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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**

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**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, Francis Thomas Dooley 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.

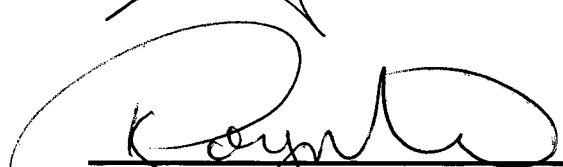
The valuations on which those financial performance measures are based are as at 31 March 2007.

For and on behalf of Directors



F T DOOLEY
Director

Date: 7 February 2008



K F POYNTER
Director

Date: 7 February 2008

Buller Electricity Limited
Line Business Financial Statements

Statement of Financial Performance
for the year ended 31 March 2007

	Note	2007 \$	2006 \$
Total Operating Revenue		6,252,017	5,528,656
Total Operating Expenditure		4,548,273	4,496,117
Operating Surplus before Interest Expense and Income Tax		1,703,745	1,032,539
Interest Expense		145,300	224,278
Operating Surplus before Income Tax		1,558,444	808,261
Income Tax	2	261,360	115,000
Net Surplus after Tax		<u>1,297,084</u>	<u>693,261</u>

Statement of Movements in Equity
for the year ended 31 March 2007

	Note	2007 \$	2006 \$
Equity as at 1 April 2006		18,900,868	19,431,354
Net Surplus after Tax for the Year		1,297,084	693,261
Revaluation Reserve Movements		708,000	(1,223,747)
Total Recognised Revenues and Expenses for the Year		<u>2,005,084</u>	<u>(530,486)</u>
Reallocation of Equity			
Dividend		<u>0</u>	<u>0</u>
Equity as at 31 March 2007		<u>20,905,952</u>	<u>18,900,868</u>

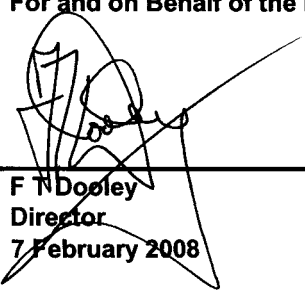
Buller Electricity Limited

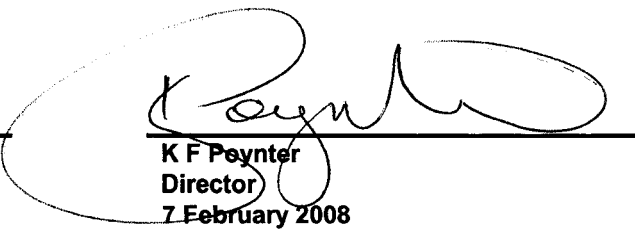
Line Business Financial Statements

Statement of Financial Position as at 31 March 2007

	Note	2007 \$	2006 \$
Equity			
Share Capital		4,964,358	4,964,358
Retained Earnings		5,775,867	4,478,783
Reserves	3	10,165,727	9,457,727
Total Equity		20,905,952	18,900,868
Represented by:			
Current Assets			
Cash at Bank and on Hand		84,557	19,753
Term Deposits		380,000	0
Receivables and Prepayments		841,847	504,805
Tax Refund Due		85,091	106,951
Deferred Tax		24,000	24,000
Other		767,932	256,054
		2,183,427	911,563
Current Liabilities			
Creditors		381,816	307,462
Provision for Dividend		0	0
Taxation Payable		0	0
Other Current Liabilities		0	4,407
Total Liabilities		381,816	311,869
Net Current Assets		1,801,611	599,694
Non Current Assets			
Property, Plant and Equipment	4	20,844,856	20,172,716
Long Term Investments			168,973
		20,844,856	20,341,689
Term Liabilities			
Loans		1,740,515	2,040,515
Net Assets		20,905,952	18,900,868

