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THE POWER COMPANY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

**THE POWER COMPANY LIMITED LINE BUSINESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

Prepared for the Purposes of the Electricity Information Disclosure Requirements 2004

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2004 Information Disclosure package issued by The Power Company Limited has been prepared solely for the purposes of the Electricity Information Disclosure Requirements 2004.

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

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


The financial information presented is for the line business as described within the Electricity Information Disclosure Requirements 2004. There are also additional activities of the Company that are not required to be reported under the Requirements.

APPROVAL BY DIRECTORS

The Directors have approved the Consolidated Financial Statements of The Power Company Limited Line Business for the period ended 31 March 2004 on pages 2 to 21.



Maryann Macpherson
Director



Cam McCulloch
Director

For and on behalf of the
Board of Directors

20 December 2004

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2004

	Note	31 March 2004 \$000	31 March 2003 \$000
Operating Revenue	(2)	25,128	23,341
Operating Expenses	(3)	21,149	21,732
Net Surplus Before Taxation		3,979	1,609
Taxation Expense		(2,191)	(1,117)
Net Surplus After Taxation		1,788	492

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2004

	Note	31 March 2004 \$000	31 March 2003 \$000
Total Equity at Beginning of Year		155,859	155,510
Net Surplus/(Deficit) for the Year		1,788	492
Movement in Revaluation Reserve		50,445	-
Total Recognised Revenues and Expenses for the Period		52,233	492
Add Contributions from Owners During the Year:			
- Funds Released from Other Business		-	-
		-	-
Deduct Distributions to Owners During the Year:			
- Dividend		(86)	(143)
		(86)	(143)
Equity at End of Year	(4)	208,006	155,859

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2004

	Note	31 March 2004 \$000	31 March 2003 \$000
Equity	(4)	208,006	155,859
<i>Represented By:</i>			
Current Assets			
Receivables and Prepayments	(5)	2,518	1,627
Inventories		52	73
Taxation Refund		-	45
Total Current Assets		2,570	1,745
Non Current Assets			
Property, Plant and Equipment	(6)	213,655	161,522
Capital Work in Progress		1,282	4,078
Total Non Current Assets		214,937	165,600
Total Assets		217,507	167,345
Current Liabilities			
Bank Overdraft		6,873	6,866
Accounts Payable and Provisions	(7)	2,390	3,420
Provision for Taxation		238	-
Total Current Liabilities		9,501	10,286
Non Current Liabilities			
Term Loan		-	1,200
Total Non Current Liabilities		-	1,200
Total Liabilities		9,501	11,486
Net Assets		208,006	155,859

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2004

	Note	31 March 2004 \$000	31 March 2003 \$000
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash was Provided From:			
Receipts from Customers		23,172	22,621
Sundry Income		989	739
Interest Received		20	5
		24,181	23,365
Cash was Applied To:			
Payments to Suppliers		12,959	12,799
Payments to Employees		1,144	1,046
Taxes Paid		1,908	1,400
Interest Paid		68	390
		16,079	15,635
Net Cash From Operating Activities	(8)	8,102	7,730
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash was Provided From:			
Sale of Property, Plant and Equipment		149	99
		149	99
Cash was Applied To:			
Purchase of Property, Plant and Equipment		6,972	9,240
		6,972	9,240
Net Cash From/(Used in) Investing Activities		(6,823)	(9,141)
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash was Provided From:			
Term Loan		-	-
		-	-
Cash was Applied To:			
Payment of Dividends		86	143
Repayment of Term Loan		1,200	3,899
		1,286	4,042
Net Cash From/(Used in) Financing Activities		(1,286)	(4,042)
Net Increase/Decrease In Cash Held		-	(5,453)
Add Opening Cash Brought Forward		(6,866)	(1,413)
Closing Cash Carried Forward		(6,873)	(6,866)

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

THE POWER COMPANY LIMITED LINE BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Power Company Limited is wholly owned by a Consumer Trust and is registered under the Companies Act 1993.

The Line Business reports on the network assets of The Power Company Limited, along with the joint venture interests in PowerNet Limited.

Purpose of the Financial Statements

These financial statements have been prepared for the purpose of complying with the Electricity Information Disclosure Requirements 2004 and relate to the Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services in accordance with Requirement 6 of the Requirements.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis with the exception of certain items for which specific accounting policies are identified.

Specific Accounting Policies

a) *Principles of Consolidation*

The interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses after the elimination of all significant inter-company transactions.

b) *Revenue*

Network Charges

Revenue comprised the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Investment Income

Interest and dividend income are accounted for as earned.

Customer Contributions

Contributions from customers in relation to the construction of new lines for the network are accounted for as income in the year in which they are received.

c) *Avoidable Cost Allocation Methodology*

The Avoidable Cost Allocation Methodology has been used to separate "Other" activities from The Power Company Limited and PowerNet Limited. Other activities or non Line Business activity has been excluded from these accounts.

d) *Receivables*

Receivables are stated in their estimated realisable value. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

e) *Inventories*

Inventories are stated at the lower of cost of weighted average cost price and net realisable value.

f) *Property, Plant and Equipment**Revaluation*

The network system assets were revalued as at 31 March 2004 to Depreciated Replacement Cost (DRC) as assessed by independent valuers MWH New Zealand Limited.

Network assets are revalued on a cyclical basis to fair value using a Depreciated Replacement Cost methodology with no asset being recognised at a valuation undertaken more than five years previously.

