



New Zealand Gazette

OF THURSDAY, 16 NOVEMBER 2006

WELLINGTON: TUESDAY, 21 NOVEMBER 2006 — ISSUE NO. 145

WESTPOWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

**Westpower Limited
146 Tainui Street
GREYMOUTH**

In accordance with the Electricity (Information Disclosure) Requirements 2004.

Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners Other Than Transpower for the year ended 31 March 2006.

We, Suzanne Peta Merriman and Hugh Robert Little, Directors of Westpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge,—

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

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



Suzanne Peta Merriman
Director



Hugh Robert Little
Director

Date : 17 November 2006

FORM 7**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND
INFORMATION SUPPLIED TO COMMERCE COMMISSION**

I, Suzanne Peta Merriman, of Greymouth, being a director of Westpower Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Westpower Limited under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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



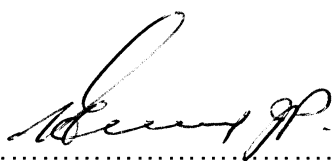
S P Merriman
Director

Declared at Greymouth this 17th day of November 2006

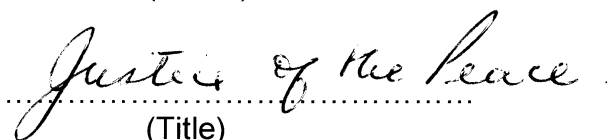
Signed in the Presence of:



(Name)



(Signature)



(Title)

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

WESTPOWER LIMITED

STATEMENT OF ACCOUNTING POLICIES

For The Year Ended 31 March 2006

The financial statements presented are for the reporting entity Westpower Limited. Westpower Limited is a Lines Company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Requirements 2004.

The measurement base adopted is that of historical cost except for the revaluation of certain fixed assets.

(a) Sales

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Group for goods and services supplied to customers in the ordinary course of business.

Lines Charges represent income charged to Energy Retailers based on their meter readings during the period. An allowance is made for unbilled Lines Charges from Energy Retailers to the end of the period.

(b) Investments

The parent company's investment in ElectroNet Services Limited is stated at cost.

Sinking Fund Investments are shown at cost plus accumulated interest.

Other Investments are stated at cost.

Dividend income is accounted for on a cash basis. Interest income is accounted for as earned.

(c) **Fixed Assets and Depreciation**

(i) **Valuation**

Fixed Assets comprise:

Distribution System Assets (being the network system consisting of distribution and transmission lines and cables, zone substations, distribution transformers, protection and control equipment, communications equipment and metering).

Other Assets (being land, buildings, plant and equipment, motor vehicles, furniture and fittings).

Distribution System Assets were revalued to Depreciated Replacement Cost which incorporates a valuation based on the engineering optimisation of the system and its components after allowing for depreciation. The valuation was conducted by **KPMG** in conjunction with **Kerslake and Partners**, Registered Valuers, as at 31 March 2004.

Land and Buildings were revalued to market value as at 31 March 2004. The valuation was conducted by Coast Valuations Limited, registered valuers.

All other fixed assets are valued at cost less accumulated depreciation where applicable.

Distribution equipment is revalued on a cyclical basis with no individual asset being included at a valuation made more than three years previously.

Additions between revaluations are recorded at cost.

(ii) **Depreciation**

Distribution Assets are depreciated using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

The main basis are periods not exceeding:

Electricity Distribution System 15 – 70 years

Other Assets are depreciated using rates which write off the cost or valuation of the fixed assets over their expected economic lives as below:

Buildings	1% to 2.5% SL
Motor Vehicles	20% to 25% DV
Plant and equipment	10% to 50% DV
Furniture and fittings including computers	20% to 48% DV

Profits and losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal. Any depreciation recovered and any loss on sale is included in the operating result of the Group in the year of the disposal.

(d) **Inventories**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is determined on a weighted average basis.

Some stocks may be subject to retention of title clauses on purchase.

The cost of work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

(e) **Debtors**

Debtors are stated at estimated realisable value after providing for debts where collection is doubtful.

(f) **Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation. Future taxation benefits attributable to losses carried forward or timing differences are recognised in the financial statements only where there is virtual certainty of realisation.

(g) **Goods and Services Tax**

All items in the financial statements are net of Goods and Services Tax except for Debtors and Creditors which are shown in the Statement of Financial Position inclusive of GST.