For and on Behalf of the Board


F T Dooley
Director
7 February 2008


K F Peynter
Director
7 February 2008

Buller Electricity Limited

Line Business Financial Statements

Statement of Cashflows for the year ended 31 March 2007

	Note	2007 \$	2006 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers		5,548,358	5,170,329
Interest received		4,692	0
Taxation Refund			154,539
		<u>5,553,050</u>	<u>5,324,868</u>
Cash was disbursed to:			
Payment to Suppliers & Employees		3,275,557	3,811,474
Interest Paid		145,300	224,278
Income Tax Paid		237,500	102,110
		<u>3,658,357</u>	<u>4,137,862</u>
Net cash inflow from operating activities	11	<u>1,894,693</u>	<u>1,187,006</u>
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Property, Plant and Equipment		0	0
Sale of Investments		0	588,000
		<u>0</u>	<u>588,000</u>
Cash was applied to:			
Investments Realised		599,059	
Purchase of Property, Plant and Equipment		550,830	607,270
		<u>1,149,889</u>	<u>607,270</u>
Net cash outflow from investing activities		<u>(1,149,889)</u>	<u>(19,270)</u>
Cash Flow from Financing Activities			
Cash was provided from:			
Borrowing		0	0
		<u>0</u>	<u>0</u>
Cash was applied to:			
Dividend Paid		0	0
Loan Payments		300,000	1,250,000
		<u>300,000</u>	<u>1,250,000</u>
Net cash inflow (outflow) from financing activities		<u>(300,000)</u>	<u>(1,250,000)</u>
Net Increase/(Decrease) in cash held		444,804	(82,264)
Add opening cash brought forward		19,753	102,017
Ending Cash and Term Deposits carried forward		<u>464,557</u>	<u>19,753</u>
End of Year Balance Represented By:			
Cash at Bank and on Hand		84,557	19,753
Short Term Deposits		380,000	0
		<u>464,557</u>	<u>19,753</u>

Buller Electricity Limited Line Business Financial Statements

Notes to and forming part of the Financial Statements for the year ended 31 March 2007

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Buller Electricity Limited is a company registered under the Companies Act 1993. The company previously owned 100% of Buller Energy Limited and 100% of Buller Communications Limited up to the date of disposal in the year.

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 2007 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

	2007 \$	2006 \$
2 INCOME TAX		
Operating Surplus before Income Tax	1,558,444	808,261
Prima Facie Taxation at 33%	514,286	266,726
Plus tax losses offset	(116,984)	(18,726)
Plus Tax effect of permanent differences	(108,000)	(115,000)
Less Tax effect of timing differences not Recognised	(21,000)	6,000
Income Taxation overpaid in prior year	(6,942)	0
Timing Differences on Holiday Pay	0	(24,000)
Total Income Tax Expense (Benefit)	261,360	115,000
The income tax expense comprises:		
- current taxation	268,006	139,000
Deferred Tax Charge/(Credit)	0	(24,000)
Prior Year Adjustment	(6,646)	0
	261,360	115,000
A deferred tax liability of \$2,167,135 has not been recognised (2006 \$1,917,034). 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	801,454	93,454
Revaluation Distribution System	9,074,427	9,074,427
Revaluation other Assets	34,050	34,050
	10,165,727	9,457,727
4 PROPERTY, PLANT & EQUIPMENT		
Distribution System Assets		
At Valuation – end of previous year	19,053,270	20,128,645
System Fixed Assets acquired during the year	710,009	893,252
Less Disposal of Stock	(136,512)	0
Less Depreciation on System Fixed Assets	(727,325)	(744,880)
Revaluation Movement	0	(1,223,747)
System Fixed Assets at valuation – end of financial year	18,899,442	19,053,270
Land and Buildings		
At Valuation	1,737,000	940,094
Accumulated Depreciation	0	(59,539)
Net Book Value at end of year	1,737,000	880,555
Customer Billing and IS		
Cost	389,144	373,297
Accumulated Depreciation	(343,513)	(311,665)
Net Book Value at end of year	45,631	61,632
Office Equipment		
Cost	97,342	96,835
Accumulated Depreciation	(68,531)	(61,747)
Net Book Value	28,811	35,088

