



# New Zealand Gazette

OF THURSDAY, 20 JANUARY 2005

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WELLINGTON: FRIDAY, 21 JANUARY 2005 — ISSUE NO. 25

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## 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 2004.**

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 2004.

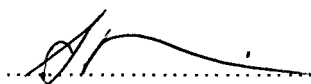
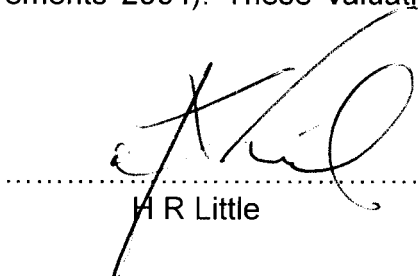
  
Suzanne Peta Merriman  
Director  
Hugh Robert Little  
Director

Date : 20 December 2004

**WESTPOWER****FORM 6****ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS  
2004****CERTIFICATION OF VALUATION REPORT OF LINE OWNERS**

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 valuation report of Westpower Limited, prepared for the purposes of the 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 system fixed assets of Westpower Limited is \$104,849,076; and
- (c) The depreciated replacement cost of the line business system fixed assets of Westpower Limited is \$64,622,204; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Westpower Limited is \$64,403,083; and
- (e) The optimised deprival valuation of the line business system fixed assets of Westpower Limited is \$63,642,610; and
- (f) The values in paragraphs (b) through (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004). These valuations are at 31 March 2004.

  
.....  
S P Merriman  
.....  
H R Little

Dated: 20 December 2004

**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.

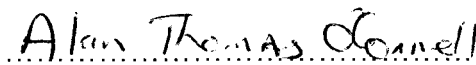
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

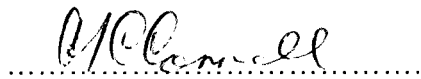


S P Merriman  
Director

Declared at Greymouth this 20th day of December 2004

Signed in the Presence of:

  
(Name)

  
(Signature)

ALAN T O'CONNELL, JP  
55 ALEXANDER STREET  
GREYMOUTH  
03 768-9244  
(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 2004**

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 have been 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 have been 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	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 2004**

	Note	2004 \$000's	2003 \$000's
Revenue	1	12,606	14,872
Total Expenses	2	8,706	7,934
Net Surplus before Interest and Tax		3,900	6,938
Interest		251	451
Net Surplus before Income Tax		3,649	6,487
Less Taxation Expense	3	1,009	1,216
<b>NET SURPLUS AFTER TAX</b>		<b><u>2,640</u></b>	<b><u>5,271</u></b>

**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2004**

<b>Equity as at 1 April 2004</b>	54,593	50,345
Net Surplus for Year	2,640	5,271
Revaluation of Assets	3,591	(867)
Total Recognised Revenue and Expenses	<u>6,231</u>	<u>4,404</u>
Dividend Paid	(156)	(156)
<b>Equity as at 31 March 2004</b>	<b><u>60,668</u></b>	<b><u>54,593</u></b>

*The accompanying notes form part of these financial statements*

**WESTPOWER LIMITED - LINES BUSINESS****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2004**

	<b>Note</b>	<b>2004 \$000's</b>	<b>2003 \$000's</b>
<b>EQUITY</b>			
Share Capital		30,300	30,300
Reserves		22,381	18,790
Retained Earnings		7,987	5,503
<b>TOTAL EQUITY</b>	<b>7</b>	<b><u>60,668</u></b>	<b><u>54,593</u></b>
Represented By:			
<b>CURRENT ASSETS</b>			
Cash and Bank		362	353
Short Term Investments			
Sundry Debtors	<b>4</b>	1,452	2,085
Tax refund due		310	10
Other Current Assets		-	-
		<u>2,124</u>	<u>2,448</u>
<b>NON CURRENT ASSETS</b>			
Fixed Assets	<b>5</b>	61,691	55,820
Investments		<u>1,212</u>	<u>1,183</u>
		62,903	57,003
<b>TOTAL ASSETS</b>		<b>65,027</b>	<b>59,451</b>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		1,434	1,168
Accrued Interest		23	38
Provision for dividend		-	-
		<u>1,457</u>	<u>1,206</u>
<b>NON CURRENT LIABILITIES</b>			
Employee Entitlements		-	-
Long - term Debt	<b>6</b>	<u>2,902</u>	<u>3,652</u>
		2,902	3,652
<b>TOTAL LIABILITIES</b>		<b><u>4,359</u></b>	<b><u>4,858</u></b>
<b>NET ASSETS</b>		<b><u>60,668</u></b>	<b><u>54,593</u></b>