(h) **Financial Instruments**

Westpower and its subsidiaries are party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, debtors, creditors, borrowings and interest rate swaps.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Unrealised revenue and expenses associated with electricity hedges are not recognised in the financial statements. Realised revenue and expenses are recognised in the Statement of Financial Performance on maturity of the hedging contracts and are incorporated as part of the cost of electricity.

All financial instruments are recognised in the Statement of Financial Position, with the exceptions of contingent liabilities and interest rate swaps which are disclosed by way of a note to the financial statements.

(i) **Changes in Accounting Policies**

There have been no changes in accounting policies. All other policies have been applied on a basis consistent with the previous year.

WESTPOWER LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2006

	Note	2006 \$000's	2005 \$000's
Revenue	1	14,130	13,729
Total Expenses	2	9,321	9,277
Net Surplus before Interest and Tax		4,809	4,452
Interest		612	257
Net Surplus before Income Tax		4,197	4,195
Less Taxation Expense	3	927	1,223
NET SURPLUS AFTER TAX		<u>3,270</u>	<u>2,972</u>

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2006

Equity as at 1 April 2005	63,484	60,668
Net Surplus for Year	3,270	2,972
Revaluation of Assets	-	-
Total Recognised Revenue and Expenses	<u>3,270</u>	<u>2,972</u>
Dividend Paid	(156)	(156)
Equity as at 31 March 2006	<u>66,598</u>	<u>63,484</u>

The accompanying notes and policies form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2006**

	Note	2006 \$000's	2005 \$000's
EQUITY			
Share Capital		30,300	30,300
Reserves		22,381	22,381
Retained Earnings		13,917	10,803
TOTAL EQUITY	7	<u>66,598</u>	<u>63,484</u>
Represented By:			
CURRENT ASSETS			
Cash and Bank		714	167
Sundry Debtors	4	1,817	1,740
Tax refund due		338	87
Other Current Assets		-	-
		<u>2,869</u>	<u>1,994</u>
NON CURRENT ASSETS			
Fixed Assets	5	76,216	67,823
Investments		1,280	1,244
		<u>77,496</u>	<u>69,067</u>
TOTAL ASSETS		80,365	71,061
CURRENT LIABILITIES			
Sundry Creditors		2,108	2,879
Accrued Interest		185	46
Provision for dividend		-	-
		<u>2,293</u>	<u>2,925</u>
NON CURRENT LIABILITIES			
Employee Entitlements		-	-
Long - term Debt	6	11,474	4,652
		<u>11,474</u>	<u>4,652</u>
TOTAL LIABILITIES		<u>13,767</u>	<u>7,577</u>
NET ASSETS		<u>66,598</u>	<u>63,484</u>

The accompanying notes and policies form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2006 \$000's	2005 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		12,956	12,744
Interest received		43	53
Dividend Received		9	12
		<u>13,008</u>	<u>12,809</u>
Cash was applied to:			
Payments to suppliers & employees		6,079	7,455
Interest paid		473	225
Taxes paid		1,178	1,001
Net GST		103	(128)
		<u>7,833</u>	<u>8,553</u>
Net cash flows from operating activities	11	5,175	4,256
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of assets		29	-
Loan payment received		-	-
		<u>29</u>	<u>-</u>
Cash was applied to:			
Purchase of fixed assets		11,365	6,013
Purchase of investments		36	32
		<u>11,401</u>	<u>6,045</u>
Net cash flows from investing activities		(11,372)	(6,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Term Loan		11,250	2,150
Contributions from Owners		-	-
		<u>11,250</u>	<u>2,150</u>
Cash was applied to:			
Repayment of Term Loan		4,428	400
Dividends paid		78	156
		<u>4,506</u>	<u>556</u>
Net cash flows from financing activities		6,744	1,594
Net increase (decrease) in cash held		547	(195)
Add opening cash brought forward		167	362
Transfer of Cash from "Other Business"			
Ending cash carried forward		<u>714</u>	<u>167</u>
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION			
Cash and Bank		<u>714</u>	<u>167</u>

The accompanying notes and policies form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