Buller Electricity Limited Line Business Financial Statements

	2007 \$	2006 \$
Motor Vehicles		
Cost	152,271	128,771
Accumulated Depreciation	(72,454)	(57,467)
Net Book Value	79,817	71,304
Other		
Cost	200,350	200,350
Accumulated Depreciation	(146,194)	(129,483)
Net Book Value	54,156	70,867
Total Net Book Value	20,844,856	20,172,716

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 2007.

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 up to the date of disposal.

The Buller Electric Power Trust owns 100% of Buller Electricity Limited who owned 100% of Buller Communications Limited and Buller Energy Limited up to the date of disposal.

The Buller Electric Power Trust loaned to Buller Electricity Limited \$1,740,515 by way of an interest bearing, unsecured loan, repayable on demand.

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 2006 to 31 March 2007. At year end no debts were written off or forgiven during the year. The following Table lists the value of the related party transactions.

	2007 \$	2006 \$
Construction of subtransmission assets	36,969	28,030
Construction of zone substations	6,913	132,257
Construction of distribution lines and cables	100,296	389,218
Construction of medium voltage switchgear	103,251	43,944
Construction of distribution transformers	35,188	101,992
Construction of distribution substations	8,724	48,976
Construction of low voltage reticulation	78,180	148,834
Construction of other system fixed assets	6,300	0
Maintenance of assets	560,128	720,377
Consumer connections and disconnections	0	0
Other Services	0	0

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 2007.

(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 2007. (2006 \$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. (2006 \$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 2007.

	2007 \$	2006 \$
11 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Reported Net Surplus after tax	1,297,084	693,261
Add (Less) Non Cash Items:		
Depreciation	809,651	823,433
Vested Assets	(359,474)	(352,734)
Add (Less) Movements in Working Capital Items:	0	0
Decrease (Increase) in Tax Receivable	21,860	169,141
Decrease (Increase) in Receivables	(382,042)	(5,726)
(Decrease) Increase in Creditors	69,947	(145,924)
(Decrease) Increase in Tax Payable	0	0
Decrease (Increase) in other Current Assets	0	0
(Decrease) Increase in Interdivisional Balance	437,667	5,555
	<u>597,609</u>	<u>493,745</u>
Add (Less) Movements in Non-current Items:		
Net Loss (Gain) on Disposal of Assets	0	0
Net Cash Inflows from Operating Activities	<u>1,894,693</u>	<u>1,187,006</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)		2007	2006
		\$	\$
1	Current Assets		
(a)	Cash & Bank balances	84,557	19,753
(b)	Short term investments	380,000	0
(c)	Inventories	0	0
(d)	Accounts receivable	841,847	504,805
(e)	Other current assets not listed in (a) to (d)	877,023	387,005
(f)	Total current assets	2,183,427	911,563
2	Fixed Assets		
(a)	System fixed assets	18,899,442	19,053,270
(b)	Customer billing and information system assets	45,631	61,632
(c)	Motor Vehicles	79,817	71,304
(d)	Office Equipment	28,811	35,088
(e)	Land and Buildings	1,737,000	880,555
(f)	Capital works under construction	0	0
(g)	Other fixed assets not listed in (a) to (f)	54,156	70,867
(h)	Total fixed assets	20,844,856	20,172,716
3	Other tangible assets not listed above	0	168,973
4	Total tangible assets	23,028,283	21,253,252
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	23,028,283	21,253,252
7	Current Liabilities		
(a)	Bank Overdraft	0	0
(b)	Short term borrowings	0	0
(c)	Payables and accruals	381,816	307,462
(d)	Provision for dividend payable	0	0
(e)	Provision for income tax	0	0
(f)	Other Current Liabilities not listed in (a) to (e)	0	4,407
(g)	Total Current Liabilities	381,816	311,869
8	Non-current Liabilities		
(a)	Payables and accruals	0	0
(b)	Borrowings	1,740,515	2,040,515
(c)	Deferred tax	0	0
(d)	Other Non-current Liabilities not listed in (a) to (e)	0	0
(e)	Total Non-current Liabilities	1,740,515	2,040,515
9	Equity		
(a)	Shareholders equity		
(i)	Share Capital	4,964,358	4,964,358
(ii)	Retained Earnings	5,775,867	4,478,783
(iii)	Reserves	10,165,727	9,457,727
(iv)	Total Shareholders equity	20,905,952	18,900,868
(b)	Minority interests in subsidiaries	0	0
(c)	Total Equity	20,905,952	18,900,868
(d)	Capital Notes	0	0
(e)	Total capital funds	20,905,952	18,900,868
10	Total equity and liabilities	23,028,283	21,253,252