*The accompanying notes form part of these financial statements*

**WESTPOWER LIMITED - LINES BUSINESS****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2004**

	<b>Note</b>	<b>2004 \$000's</b>	<b>2003 \$000's</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from customers		12,737	14,306
Interest received		46	55
Dividend Received		6	-
		<u>12,789</u>	<u>14,361</u>
Cash was applied to:			
Payments to suppliers & employees		6,631	6,702
Interest paid		272	437
Taxes paid		1,256	753
Net GST		(95)	149
		<u>8,064</u>	<u>8,041</u>
Net cash flows from operating activities	11	4,725	6,320
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of assets		-	64
Loan payment received		50	200
		<u>50</u>	<u>264</u>
Cash was applied to:			
Purchase of fixed assets		3,781	6,501
Purchase of investments		79	31
		<u>3,860</u>	<u>6,532</u>
Net cash flows from investing activities		(3,810)	(6,268)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Term Loan		500	-
Contributions from Owners		-	-
		<u>500</u>	<u>-</u>
Cash was applied to:			
Repayment of Term Loan		1,250	750
Dividends paid		156	156
		<u>1,406</u>	<u>906</u>
Net cash flows from financing activities		(906)	(906)
Net increase in cash held		9	(854)
Add opening cash brought forward		353	1,207
Transfer of Cash from "Other Business"			
Ending cash carried forward		<u>362</u>	<u>353</u>
<b>CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION</b>			
Cash and Bank		<u>362</u>	<u>353</u>

*The accompanying notes 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 2004

	2004 \$000's	2003 \$000's
<b>Note 1. Revenue</b>		
Line Charges	11,762	11,902
Special Discount on Line Charges		
Interest	46	55
AC loss-rental rebates	272	280
Sundry Income	526	2,635
	<u>12,606</u>	<u>14,872</u>
<b>Note 2. Expenses</b>		
Audit fees for Companies financial statements	34	24
Other services provided by Auditors		5
Directors' Fees	52	37
Depreciation	1,714	1,617
Loan Interest	251	451
Bad debts written off		
Increase (decrease) in estimated doubtful debts	(17)	
Loss (Profit) on Sale of Fixed Assets	201	312
Write Down in Valuation of Buildings and Land		
<b>Note 3. Taxation</b>		
Net Surplus before taxation	3,649	6,487
Prima facie taxation at 33%	1,204	2,141
Plus Tax effect of permanent differences		
Imputation Credits	(3)	(1)
Taxation adjustment previous year	130	
Tax effect of Permanent Differences and Timing differences not Recognised	(322)	(924)
Total Taxation Expense	<u>1,009</u>	<u>1,216</u>
The Taxation charge comprises		
- current taxation	879	1,216
- prior period adjustments	130	0
	<u>1,009</u>	<u>1,216</u>

The group has not recognised a deferred taxation liability of \$7,221,000 (2003 \$6,942,968)

	2004 \$000's	2003 \$000's
<b>Note 4. Sundry Debtors</b>		
Line Charge & Sundry Debtors	1,452	2,085
	<u>1,452</u>	<u>2,085</u>

**Note 5. Fixed Assets**

	Cost/ Valuation \$000's	Accumulated Depreciation \$000's	Book Value 2004 \$000's	Book Value 2003 \$000's
At Cost:				
Distribution System	0	0	0	
Land and Buildings	0	0	0	272
Other	392	116	276	271
Capital Work In Progress				
	<u>392</u>	<u>116</u>	<u>276</u>	<u>543</u>
At Valuation:				
Distribution System	59,763	0	59,763	54,799
Land and Buildings	1,652	0	1,652	478
Total	<u>61,807</u>	<u>116</u>	<u>61,691</u>	<u>55,820</u>

The fair value of land and buildings is equivalent to the net book value being market value as at 31 March 2004. Carrying value is considered an accurate reflection of fair value.