	2006 \$000's	2005 \$000's
Note 1. Revenue		
Line Charges	12,643	12,263
Special Discount on Line Charges	(981)	0
Interest	43	53
AC loss-rental rebates	321	174
Sundry Income	2,104	1,239
	<u>14,130</u>	<u>13,729</u>
Note 2. Expenses		
Audit fees for Companies financial statements	38	40
Other services provided by Auditors		
Directors' Fees	51	58
Depreciation	2,117	1,953
Loan Interest	612	257
Bad debts written off		
Increase (decrease) in estimated doubtful debts		
Loss (Profit) on Sale of Fixed Assets	323	552
Write Down in Valuation of Buildings and Land		
Note 3. Taxation		
Net Surplus before taxation	4,197	4,195
Prima facie taxation at 33%	1,385	1,384
Plus Tax effect of permanent differences		
Imputation Credits	(5)	(6)
Taxation adjustment previous year	0	105
Tax effect of Permanent Differences and Timing differences not Recognised	(453)	(260)
Total Taxation Expense	<u>927</u>	<u>1,223</u>
The Taxation charge comprises		
- current taxation	927	1,118
- prior period adjustments		105
	<u>927</u>	<u>1,223</u>

The company has not recognised a deferred taxation liability of \$8,700,000 (2005 \$7,749,000)

	2006 \$000's	2005 \$000's
Note 4. Sundry Debtors		
Line Charge & Sundry Debtors	1,817	1,740
	<u>1,817</u>	<u>1,740</u>

Note 5. Fixed Assets

	Cost/ Valuation \$000's	Accumulated Depreciation \$000's	Book Value 2006 \$000's	Book Value 2005 \$000's
At Cost:				
Distribution System	17,620	186	17,434	8,482
Land and Buildings	1,537	6	1,531	104
Other	736	202	534	275
Capital Work In Progress				
	<u>19,893</u>	<u>394</u>	<u>19,499</u>	<u>8,861</u>
At Valuation:				
Distribution System	58,911	3,734	55,177	57,340
Land and Buildings	1,599	59	1,540	1,622
Total	<u>80,403</u>	<u>4,187</u>	<u>76,216</u>	<u>67,823</u>

The fair value of land and buildings is equivalent to the net book value as at 31 March 2006.
Carrying value is considered an accurate reflection of fair value.

Note 6. Borrowings

	2006 \$000's	2005 \$000's
Term Liabilities - Repayable 1-2 years	11,072	4,250
- Repayable 2-5 years	402	402
- Repayable later than 5 years	0	0
	<u>11,474</u>	<u>4,652</u>
Loans are secured as follows:		
Short Term Advance Facility \$15,000,000 *	11,072	4,250
Various (No Security)	402	402
	<u>11,474</u>	<u>4,652</u>

* The National Bank Short Term Advance facility is due to roll over for one year on 31 July 2006. The roll over of this facility is at the discretion of the bank. The Company expects that this loan will be rolled over for at least another year.

The interest rates payable on these loans are:

Floating Rate - based on 90 day bill rate

Fixed Rates 7.14% - 10.5%

	2006 \$000's	2005 \$000's
Note 7. Share Capital		
Share Capital (issued and fully paid)		
- 25,000,000 ordinary shares	25,000	25,000
- 300,000 7.25% Redeemable Preference Shares	300	300
- 5,000,000 Preference Shares	5,000	5,000
Capital Reserve	102	102
Transition Reserve	418	418
Asset Revaluation Reserve	21,861	21,861
Retained Earnings	13,917	10,803
	66,598	63,484

Note 8. Financial Instruments**Credit Risk**

Financial instruments which potentially subject the Company to credit risk principally consist of bank accounts, accounts receivable and investments.

The Company places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. There is a high concentration of credit risk to Trustpower.

The maximum exposure to credit risk at balance date is the fair value of the instruments as stated in the Statement of Financial Position.

Fair Values

For all financial instruments other than the interest rate swaps and the shareholding in International Panel and Lumber (West Coast) Limited the fair value is equivalent to the carrying amount as stated in the Statement of Financial Position. Borrowings are planned to be run to maturity. The fair value of the interest rate swaps at 31 March 2006 is \$0 (2005 \$0).

The fair value of the shares in International Panel and Lumber (West Coast) Limited is \$95,400 (2005 \$95,400). This represents the value of the 30,000 shares based on the value of net assets as at 31 January 2005.

Currency Risk

The Company has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Forward exchange contracts may be employed by the Company to manage exposure to currency fluctuations.

Interest Rate Risk

Interest rate risk is low as borrowings have fixed interest rates except for the Short Term Advance Facility for \$15,000,000 (2005 \$7,000,000) .