Buller Electricity Limited

Line Business Financial Statements

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

	2007 \$	2006 \$
11 Operating revenue		
(a) Revenue from line/access charges	5,562,288	5,027,999
(b) Revenue from "Other" business (transfer payment)	0	5,930
(c) Income from interest on bank & short term investments	4,692	0
(d) AC loss rental rebates	112,003	147,144
(e) Other operating revenue not listed in (a) to (d)	573,034	347,583
(f) Total operating revenue	6,252,017	5,528,656
12 Operating expenditure		
(a) Transmission Charges	1,796,162	1,769,223
(b) Transfer payments to "Other" business		
(i) Asset maintenance	560,128	720,377
(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	560,128	720,377
(c) Payments to non-related entities		
(i) Asset maintenance	121,954	116,553
(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	121,954	116,553
(d) Employee salaries, wages and redundancies	448,731	441,634
(e) Consumer billing and information system expense	0	0
(f) Depreciation on		
(i) System fixed assets	727,325	721,590
(ii) Other assets not listed in (i)	82,326	105,815
(iii) Total depreciation expense	809,651	827,405
(g) Amortisation of		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	362,864	320,908
(i) Human resource expense	75,816	67,833
(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	38,976	19,691
(o) Donations	42,560	40,149
(p) Directors fees	83,906	83,750
(q) Audit fees		
(i) Audit fees paid to principal auditors	29,545	30,400
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by auditors	30,851	46,903
(iv) Total auditors fees	60,396	77,303
(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	10,615	11,292
(t) AC loss-rental rebates expense	0	0
(u) Rebates to customers due to ownership interest	0	0
(v) Subvention payments	0	0

Buller Electricity Limited

Line Business Financial Statements

	(w) Unusual expenses	0	0
	(x) Other expenditure not listed in (a) to (w)	136,513	0
13	Total operating expenditure	4,548,273	4,496,117
14	Operating surplus before interest and income tax	1,703,745	1,032,539
15	Interest		
	(a) Interest expense on borrowings	145,300	224,278
	(b) Financing charges related to finance leases	0	0
	(c) Other interest expense	0	0
	(d) Total interest expense	145,300	224,278
16	Operating surplus before income tax	1,558,444	808,261
17	Income Tax	261,360	115,000
18	Net surplus after tax	1,297,084	693,261
19	Annual Valuation Reconciliation Report for the year ending 31 March 2007		
	System fixed assets at ODV – end of the previous financial year	20,277,017	20,128,645
	Add system fixed assets acquired during the year at ODV	710,009	893,252
	Less system fixed assets disposed off during the year at ODV	(136,512)	0
	Less depreciation on system fixed assets at ODV	(727,325)	(744,880)
	Add revaluations of system fixed assets	0	0
	Equals system fixed assets at ODV – end of financial year	20,123,189	20,277,017

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.