**Note 6. Borrowings**

	2004 \$000's	2003 \$000's
Term Liabilities - Repayable 1-2 years	2,500	3,250
- Repayable 2-5 years	402	0
- Repayable later than 5 years	0	402
	<u>2,902</u>	<u>3,652</u>
Loans are secured as follows:		
Short Term Advance Facility \$13,000,000 *	2,500	3,250
Various (No Security)	402	402
	<u>2,902</u>	<u>3,652</u>

The National Bank Short Term Advance facility is due to roll over for one year on 31 July 2004. 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 5.77% - 10.5%

	2004 \$000's	2003 \$000's
<b>Note 7. Share Capital</b>		
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	18,270
Retained Earnings	7,987	5,503
	<b>60,668</b>	<b>54,593</b>

**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 2004 is \$0 (2003 \$0).

The fair value of the shares in International Panel and Lumber (West Coast) Limited is \$83,010 (2003 \$71,856). This represents the value of the 30,000 shares based on the value of net assets as at 31 January 2004.

**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 \$7,000,000 (2003 \$13,000,000) .

The contract amount of interest rates swaps held at 31 March 2004 is \$0 (2003 \$0).

**Note 9. Contingent Liabilities and Capital Commitments**

## Capital Commitments

	2004 \$000's	2003 \$000's
The total amount committed at balance date was	0	85

## Operating Lease Commitments

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

Period	2004 \$000's	2003 \$000's
Not later than 1 year	21	7
1 - 2 years	21	0
2 - 5 years	63	0
Later than 5 years	42	0
	<u>147</u>	<u>7</u>

## Contingent Liabilities

There are no contingent liabilities at 31 March 2004

**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 2003 to 31 March 2004.

	2004 \$000's	2003 \$000's
Construction of subtransmission assets	145	1,070
Construction of zone substations	1,101	1,888
Construction of distribution lines and cables	966	474
Construction of medium voltage switchgear	391	346
Construction of distribution transformers	292	396
Construction of substations	254	235
Construction of low voltage lines and cables	183	107
Construction of other fixed assets	361	562
Maintenance of assets	2,607	1,869
Consumer connections and reconnections		
Asset Management Service	573	507
Other Services	568	502
Services provided to ElectroNet Services Ltd	189	270
Amounts receivable from ElectroNet Services Ltd	68	0

At year end there was an outstanding balance of \$1,031,516 (2003 \$763,578) 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:

	2004 \$000's	2003 \$000's
Amounts receivable from WCEPT	0	0
Dividends paid to the Trust	156	156

#### *Directors Interests*

	2004 \$000's	2003 \$000's
Hugh Little - Operations Manager - Westland Milk Products Ltd		
Services received from the group.	35	3,447
Services provided to the group.	0	1
Sue Merriman - Managing Director - Marshall and Heaphy Ltd		
Services received from the group.	10	34
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

	2004 \$000's	2003 \$000's
Net surplus After Income Tax	2,640	5,271
Plus Non Cash Items:		
Depreciation	1,714	1,617
Vested Assets	(335)	0
	<u>1,379</u>	<u>1,617</u>
Movements in Working Capital:		
Decrease in Debtors	582	(575)
Increase in Creditors, Accrued Interest	169	(81)
Working Capital Transferred from Other Business	0	(687)
Increase in Income Tax Refund	(246)	463
	<u>505</u>	<u>(880)</u>
Other		
Decrease in Gratuities Provision		
(Gain) Loss on Disposal of Assets	201	312
	<u>201</u>	<u>312</u>
<b>Operating Cashflow</b>	<b><u>4,725</u></b>	<b><u>6,320</u></b>