The contract amount of interest rates swaps held at 31 March 2006 is \$0 (2005 \$0).

Note 9. Contingent Liabilities and Capital Commitments

Capital Commitments

	2006 \$000's	2005 \$000's
The total amount committed at balance date was	2,670	555

Operating Lease Commitments

These are long-term operating leases relating to land occupied by the Company.

Period	2006 \$000's	2005 \$000's
Not later than 1 year	21	21
1 - 2 years	21	21
2 - 5 years	63	63
Later than 5 years	0	21
	<u>105</u>	<u>126</u>

Contingent Liabilities

There are no contingent liabilities at 31 March 2006

Note 10. Related Parties

At balance date the West Coast Electric Power Trust held 100 per cent of the shares in Westpower Limited.

All related party transactions of Westpower Limited have been conducted on a commercial arms length basis.

The Contracting and Management Subsidiary of Westpower Limited, ElectroNet Services, has provided the following services for the period 1 April 2005 to 31 March 2006.

	2006 \$000's	2005 \$000's
Construction of subtransmission assets	1,670	1,810
Construction of zone substations	5,231	2,460
Construction of distribution lines and cables	835	1,478
Construction of medium voltage switchgear	509	726
Construction of distribution transformers	354	462
Construction of substations	83	162
Construction of low voltage lines and cables	283	223
Construction of other fixed assets	970	434
Maintenance of assets	2,517	2,493
Consumer connections and reconnections		
Asset Management Service	588	543
Other Services	398	791
Services provided to ElectroNet Services Ltd	75	122
Amounts receivable from ElectroNet Services Ltd	7	0

At year end there was an outstanding balance of \$1,484,923 (2005 \$2,510,813) for such services. No related party debts have been written off or forgiven during the year.

Other Related Parties**West Coast Electric Power Trust**

The Trust holds 100% of the shares in Westpower.
The following transactions occurred between Westpower
and the Trust:

	2006 \$000's	2005 \$000's
Amounts receivable from WCEPT	0	0
Dividends paid to the Trust	156	156

Directors Interests

	2006 \$000's	2005 \$000's
Hugh Little - Operations Manager - Westland Milk Products Ltd - Owner/Director - Stations Restaurant, Bar & Accommodation		
Services received from the group.	590	266
Services provided to the group.	0	0
Sue Merriman - Managing Director - Marshall and Heaphy Ltd		
Services received from the group.	7	12
Services provided to the group.	0	0
Richard Cornelius - Director - CMP Kokri Ltd		
Services received from the group.	25	0
Services provided to the group.	0	0

No related party debts have been written off or forgiven during the year.

Note 11. Cash Flows**Reconciliation of Net Cash Flows from Operating Activities**

	2006 \$000's	2005 \$000's
Net surplus After Income Tax	3,270	2,972
Plus Non Cash Items:		
Depreciation	2,117	1,953
Vested Assets	(1,054)	(664)
	1,063	1,289
Movements in Working Capital:		
Increase in Debtors	(77)	(288)
Decrease in Creditors, Accrued Interest	847	(491)
Working Capital Transferred from Other Business	0	0
Increase in Income Tax Refund	(251)	222
	519	(557)
Other		
Decrease in Gratuities Provision		
(Gain) Loss on Disposal of Assets	323	552
	323	552
Operating Cashflow	5,175	4,256

Note 12. ODV Reconciliation Report

	2006 \$000's	2005 \$000's
System fixed assets at ODV at beginning of year	69,770	63,643
Add system fixed assets acquired during the year at ODV	9,393	8,577
Less system fixed assets disposed of during the year at ODV	(299)	(552)
Less depreciation system fixed assets at ODV	(2,056)	(1,898)
Add revaluations of system fixed assets	0	0
System fixed assets at ODV at end of year	76,808	69,770

WESTPOWER LIMITED - LINES BUSINESS

Disclosure of Information to be Disclosed in Financial Statements under requirement 6 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 2.