	2007	2006	2005	2004
1 Financial Performance Measures				
(a) Return on Funds	8.15%	4.72%	3.34%	6.8%
(b) Return on Equity	6.52%	3.52%	2.67%	4.6%
(c) Return on Investment	6.67%	3.85%	3.14%	4.9%
2 Efficiency Performance Measures				
(a) Direct line costs per kilometre	\$1,918	\$2,184	\$1,830	\$2,548
System Length Km	590	586	598	608
(b) Indirect line costs per electricity customer	\$191	\$147	\$136	\$111
Total consumers	4,258	4,211	4,178	4,171

Buller Electricity Limited

Line Business Performance Measures

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

	2007	2006	2005	2004
1 Energy Delivery efficiency performance measures:				
(a) Load Factor (=a/b*c*100)	68%	66%	66%	64%*
a = kWh of electricity entering system	45,565,624	45,579,301	45,629,456	44,037,981*
b = Maximum demand	7,678	7,846	7,903	7,820*
c = Total number of hours in year	8,760	8,760	8,760	8,784
(b) Loss Ratio (=a/b*100)	6.81%	10.96%	9.78%	8.98%*
a = losses in electricity in kWh	3,102,144	4,993,733	4,460,951	3,955,387*
b = kWh of electricity entering system	45,565,624	45,579,301	45,629,456	44,037,981*
(c) Capacity Utilisation (=a/b*100)	26%	27%	27%	27%*
a = Maximum demand	7,678	7,846	7,903	7,820*
b = Transformer Capacity	29,700	29,103	28,735	28,550
2 Statistics				
(a) System Length (Total) (kms)				
Circuit Kilometres 110kV	1	2	2	1
Circuit Kilometres 33kV	102	102	101	103
Circuit Kilometres 11kV	357	355	367	374
Circuit Kilometres 400V	130	128	128	130
Total	<u>590</u>	<u>587</u>	<u>598</u>	<u>608</u>
(b) Circuit Length (Overhead) (kms)				
Circuit Kilometres 110kV	1	2	2	1
Circuit Kilometres 33kV	101	101	101	103
Circuit Kilometres 11kV	347	345	360	370
Circuit Kilometres 400V	117	115	118	118
Total Overhead	<u>566</u>	<u>563</u>	<u>581</u>	<u>592</u>
(c) Circuit Length (Underground) (kms)				
Circuit Kilometres 110kV	0.0	0.0	0.0	0.0
Circuit Kilometres 33kV	0.5	0.5	0.2	0.2
Circuit Kilometres 11kV	10.3	10.3	7.0	4.2
Circuit Kilometres 400V	12.7	12.7	10.0	11.8
Total Underground	<u>23.5</u>	<u>23.5</u>	<u>17.2</u>	<u>16.2</u>
(d) Transformer Capacity (In Kilovolt Amperes)	29,700	29,103	28,735	28,550
(e) Maximum Demand (kW)	7,678	7,846	7,903	7,820*

Buller Electricity Limited

Line Business Performance Measures

	2007	2006	2005	2004
(f) Total Electricity Entering the system (before losses of electricity, kWh)	45,565,624	45,579,301	45,629,456	44,037,981*
(g) Electricity conveyed for each retailer including losses				
Retailer 1	22,907,147	22,501,318	23,506,625	23,626,294
Retailer 2	13,902,175	12,893,416	12,559,755	12,559,535
Retailer 3	3,594,941	3,371,825	3,017,768	3,073,096
Retailer 4	0	0	0	0
Retailer 5	0	1,138,848	2,044,202	823,668
Retailer 6	<u>2,059,217</u>	<u>680,161</u>	<u>40,155</u>	<u>0</u>
	<u>42,463,480</u>	<u>40,585,568</u>	<u>41,168,505</u>	<u>40,082,593*</u>
(h) Total Customers	4,258	4,211	4,178	4,171

* 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.