**Note 12. ODV Reconciliation Report**

	<b>2004</b> <b>\$000's</b>	<b>2003</b> <b>\$000's</b>
System fixed assets at ODV at beginning of year	54,799	48,545
Add system fixed assets acquired during the year at ODV	4,094	9,016
Less system fixed assets disposed of during the year at ODV	(201)	(312)
Less depreciation system fixed assets at ODV	(1,680)	(1,583)
Add revaluations of system fixed assets	6,631	(867)
System fixed assets at ODV at end of year	<b>63,643</b>	<b>54,799</b>

**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.

	2004 \$ '000	2003 \$ '000
<b>Statement of Financial Position Disclosure (Schedule 1, Part 2)</b>		
<b>1 Current Assets</b>		
(a) Cash and Bank Balances	362	353
(b) Short-term Investments		
(c) Inventories		
(d) Accounts receivable	1,452	2,085
(e) Other current assets not listed in (a) to (d)	310	10
(f) Total current assets	2,124	2,448
<b>2 Fixed Assets</b>		
(a) System fixed assets	59,763	54,799
(b) Consumer billing and information system assets		
(c) Motor Vehicles		
(d) Office Equipment	276	271
(e) Land & Buildings	1,652	750
(f) Capital works under construction		
(g) Other fixed assets not listed in (a) to (f)		
(h) Total fixed assets	61,691	55,820
<b>3 Other tangible assets not listed above</b>	1,212	1,183
<b>4 Total tangible assets</b>	65,027	59,451
<b>5 Intangible assets</b>		
(a) Goodwill		
(b) Other intangible not listed in (a)		
(c) Total intangible assets		
<b>6 Total Assets</b>	65,027	59,451
<b>7 Current Liabilities</b>		
(a) Bank Overdraft		
(b) Short-term borrowings		
(c) Payables and accruals	1,457	1,206
(d) Provision for dividends payable		
(e) Provision for income tax		
(f) Other Current Liabilities not listed in (a) to (e)		
(g) Total Current Liabilities	1,457	1,206
<b>8 Non-current Liabilities</b>		
(a) Payables and accruals		
(b) Borrowings	2,902	3,652
(c) Deferred tax		
(d) Other Non-current Liabilities not listed in (a) to (c)		
(e) Total Non-current Liabilities	2,902	3,652

**WESTPOWER LIMITED - LINES BUSINESS**

	<b>2004 \$ '000</b>	<b>2003 \$ '000</b>
<b>9 Equity</b>		
(a) Shareholders equity		
(i) Share Capital	30,300	30,300
(ii) Retained Earnings	7,987	5,503
(iii) Reserves	22,381	18,790
(iv) Total Shareholders equity	60,668	54,593
(b) Minority interests in subsidiaries		
(c) Total Equity	60,668	54,593
(d) Capital notes;		
(e) Total capital funds	60,668	54,593
<b>10 Total equity and liabilities</b>	<b>65,027</b>	<b>59,451</b>
<b>Statement of Financial Performance Disclosure (Schedule 1, Part 2)</b>		
<b>11 Operating Revenue</b>		
(a) Revenue from line/access charges	11,762	11,902
(b) Revenue from "Other" business (transfer payment)		
(c) Income from interest on bank and short-term investments	46	55
(d) AC loss-rental rebates	272	280
(e) Other operating revenue not listed in (a) to (d)	526	2,635
(f) Total operating revenue	12,606	14,872
<b>12 Operating expenditure</b>		
(a) Transmission Charges	2,199	2,208
(b) Transfer payments to "Other" business		
(i) Asset maintenance	2,607	1,869
(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 & services not listed in (i) to (vi) above	574	507
(viii) Total transfer payment to the "Other" business	3,181	2,376
(c) Payments to non-related entities		
(i) Asset maintenance	58	64
(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	58	64
(d) Employee salaries, wages and redundancies		
(e) Consumer billing and information system expense		
(f) Depreciation on		
(i) System fixed assets	1,680	1,583
(ii) Other assets not listed in (i)	34	34
(iii) Total depreciation expense	1,714	1,617
(g) Amortisation of		
(i) Goodwill		-
(ii) Other intangibles		-
(iii) Total amortisation of intangibles		-