	2006 \$ '000	2005 \$ '000
Statement of Financial Position Disclosure (Schedule 1, Part 2)		
1 Current Assets		
(a) Cash and Bank Balances	714	167
(b) Short-term Investments		
(c) Inventories		
(d) Accounts receivable	1,817	1,740
(e) Other current assets not listed in (a) to (d)	338	87
(f) Total current assets	2,869	1,994
2 Fixed Assets		
(a) System fixed assets	72,611	65,822
(b) Consumer billing and information system assets		
(c) Motor Vehicles		
(d) Office Equipment	534	275
(e) Land & Buildings	3,071	1,726
(f) Capital works under construction		
(g) Other fixed assets not listed in (a) to (f)		
(h) Total fixed assets	76,216	67,823
3 Other tangible assets not listed above	1,280	1,244
4 Total tangible assets	80,365	71,061
5 Intangible assets		
(a) Goodwill		
(b) Other intangible not listed in (a)		
(c) Total intangible assets		
6 Total Assets	80,365	71,061
7 Current Liabilities		
(a) Bank Overdraft		
(b) Short-term borrowings		
(c) Payables and accruals	2,293	2,925
(d) Provision for dividends payable		
(e) Provision for income tax		
(f) Other Current Liabilities not listed in (a) to (e)		
(g) Total Current Liabilities	2,293	2,925
8 Non-current Liabilities		
(a) Payables and accruals		
(b) Borrowings	11,474	4,652
(c) Deferred tax		
(d) Other Non-current Liabilities not listed in (a) to (c)		
(e) Total Non-current Liabilities	11,474	4,652

WESTPOWER LIMITED - LINES BUSINESS

	2006 \$ '000	2005 \$ '000
9 Equity		
(a) Shareholders equity		
(i) Share Capital	30,300	30,300
(ii) Retained Earnings	13,917	10,803
(iii) Reserves	22,381	22,381
(iv) Total Shareholders equity	66,598	63,484
(b) Minority interests in subsidiaries		
(c) Total Equity	66,598	63,484
(d) Capital notes;		
(e) Total capital funds	66,598	63,484
10 Total equity and liabilities	80,365	71,061
Statement of Financial Performance Disclosure (Schedule 1, Part 2)		
11 Operating Revenue		
(a) Revenue from line/access charges	11,662	12,263
(b) Revenue from "Other" business (transfer payment)	75	
(c) Interest on cash, bank balances and short-term investments	43	53
(d) AC loss-rental rebates	321	174
(e) Other operating revenue not listed in (a) to (d)	2,029	1,239
(f) Total operating revenue	14,130	13,729
12 Operating expenditure		
(a) payment for transmission charges	2,327	2,242
(b) Transfer payments to the "Other" business for -		
(i) Asset maintenance	2,517	2,493
(ii) Consumer disconnections and reconnections		
(iii) Meter data		
(iv) Consumer-based load control		
(v) Royalty and patent expenses		
(vi) Avoided transmission charges on account of own generation		
(vii) Other goods & services not listed in (i) to (vi) above	542	543
(viii) Total transfer payment to the "Other" business	3,059	3,036
(c) Payments to non-related entities		
(i) Asset maintenance	63	60
(ii) Consumer disconnection/reconnection services		
(iii) Meter data		
(iv) Consumer-based load control		
(v) Royalty and patent expenses		
(vi) Total of specified expenses to non-related parties	63	60
(d) Employee salaries, wages and redundancies		
(e) Consumer billing and information system expense		
(f) Depreciation on		
(i) System fixed assets	2,056	1,882
(ii) Other assets not listed in (i)	61	71
(iii) Total depreciation expense	2,117	1,953
(g) Amortisation of		
(i) Goodwill		
(ii) Other intangibles		
(iii) Total amortisation of intangibles		

WESTPOWER LIMITED - LINES BUSINESS

	2006 \$ '000	2005 \$ '000
(h) Corporate and administration	657	726
(i) Human resource expenses		
(j) Marketing/advertising		
(k) Merger and acquisition expenses		
(l) Takeover defence expenses		
(m) Research and development expenses		
(n) Consultancy and legal expenses	309	381
(o) Donations		
(p) Directors fees	51	58
(q) Audit fees		
(i) Audit fees paid to principal auditors	38	40
(ii) Audit fees paid to other auditors		
(iii) Fees paid for other services provided by auditors		
(iv) Total auditors fees	38	40
(r) Costs of offering credit		
(i) Bad debts written off		
(ii) Increase in estimated doubtful debts		
(iii) Total costs of offering credit		
(s) Local authority rates	56	55
(t) AC loss-rental (distribution of) expense	321	174
(u) Rebates to Consumers due to ownership interest		
(v) Subvention payments		
(w) Unusual expenses		
(x) Other expenditure not listed in (a) to (w)	323	552
13 Total operating expenditure	9,321	9,277
14 Operating surplus before interest and income tax	4,809	4,452
15 Interest		
(a) Interest expense on borrowings	612	257
(b) Financing charges related to finance leases		
(c) Other interest expense		
(d) Total interest expense	612	257
16 Operating surplus before income tax	4,197	4,195
17 Income Tax	927	1,223
18 Net Surplus after tax	3,270	2,972

PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under Requirement 14 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 3.

