV	5.5	1.8	1.8	N/A
33 kV	8.7	5.9	3.4	5.0
11 kV	16.5	14.0	13.9	13.4
6.6 kV	8.1	7.6	7.5	8.9
Total	13.5	11.2	10.8	11.0
8 The SAIDI for the total number of interruptions (minutes)	96.5	80.5	97.3	101.3
9 SAIDI target for next financial year (minutes)				
Class B – planned by line owners	15.0	15.0	15.0	15.0
Class C – unplanned by line owners	75.0	75.0	75.0	75.0
10 Average SAIDI targets for next 5 years (minutes)				
Class B – planned by line owners	15.0	15.0	15.0	15.0
Class C – unplanned by line owners	75.0	75.0	75.0	75.0

	2006	2005	2004	2003
11 The SAIDI for the total number of interruptions within each interruption class (minutes)				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	11.7	7.3	16.3	20.5
Class C – unplanned by line owners	70.8	73.2	80.0	68.6
Class D – unplanned by Transpower	14.0	-	1.0	12.1
Class E – unplanned by embedded generation	-	-	-	0.1
Class F – unplanned by generation on other net-works	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-
12 The SAIFI for the total number of interruptions	1.72	1.46	1.72	2.08
13 SAIFI target for next financial year				
Class B – planned by line owners	0.13	0.13	0.13	0.13
Class C – unplanned by line owners	1.36	1.36	1.36	1.07
14 Average SAIFI targets for next 5 years				
Class B – planned by line owners	0.13	0.13	0.13	0.13
Class C – unplanned by line owners	1.36	1.36	1.36	1.07
15 The SAIFI for the total number of interruptions within each interruption class				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	0.09	0.07	0.14	0.15
Class C – unplanned by line owners	1.40	1.39	1.47	1.36
Class D – unplanned by Transpower	0.23	-	0.11	0.57
Class E – unplanned by embedded generation	-	-	-	-
Class F – unplanned by generation on other networks	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-
16 The CAIDI for the total number of interruptions	56.10	55.20	56.60	48.70
17 CAIDI target for next financial year				
Class B – planned by line owners	120.0	120.0	120.0	120.0
Class C – unplanned by line owners	55.0	55.0	55.0	70.0
18 Average CAIDI targets for next 5 years				
Class B – planned by line owners	120.0	120.0	120.0	120.0
Class C – unplanned by line owners	55.0	55.0	55.0	70.0
19 The CAIDI for the total number of interruptions within each interruption class				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	135.7	100.2	119.9	134.9
Class C – unplanned by line owners	50.5	52.8	54.5	50.6
Class D – unplanned by Transpower	60.0	-	8.8	21.3
Class E – unplanned by embedded generation	-	-	-	16.0
Class F – unplanned by generation on other networks	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-