**WESTPOWER LIMITED - LINES BUSINESS**

	<b>2004 \$ '000</b>	<b>2003 \$ '000</b>
(h) Corporate and administration	840	742
(i) Human resource expenses		
(j) Marketing and advertising		
(k) Merger and acquisition expenses		
(l) Takeover defence expenses		
(m) Research and development expenses		
(n) Consultancy and legal expenses	105	251
(o) Donations		
(p) Directors fees	52	37
(q) Audit fees		
(i) Audit fees paid to principal auditors	34	24
(ii) Audit fees paid to other auditors		
(iii) Fees paid for other services provided by auditors		5
(iv) Total auditors fees	34	29
(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	50	48
(t) AC loss-rental (distribution of) expense	272	280
(u) Rebates to Consumers due to ownership interest		
(v) Subvention payments		
(w) Unusual expenses		
(x) Other expenditure not listed in (a) to (w)	201	282
<b>13 Total operating expenditure</b>	<b>8,706</b>	<b>7,934</b>
<b>14 Operating surplus before interest and income tax</b>	<b>3,900</b>	<b>6,938</b>
<b>15 Interest</b>		
(a) Interest expense on borrowings	251	451
(b) Financing charges related to finance leases		
(c) Other interest expense		
(d) Total interest expense	251	451
<b>16 Operating surplus before income tax</b>	<b>3,649</b>	<b>6,487</b>
<b>17 Income Tax</b>	<b>1,009</b>	<b>1,216</b>
<b>18 Net Surplus after tax</b>	<b>2,640</b>	<b>5,271</b>

**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.

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>1 Financial performance measures</b>				
(a) Return on funds	6.34%	13.02%	9.49%	8.56%
(b) Return on equity	4.47%	10.31%	6.69%	5.74%
(c) Return on investment	16.36%	8.76%	7.93%	-0.33%

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

(a) Direct lines costs per kilometre	\$	1,681.46	\$	1,232.30	\$	1,297.85	\$	1,120.23
Direct Expenditure		3,325,936		2,441,192		2,558,061		2,199,004
System Length		1,978		1,981		1,971		1,963
(b) Indirect lines costs per electricity Consumer *	\$	104.77	\$	100.79	\$	99.87	\$	74.94
Indirect Expenditure		1,250,064		1,217,210		1,205,653		898,996
Total consumers *		11,931		12,077		12,072		11,996

\* 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 ( $a/b \times 100$ )	65.6%	63.1%	63.4%	66.3%
a = kWh of electricity entering system	207,165,465	211,261,285	197,992,332	201,936,757
b = Maximum demand	36,024	38,232	35,650	34,776
c = Total number of hours in year	8,760	8,760	8,760	8,760
(b) Loss ratio ( $=a/b \times 100$ )	7.0%	4.5%	5.6%	5.7%
a = losses in electricity in kWh	14,434,000	9,603,837	11,102,063	11,421,041
b = kWh of electricity entering system	207,165,465	211,261,285	197,992,332	201,936,757
(c) Capacity utilisation ( $=a/b \times 100$ )	31%	35%	34%	32%
a = Maximum demand	36,024	38,232	35,650	34,776
b = Transformer Capacity	116,726	109,003	104,363	107,127

**2 Statistics**

	2004	2003	2002	2001
(a) System Length				
Circuit Kilometres 66kV	60	56	47	47
Circuit Kilometres 33kV	246	230	230	230
Circuit Kilometres 11kV	1,416	1,492	1,492	1,484
Circuit Kilometres 230/400V	256	203	202	202
Total	1,978	1,981	1,971	1,963
(b) System Length - Overhead				
Circuit Kilometres 66kV	60	56	47	47
Circuit Kilometres 33kV	244	230	230	230
Circuit Kilometres 11kV	1383	1458	1,458	1,452
Circuit Kilometres 230/400V	169	142	142	142
Total Overhead	1856	1886	1,877	1,871

**WESTPOWER LIMITED - LINES BUSINESS****(c) System Length - Underground**

Circuit Kilometres 66kV	0	0	0	0
Circuit Kilometres 33kV	2	0	0	0
Circuit Kilometres 11kV	33	34	34	32
Circuit Kilometres 230/400V	87	61	61	60

Total Underground	122	95	95	92
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**(d) Transformer Capacity (In Kilovolt Amperes)**