	2006	2005	2004	2003
1 Financial performance measures				
(a) Return on funds	6.41%	6.51%	6.34%	13.02%
(b) Return on equity	4.81%	4.54%	4.47%	10.31%
(c) Return on investment	4.91%	4.59%	16.36%	8.76%

WESTPOWER LIMITED - LINES BUSINESS**2 Efficiency performance measures:**

	2006	2005	2004	2003
(a) Direct lines costs per kilometre	\$ 1,581.81	\$ 1,555.77	\$ 1,681.46	\$ 1,232.30
Direct Expenditure	3,196,830	3,114,661	3,325,936	2,441,192
System Length	2,021	2,002	1,978	1,981
(b) Indirect lines costs per electricity Consumer *	\$ 113.00	\$ 106.75	\$ 104.77	\$ 100.79
Indirect Expenditure	1,357,170	1,284,339	1,250,064	1,217,210
Total consumers *	12,010	12,031	11,931	12,077

* Number of consumers based on ICP connections

Disclosure of energy delivery efficiency performance measures under requirement 20 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 4.

1 Energy Delivery efficiency performance measures:

(a) Load factor ($a/b \times 100$)	65.0%	64.2%	65.6%	63.1%
a = kWh of electricity entering system	223,809,000	209,115,825	207,165,465	211,261,285
b = Maximum demand	39,292	37,172	36,024	38,232
c = Total number of hours in year	8,760	8,760	8,760	8,760
(b) Loss ratio ($=a/b \times 100$)	5.7%	5.9%	7.0%	4.5%
a = losses in electricity in kWh	12,825,000	12,298,050	14,434,000	9,603,837
b = kWh of electricity entering system	223,809,000	209,115,825	207,165,465	211,261,285
(c) Capacity utilisation ($=a/b \times 100$)	31%	31%	31%	35%
a = Maximum demand	39,292	37,172	36,024	38,232
b = Transformer Capacity	127,000	119,309	116,726	109,003

2 Statistics**(a) System Length**

Circuit Kilometres 66kV	60	60	60	56
Circuit Kilometres 33kV	246	246	246	230
Circuit Kilometres 11kV	1,459	1,440	1,416	1,492
Circuit Kilometres 230/400V	256	256	256	203
Total	2,021	2,002	1,978	1,981

(b) System Length - Overhead

Circuit Kilometres 66kV	60	60	60	56
Circuit Kilometres 33kV	244	244	244	230
Circuit Kilometres 11kV	1419	1403	1383	1,458
Circuit Kilometres 230/400V	169	169	169	142
Total Overhead	1892	1876	1856	1,886

WESTPOWER LIMITED - LINES BUSINESS

	2006	2005	2004	2003
(c) System Length - Underground				
Circuit Kilometres 66kV	0	0	0	0
Circuit Kilometres 33kV	2	2	2	0
Circuit Kilometres 11kV	40	37	33	34
Circuit Kilometres 230/400V	87	87	87	61
Total Underground	129	126	122	95
(d) Transformer Capacity (In Kilovolt Amperes)				
District (zone) Substations	151,000	107,000	107,000	96,000
Distribution Substations	127,000	119,309	116,726	109,003
Total Substations	278,000	226,309	223,726	205,003
(e) Maximum Demand	39,292	37,172	36,024	38,232
(f) Total electricity supplied from the system before losses (in Kilowatt Hours)	223,809,000	209,115,825	207,165,465	211,261,285
(g) Electricity conveyed for each retailer after losses				
Retailer 1	-	-	-	-
Retailer 2	14,576,000	3,153,752	-	-
Retailer 3	2,750,000	3,887,007	9,791,672	8,631,685
Retailer 4	16,651,000	15,742,067	14,192,942	25,028,359
Retailer 5	23,734,000	12,988,446	9,920,251	9,053,917
Retailer 6	153,273,000	161,046,503	158,826,600	158,943,487
Retailer 7				
	210,984,000	196,817,775	192,731,465	201,657,448
(h) Total Consumers *	12,010	12,031	11,931	12,077

* Number of consumers based on ICP connections

Disclosure of reliability performance measures under requirement 21 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 5.