	2007	2006	2005	2004
1 Total Number of Interruptions				
Class A - Planned by Transpower	0	0	0	0
Class B - Planned by Line Owners	30	39	24	44
Class C - Unplanned by Line Owners	37	38	32	34
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	0
Class H - Planned - by another Line Owner	0	0	0	0
Class I - Any Other Loss of Supply	1	1	1	1
	<u>68</u>	<u>78</u>	<u>57</u>	<u>79</u>
2 Interruption Targets for 2007/2008				
Class B - Planned by Line Owners	40	40		
Class C - Unplanned by Line Owners	32	32		
3 Average Interruption Targets for 2007/2012				
Class B - Planned by Line Owners	35	35		
Class C - Unplanned by Line Owners	26	26		
4 Proportion of Class C Interruptions not restored within:				
3 Hours	8	6		
24 Hours	0	0		
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
11kV	11.2	10.1	8.7	7.5
33kV	1	1.9	2.0	3.9
Total	8.9	8.2	7.1	6.7
(b) Target for 2007/2008 year				
11kV	6	6.0		
33kV	4	4.0		
Total	5.5	5.5		
(c) Average Target for 2007/2012 years				
11kV	5.2	5.2		
33kV	3.2	3.2		
Total	4.7	4.7		
6 The total number of faults per 100 circuit kilometres of <u>underground</u> prescribed voltage electric line				
11kV	0.1	0	0	0
33kV	0	0	0	0
Total	0.1	0	0	0
7 The total number of faults per 100 circuit kilometres of <u>overhead</u> prescribed voltage electric line				
11kV	11.2	10.4	8.5	7.5
33kV	1.0	1.9	1.8	3.9
110kV	1.0	0	0	0
Total	8.9	8.5	6.9	6.7

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

		2007	2006	2005	2004
SAIDI					
8	SAIDI for the total number of interruptions	355	196	134	256
9	SAIDI targets for 2007/20087				
	Class B - Planned by Line Owners	136	170		
	Class C - Unplanned by Line Owners	87	85		
10	Average SAIDI targets for 2008/2012 years				
	Class B - Planned by Line Owners	110	137		
	Class C - Unplanned by Line Owners	79	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	109	108	64	165
	Class C - Unplanned by Buller Electricity	53	84	65	84
	Class D - Unplanned by Transpower	193	4	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	0	5	8
		355	196	134	257
SAIFI					
12	The SAIFI for the total number of Interruptions	3.24	1.88	1.34	2.41
13	SAIFI Targets for 2007/2008				
	Class B - Planned by Line Owners	0.74	0.85		
	Class C - Unplanned by Line Owners	1.01	0.97		
14	Average SAIFI targets for 2008/2012 years				
	Class B - Planned by Line Owners	0.54	0.79		
	Class C - Unplanned by Line Owners	1.12	0.94		
15	The SAIFI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0	0.00	0.00
	Class B - Planned by Buller Electricity	0.42	0.62	0.44	1.01
	Class C - Unplanned by Buller Electricity	0.87	1.18	0.78	1.22
	Class D - Unplanned by Transpower	1.95	0.08	0.00	0.00
	Class E - Unplanned by Line Owner generation	0	0	0.00	0.00
	Class F - Unplanned by other generator	0	0	0.00	0.00
	Class G - Unplanned - by another Line Owner	0	0	0.00	0.00
	Class H - Planned - by another Line Owner	0	0	0.00	0.00
	Class I - Any Other Loss of Supply	0	0	0.12	0.17
		3.24	1.88	1.34	2.41

Buller Electricity Limited

Line Business Performance Measures

		2007	2006	2005	2004
	CAIDI				
16	The CAIDI for the total number of interruption	110	104	100	107
17	CAIDI targets for 2007/2008				
	Class B - Planned by Line Owners	184	200		
	Class C - Unplanned by Line Owners	86	88		
18	Average CAIDI Target for 2008/2012 years				
	Class B - Planned by Line Owners	203	173		
	Class C - Unplanned by Line Owners	71	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	261	176	145	163
	Class C - Unplanned by Buller Electricity	60	71	84	69
	Class D - Unplanned by Transpower	99	42	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	0	40	45
		<u>110</u>	<u>104</u>	<u>100</u>	<u>107</u>