District (zone) Substations	107,000	96,000	76,000	76,000
Distribution Substations	116,726	109,003	104,363	107,127
Total Substations	223,726	205,003	180,363	183,127

(e) Maximum Demand	36,024	38,232	35,650	34,776
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(f) Total electricity supplied from the system before losses (in Kilowatt Hours)	207,165,465	211,261,285	197,992,332	201,936,757
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**(g) Electricity conveyed for each retailer after losses**

Retailer 1	-	-	397,192	952,328
Retailer 2	-	-	2,729,400	2,363,401
Retailer 3	9,791,672	8,631,685	8,734,611	7,110,756
Retailer 4	14,192,942	25,028,359	20,382,630	20,261,024
Retailer 5	9,920,251	9,053,917	8,663,199	7,243,965
Retailer 6	158,826,600	158,943,487	145,983,237	152,584,243
Retailer 7	-	-	-	-

	192,731,465	201,657,448	186,890,269	190,515,716
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(h) Total Consumers *	11,931	12,077	12,072	11,996
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\* Number of consumers based on ICP connections

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

	2004	2003	2002	2001
<b>1 Total number of interruptions</b>				
Class A - Planned - by Transpower	4	0	1	1
Class B - Planned - by Line Owners	50	63	53	73
Class C - Unplanned - by Line Owners	171	57	62	111
Class D - Unplanned - by Transpower	1	0	0	4
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	226	120	116	189
<b>2 Interruption targets for 2003 / 2004</b>				
Class B - Planned - by Line Owners	60			
Class C - Unplanned - by Line Owners	60			

**WESTPOWER LIMITED - LINES BUSINESS****3 Average interruption targets for 2003/2004 to 2007/2008 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	19.9%
a = number of interruptions not restored within 3 hours	34
b = total number of Class C interruptions	171
24 Hours	0.0%
a = number of interruptions not restored within 24 hours	0
b = total number of Class C interruptions	171

2004                      2003                      2002                      2001

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

66kV	-	2	0	0
33kV	10	3	5	7
11kV	13	8	3	7
Total	11	6	3	7

**(b) Target for 2003 / 2004 year**

66kV	1
33kV	3
11kV	7
Total	5.3

**(c) Average Target for 2003 / 2004 to 2006 / 2008 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	0	0	0
11kV	39	9	6	0
Total	9	9	6	0

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

66kV	0	2	2	0
33kV	9	2	5	7
11kV	12	8	3	7
Total	10	6	3	7

**8 The SAIDI for the total number of interruption**

205.49                      122.02                      140.27                      235.18

**9 SAIDI targets for 2003 / 2004**

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

**WESTPOWER LIMITED - LINES BUSINESS****10 Average SAIDI target for 2003 / 2004 to 2007 / 2008 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**

Class A - Planned - by Transpower	5.47	0	13.41	0.68
Class B - Planned - by Line Owners	42.11	66.76	41.35	63.99
Class C - Unplanned - by Line Owners	145.64	55.26	85.51	155.88
Class D - Unplanned - by Transpower	12.27	0	0	14.63
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
	205.49	122.02	140.27	235.18
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>

<b>12 The SAIFI for the total number of interruption</b>	2.40	1.16	1.41	2.52
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**13 SAIFI target for 2003 / 2004**

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

**14 Average SAIFI target for 2003 / 2004 to 2007 / 2008 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	0.02	0	0.08	0
Class B - Planned - by Line Owners	0.19	0.27	0.2	0.39
Class C - Unplanned - by Line Owners	2.02	0.89	1.13	2.08
Class D - Unplanned - by Transpower	0.17	0	0	0.05
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
	2.40	1.16	1.41	2.52

<b>16 The CAIDI for the total number of interruption</b>	85.62	105	99.59	93
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**17 CAIDI targets for 2003 / 2004**

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

**18 Average CAIDI target for 2003 / 2004 to 2007 / 2008 years**

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



**WESTPOWER LIMITED - LINES BUSINESS****19 The CAIDI for the total number of interruptions within each interruption class**