1 Total number of interruptions

Class A - Planned - by Transpower	0	2	4	0
Class B - Planned - by Line Owners	63	140	50	63
Class C - Unplanned - by Line Owners	122	136	171	57
Class D - Unplanned - by Transpower	2	6	1	0
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0
Class G - Unplanned - by other line owner	0	0	0	0
Class H - Planned - by other line owner	0	0	0	0
Class I - Any other loss of supply	0	0	0	0
Total	187	284	226	120

2 Interruption targets for 2006/2007

Class B - Planned - by Line Owners	60
Class C - Unplanned - by Line Owners	60

WESTPOWER LIMITED - LINES BUSINESS

3 Average interruption targets for 2006/2007 to 2009/2010 years

Class B - Planned - by Line Owners	60
Class C - Unplanned - by Line Owners	60

4 Proportion of Class C interruptions not restored within: (=a/b*100)

3 Hours	13.9%
a = number of interruptions not restored within 3 hours	17
b = total number of Class C interruptions	122
24 Hours	0.0%
a = number of interruptions not restored within 24 hours	0
b = total number of Class C interruptions	122

2006 2005 2004 2003

5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line

66kV	-	-	-	2
33kV	1	7	10	3
11kV	6	17	13	8
Total	4.8	12.9	11	6

(b) Target for 2006/2007 year

66kV	1
33kV	3
11kV	7
Total	5.3

(c) Average Target for 2005/2006 to 2009/2010 years

66kV	1
33kV	3
11kV	7
Total	5.3

6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line

33kV	50	50	50	0
11kV	13	14	39	9
Total	5	5	9	9

7 The total number faults per 100 circuit kilometres of overhead prescribed voltage electric line

66kV	0	0	0	2
33kV	1	7	9	2
11kV	6	17	12	8
Total	5	13	10	6

8 The SAIDI for the total number of interruption

151.12 372.06 205.49 122.02

9 SAIDI targets for 2006/2007

Class B - Planned - by Line Owners	40
Class C - Unplanned - by Line Owners	70

WESTPOWER LIMITED - LINES BUSINESS**10 Average SAIDI target for 2006/2007 to 2009/2010 years**

Class B - Planned - by Line Owners	40
Class C - Unplanned - by Line Owners	70

11 The SAIDI for the total number of interruptions within each interruption class

	2006	2005	2004	2003
Class A - Planned - by Transpower	0	3.07	5.47	0
Class B - Planned - by Line Owners	76.39	71.31	42.11	66.76
Class C - Unplanned - by Line Owners	69.49	188.54	145.64	55.26
Class D - Unplanned - by Transpower	5.24	109.14	12.27	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
	151.12	372.06	205.49	122.02

12 The SAIFI for the total number of interruption	2.04	4.23	2.40	1.16
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13 SAIFI target for 2006/2007

Class B - Planned - by Line Owners	0.25
Class C - Unplanned - by Line Owners	1

14 Average SAIFI target for 2006/2007 to 2009/2010 years

Class B - Planned - by Line Owners	0.25
Class C - Unplanned - by Line Owners	1

15 The SAIFI for the total number of interruptions within each interruption class

Class A - Planned - by Transpower	0.00	0.01	0.02	0
Class B - Planned - by Line Owners	0.28	0.34	0.19	0.27
Class C - Unplanned - by Line Owners	1.10	2.89	2.02	0.89
Class D - Unplanned - by Transpower	0.66	0.99	0.17	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
	2.04	4.23	2.4	1.16

16 The CAIDI for the total number of interruption	73.90	88.03	85.62	105
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17 CAIDI targets for 2006/2007

Class B - Planned - by Line Owners	160
Class C - Unplanned - by Line Owners	70

18 Average CAIDI target for 2006/2007 to 2009/2010 years

Class B - Planned - by Line Owners	160
Class C - Unplanned - by Line Owners	70

WESTPOWER LIMITED - LINES BUSINESS

	2006	2005	2004	2003
19 The CAIDI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	0.00	477.79	274	0
Class B - Planned - by Line Owners	272.82	207.00	221	247
Class C - Unplanned - by Line Owners	63.17	65.00	72	62
Class D - Unplanned - by Transpower	7.94	110.61	72	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
	<hr/> 73.90	<hr/> 88.03	<hr/> 85.62	<hr/> 105