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

Buller Electricity Limited

Line Business Performance Measures

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	1,704				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	1,704				
Interest on cash, bank balances, and short-term investments (ISTI)	5				
OSBIT minus ISTI	1,699	a	1,699		1,699
Net Surplus after tax from financial statements	1,297				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,297	n		1,297	
Amortisation of goodwill and amortisation of other intangibles		g	add -	add -	add -
Subvention payment		s	add -	add -	add -
Depreciation of SFA at BV (x)	727				
Depreciation of SFA at ODV (y)	727				
ODV depreciation adjustment	-	d	add -	add -	add -
Subvention payment tax adjustment	-	s*t		deduct -	deduct -
Interest tax shield	46	q			deduct 46
Revaluations		r			add
Income tax	261	p			deduct 261
Numerator			1,699 OSBIT ^{ADJ} =a+g+s+d	1,297 NSAT ^{ADJ} =n+g+s-s*t+d	1,391 BIIT ^{ADJ} =a+g-q+r+s+d-p-s*t
Fixed asset at end of previous year (FA ₀)	20,173				
Fixed assets at end of current financial year (FA ₁)	20,845				
Adjusted net working capital at end of previous financial year (ANWC ₀)	197				
Adjusted net working capital at end of current financial year (ANWC ₁)	505				
Average total funds employed (ATFE)	20,860	c	20,860		20,860
Total equity at end of previous financial year (TE ₀)	18,901				
Total equity at end of current financial year (TE ₁)	20,906				
Average total equity	19,903	k		19,903	
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		r			
Half of revaluations		r/2			deduct
Intangible assets at end of previous financial year (IA ₀)	-				
Intangible assets at 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})	19,053				
System fixed assets at end of current financial year at book value (SFA _{bv1})	18,899				
Average value of system fixed assets at book value	18,976	f	deduct 18,976	deduct 18,976	deduct 18,976
System fixed assets at year beginning at ODV value (SFA _{odv0})	19,053				
System fixed assets at end of current financial year at ODV value (SFA _{odv1})	18,899				
Average value of system fixed assets at ODV value	18,976	h	add 18,976	add 18,976	add 18,976
Denominator			20,860 ATFE ^{ADJ} =c-e-f+h	19,903 AveTE ^{ADJ} =k-e-m+v-f+h	20,860 ATFE ^{ADJ} =c-e-1/2r-f+h
Financial performance measure			8.15% ROF=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100	6.52% ROE=NSAT ^{ADJ} /ATE ^{ADJ} x 100	6.67% ROI=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100

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 2007

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 2007. 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 2007, 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 2007 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 2007 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 7 February 2008 and our unqualified opinion is expressed as at that date.

Bruce Loader
KPMG Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand
7 February 2008

MATTERS RELATING TO THE PUBLICATION OF THE AUDITED FINANCIAL STATEMENTS IN THE NEW ZEALAND GAZETTE

This audit report relates to the financial statements of Buller Electricity Limited for the year ended 31 March 2007 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of audited financial statements and the related audit report of Network Tasman Limited for the year ended 31 March 2007, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette's* website.

We have not been engaged to report on the integrity of the financial statements of Buller Electricity Limited Limited that have been published on the *New Zealand Gazette's* website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially signed and published.

This audit report refers only to the financial statements named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the audited financial statements and related audit report dated 7 February 2008 to confirm the information included in the audited financial statements published in the *New Zealand Gazette* or on the *New Zealand Gazette's* website.

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



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 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 Buller Electricity Limited and dated 7 February 2008 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.

Bruce Loader
KPMG Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand
7 February 2008

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