Class A - Planned - by Transpower	274	0	177	450
Class B - Planned - by Line Owners	221	247	210	166
Class C - Unplanned - by Line Owners	72	62	76	75
Class D - Unplanned - by Transpower	72	0	0	269
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
	85.62	105	100	93

## WESTPOWER LIMITED - LINES BUSINESS

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

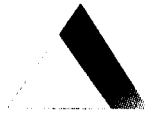
Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	3,900				
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIT)	3,900				
Interest on cash, bank balances, and short-term investments (ISTI)	46				
OSBIT minus ISTI	3,854	a	3,854		3,854
Net Surplus after tax from financial statements	2,640				
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	2,640	n		2,640	
Amortisation of goodwill and amortisation of other intangibles					
Subvention payment					
Depreciation of SFA at BV (x)	1,680	g	add	add	add
Depreciation of SFA at ODV (y)	1,680	s	add	add	add
ODV depreciation adjustment	-	d	add	-	add
Subvention payment tax adjustment	-	s <sup>t</sup>		-	deduct
Interest tax shield	68	q		-	deduct
Revaluations	6,631	r			add
Income tax	1,009	p			deduct
Numerator			OSBIT <sup>40</sup> -a-g-s+d	NSAT <sup>40</sup> -n-g-s <sup>t</sup> q	BIT <sup>40</sup> -a-g-q+r+s-d-p-s <sup>t</sup>
Fixed asset at end of previous year (FA <sub>0</sub> )	55,820				
Fixed assets at end of current financial year (FA <sub>1</sub> )	61,691				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	879				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	305				
Average total funds employed (ATFE)	59,348	c	59,348		59,348
Total equity at end of previous financial year (TE <sub>0</sub> )	54,593				
Total equity at end of current financial year (TE <sub>1</sub> )	60,668				
Average total equity	57,631	k			
WUC at end of previous financial year (WUC <sub>0</sub> )				57,631	

## 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 <sub>t</sub> )						
Average total works under construction						
Revaluations	6,631	e	deduct	deduct		
Half of revaluations	3,316	r				
Intangible assets at end of previous financial year (IA <sub>0</sub> )	-	r/2			deduct	3,316
Intangible assets at end of current financial year (IA <sub>t</sub> )	-					
Average total intangible asset	-	m		deduct		
Subvention payment at end of previous financial year (S <sub>0</sub> )	-					
Subvention payment at end of current financial year (S <sub>t</sub> )	-					
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 <sub>B,0</sub> )	54,799					
System fixed assets at end of current financial year at book value (SFA <sub>B,t</sub> )	60,667					
Average value of system fixed assets at book value	57,733	f		deduct	57,733	deduct
System fixed assets at year beginning at ODV value (SFA <sub>OD,0</sub> )	54,799					
System fixed assets at end of current financial year at ODV value (SFA <sub>OD,t</sub> )	63,643					
Average value of system fixed assets at ODV value	59,221	h		add	59,221	add
Denominator				ATFE <sup>(0)</sup> <sub>SC-e-f-h</sub>		
				AveTE <sup>(0)</sup> <sub>SC-e-f-h</sub>	59,119	ATFE <sup>(0)</sup> <sub>SC-e-1/2-f-h</sub>
Financial performance measure				ROF=OSIII <sup>(0)</sup> /ATFR <sup>(0)</sup> x 100	6.34%	ROE=NSAT <sup>(0)</sup> /ATE <sup>(0)</sup> x 100
						ROI=OSBI <sup>(0)</sup> /ATE <sup>(0)</sup> x 100
					4.47%	16.36%

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 't' = end of current financial year ROF = return on funds ROE = return on equity ROI = return on investment



**Audit New Zealand**

**REPORT OF THE AUDITOR-GENERAL**

**TO THE READERS OF THE FINANCIAL STATEMENTS OF  
WESTPOWER LIMITED  
FOR THE YEAR ENDED 31 MARCH 2004**

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 2004. 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 2004, 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 Ken Boddy 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'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 Westpower Limited.

### 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 2004 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 20 December 2004 and our unqualified opinion is expressed as at that date.



K J Boddy  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



**Audit New Zealand**

**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 20 December 2004 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.

K J Boddy  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
20 December 2004