WESTPOWER LIMITED - LINES BUSINESS

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	4,809				
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIT)	4,809				
Interest on cash, bank balances, and short-term investments (ISTI)	43				
OSBIT minus ISTI	4,766	a	4,766		4,766
Net Surplus after tax from financial statements	3,270				
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	3,270	n		3,270	
Amortisation of goodwill and amortisation of other intangibles		g	add	add	add
Subvention payment		s	add	add	add
Depreciation of SFA at BV (x)	2,056				
Depreciation of SFA at ODV (y)	2,056				
ODV depreciation adjustment		d	add	add	add
Subvention payment tax adjustment	-	s*t	deduct	deduct	deduct
Interest tax shield	188	q			188
Revaluations		r			
Income tax	927	p			927
Numerator			OSBIT ^(a) =a+g+s+d	NSAT ⁽ⁿ⁾ =n+g+s+t+d	BIT ^(a,q,r,p,s,t) =a+q+r+s+p+s*t
Fixed asset at end of previous year (FA ₀)	67,823		4,766		3,651
Fixed assets at end of current financial year (FA ₁)	76,216				
Adjusted net working capital at end of previous financial year (ANWC ₀)	(1,098)				
Adjusted net working capital at end of current financial year (ANWC ₁)	(138)				
Average total funds employed (ATFE)	71,402	c	71,402		71,402
Total equity at end of previous financial year (TE ₀)	63,484				
Total equity at end of current financial year (TE ₁)	66,598				
Average total equity	65,041	k		65,041	
WUC at end of previous financial year (WUC ₀)					

WESTPOWER LIMITED - LINES BUSINESS

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

WUC at end of current financial year (WUC _t)					
Average total works under construction					
Revaluations					
Half of revaluations					
Intangible assets at end of previous financial year (IA ₀)	-				
Intangible assets at end of current financial year (IA ₁)	-				
Average total intangible asset	-				
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	-				
System fixed assets at end of previous year at book value (SFA _{BV0})	66,793				
System fixed assets at end of current financial year at book value (SFA _{BV1})	73,830				
Average value of system fixed assets at book value (SFA _{BV0})	70,312				
System fixed assets at year beginning at ODV value (SFA _{ODV0})	69,770				
System fixed assets at end of current financial year at ODV value (SFA _{ODV1})	76,808				
Average value of system fixed assets at ODV value	73,289				
Denominator					
Financial performance measure					

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 WESTPOWER
LIMITED FOR THE YEAR ENDED 31 MARCH 2006**

We have audited the financial statements of Westpower Limited on pages 1 to 16. The financial statements provide information about the past financial performance of Westpower Limited and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 1 to 4.

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 Westpower 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 Tony Uttley 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 Westpower Limited 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.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Westpower Limited¹.

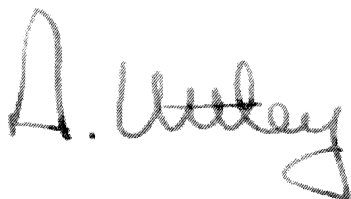
Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Westpower Limited as far as appears from our examination of those records; and
- the financial statements of Westpower Limited on pages 1 to 16:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Westpower 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 17 November 2006 and our unqualified opinion is expressed as at that date.



Tony Uttley
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

¹ In addition to issuing audit certificates pursuant to the Electricity Information Disclosure Requirements 2004 we have carried out other audit assignments for Westpower Limited. This involved issuing an audit opinion on the annual financial statements for the year ended 31 March 2006. These assignments are compatible with those independence requirements. Other than this assignment we have no relationship with or interest in Westpower Limited.

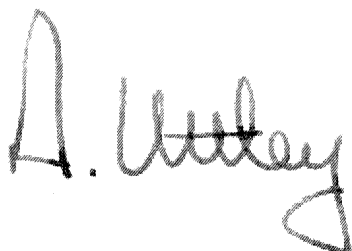
AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF WESTPOWER LIMITED

We have examined the information on pages 13, 16, 17, 22 and 23 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 Westpower Limited and dated 17 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.



Tony Uttley
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
17 November 2006