**F 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	26,167							
Operating surplus before interest and income tax adjusted pursuant to Requirement 18 (OSBIIT)	26,167							
Interest on cash, bank balances, and short-term investments (ISTI)	0							
OSBIIT minus ISTI	26,167	a		26,167				26,167
Net surplus after tax from financial statements	21,294							
Net surplus after tax adjusted pursuant to Requirement 18 (NSAT)	21,294	n				21,294		
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add	0	add	0
Subvention payment	1,430	s	add	1,430	add	1,430	add	1,430
Depreciation of SFA at BV (x)	9,619							
Depreciation of SFA at ODV (y)	6,123							
ODV depreciation adjustment	3,496	d	add	3,496	add	3,496	add	3,496
Subvention payment tax adjustment	472	s*t			deduct	472	deduct	472
Interest tax shield	2,458	q					deduct	2,458
Revaluations	0	r					Add	0
Income tax	(2,575)	p					Deduct	(2,575)
Numerator				31,093		25,748		30,738
				OSBIIT ^{ADJ} = a + g + s + d		NSAT ^{ADJ} = n + g + s - s*t + d		OSBIIT ^{ADJ} = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	257,203							
Fixed assets at end of current financial year (FA ₁)	309,834							
Adjusted net working capital at end of previous financial year (ANWC ₀)	(195)							
Adjusted net working capital at end of current financial year (ANWC ₁)	(890)							
Average total funds employed (ATFE)	282,976	c		282,976				282,976
(or Requirement 32 time-weighted average)								
Total equity at end of previous financial year (TE ₀)	116,939							
Total equity at end of current financial year (TE ₁)	170,405							
Average total equity	143,672	k				143,672		
(or Requirement 32 time-weighted average)								
WUC at end of previous financial year (WUC ₀)	6,437							
WUC at end of current financial year (WUC ₁)	10,209							
Average total works under construction	8,323	e	deduct	8,323	deduct	8,323	deduct	8,323
(or Requirement 32 time-weighted average)								
Revaluations	0	r						
Half of revaluations	0	r/2					deduct	0
Intangible assets at end of previous financial year (IA ₀)	0							
Intangible assets at end of current financial year (IA ₁)	0							
Average total intangible asset	0	m			deduct	0		
(or Requirement 32 time-weighted average)								
Subvention payment at end of previous financial year (S ₀)	1,172							
Subvention payment at end of current financial year (S ₁)	1,430							
Subvention payment tax adjustment at end of previous financial year	387							
Subvention payment tax adjustment at end of current financial year	472							
Average subvention payment and related tax adjustment	872	v			add	872		
System fixed assets at end of previous financial year at book value (SFA _{bv0})	250,762							
System fixed assets at end of current financial year at book value (SFA _{bv1})	299,621							
Average value of system fixed assets at book value	275,192	f	deduct	275,192	deduct	275,192	deduct	275,192
(or Requirement 32 time-weighted average)								
System fixed assets at year beginning at ODV value (SFA _{odv0})	203,713							
System fixed assets at end of current financial year at ODV value (SFA _{odv1})	207,286							
Average value of system fixed assets at ODV value	205,500	h	add	205,500	add	205,500	add	205,500
(or Requirement 32 time-weighted average)								
Denominator				204,961		66,529		204,961
				ATFE ^{ADJ} = c - e - f + h		Ave TE ^{ADJ} = k - e - m + v - f + h		ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:				15.2		38.7		15.0
				ROF = OSBIIT ^{ADJ} /ATFE ^{ADJ} x 100		ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100		ROI = OSBIIT ^{ADJ} /ATFE ^{ADJ} x 100

t = maximum statutory income tax rate applying to corporate entities 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 bv = book value ave = average odv = optimised deprival valuation

G SCHEDULE 1 PART 8
ANNUAL VALUATION RECONCILIATION REPORT

	2006 \$000
System Fixed Assets at ODV-End of Previous Financial Year	206,632
Less adjustment to restate prior year system fixed assets at ODV	(2,919)
	<hr/>
System fixed assets at year beginning at ODV	203,713
Add system fixed assets acquired during the year at ODV	9,802
Less system fixed assets disposed of during the year at ODV	(106)
Less depreciation of system fixed assets at ODV	(6,123)
Add revaluations of system fixed assets	-
	<hr/>
System Fixed Assets at End of Current Financial Year at ODV	207,286
	<hr/> <hr/>

AUDIT NEW ZEALAND

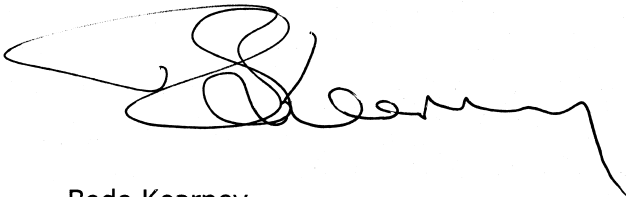
**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
AURORA ENERGY LIMITED**

We have examined the information on pages 16 and 20 to 21, 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 Aurora Energy Limited and dated 21 November 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.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
21 November 2006

I CERTIFICATION OF VALUATION REPORT OF LINE OWNER

We, Raymond Stuart Polson and Ross Douglas Liddell, directors of Aurora Energy Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) the attached valuation report of Aurora Energy 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 fixed assets of Aurora Energy Limited is \$423,524,559; and
- (c) the depreciated replacement cost of the line business system fixed assets of Aurora Energy Limited is \$211,279,666; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Aurora Energy Limited is \$207,286,001; and
- (e) the optimised deprival valuation of the line business system fixed assets of Aurora Energy Limited is \$207,286,001; and
- (f) the values in (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004).

These valuations are as at 31 March 2006.



.....
Raymond Stuart Polson



.....
Ross Douglas Liddell

21 November..... 2006