Revaluation increments are transferred to the Asset Revaluation Reserve.

All other assets are recorded at cost less accumulated depreciation.

g) *Depreciation*

Property, Plant and Equipment is depreciated on the basis of valuation cost price less estimated residual value over the period of their estimated useful life.

Rates used are:

Buildings	2.50% – 15.00%	Straight Line/Diminishing Value
Office Equipment & EDP Equipment	9.00% – 60.00%	Diminishing Value
Motor Vehicles	26.00% – 31.20%	Diminishing Value
Network Assets	1.82% – 16.67%	Straight Line/Diminishing Value

h) *Asset Impairment*

Where the estimated recoverable amount of an asset is less than its carrying value, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Financial Performance.

i) *Income Tax*

The income tax expense charged against the profit for the year is the estimated liability calculated at 33 cents in the dollar in respect of that profit.

j) *Work In Progress*

The carrying value of work in progress includes the cost of direct material and direct labour used in putting replacement and new systems in their present location and condition.

k) *Goods And Services Tax*

These accounts have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are GST inclusive.

l) *Financial Instruments*

The Line Business is party to financial instrument arrangements as part of its everyday operations. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance on an accrual basis.

The Line Business has no off-balance sheet exposures. The Line Business values all financial instruments at fair value in the Statement of Financial Position.

m) *Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

n) *Employee Entitlements*

Provision is made in respect of the Company's liability for annual and long service leave. Leave has been calculated on an actual entitlement basis at current rates of pay.

Changes in Accounting Policies

There have been no changes in accounting policies during the year ended 31 March 2004.

THE POWER COMPANY LIMITED LINE BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

2. Operating Revenue

	31 March 2004 \$000	31 March 2003 \$000
<i>Operating Revenue Comprises:</i>		
Line Charges (net of discount)	24,119	22,335
Interest on Investments	20	5
Transpower Rebate (net of distribution to retailers)	-	262
Other Revenue	989	739
Total Operating Revenue	25,128	23,341

3. Operating Expenses

<i>Operating Expenses Include:</i>		
Auditors Remuneration:		
- Statutory Audit	33	32
- Other	19	-
Bad Debts Written Off	8	1
Depreciation:		
- Office Equipment	357	326
- Network	7,176	6,994
- Buildings	22	20
- Plant & Equipment	118	107
Directors' Fees	107	97
Interest Expense	68	390
Lease Costs	-	-
Loss on Disposal of Fixed Assets	259	85

4. Equity

Capital Reserve	28,847	28,847
Asset Revaluation Reserve (see below)	160,934	110,489
Retained Earnings	18,225	16,523
Total Equity	208,006	155,859
<i>Asset Revaluation Reserve</i>		
Opening Balance	110,489	110,489
Revaluation in the Year	50,445	-
Reversal/(Impact) of Deferred tax effect of revaluation	-	-
Other movements	-	-
Closing Balance	160,934	110,489

5. Receivables and Prepayments

Trade Debtors	2,471	1,320
Other Debtors	-	205
Prepayments	47	102
Total Receivables and Prepayments	2,518	1,627

6. Property, Plant and Equipment

	31 March 2004 \$000	31 March 2003 \$000
Land	85	85
Buildings (At Cost)	344	401
Accumulated Depreciation	(176)	(170)
	168	231
Customer Billing & Information System Assets (At Cost)	2,757	2,772
Accumulated Depreciation	(2,748)	(2,750)
	9	22
Motor Vehicles (At Cost)	4	9
Accumulated Depreciation	(3)	(5)
	1	4
Plant and Equipment (At Cost)	862	674
Accumulated Depreciation	(582)	(427)
	280	247
Office Equipment (At Cost)	1,966	1,491
Accumulated Depreciation	(1,454)	(1,089)
	512	402
Network Assets (At Valuation)	231,839	172,638
Accumulated Depreciation	(19,239)	(12,107)
	212,600	160,531
Total Property, Plant & Equipment	213,655	161,522

Directors consider book value to be an indication of the fair value of Land and Buildings.

7. Accounts Payable and Provisions

Accounts Payable and Accruals	2,233	3,294
Provision for Employee Entitlements	157	126
Total Accounts Payable and Provisions	2,390	3,420

8. Reconciliation of Net Surplus After Taxation with Cashflow from Operating Activities

	31 March 2004	31 March 2003
	\$000	\$000
Net Surplus After Tax	1,788	492
Add Non Cash Items		
Depreciation and Loss on Sale	7,932	7,533
Movement in Deferred Tax	-	-
	9,720	8,025
Plus/(Less) Movement in Working Capital Items:		
(Increase)/Decrease in Accounts Receivable	(946)	27
Increase in Prepayments	55	(14)
(Increase)/Decrease in Stock	20	232
Increase/(Decrease) in Provision for Tax	283	(283)
Increase/(Decrease) in Accounts Payable and Provisions	(1,030)	(257)
Net Cash From Operating Activities	8,102	7,730

9. Commitments**Operating Lease Commitments:**

Operating Lease Commitments are payable as follows:

➤ Not Later than one year	100	80
➤ Later than one year and not later than two years	49	37
➤ Later than two years and no later than five years	65	86
➤ Later than five years	-	-

10. Financial Instruments**Off Balance Sheet Financial Instruments**

The Line Business does not have any off balance sheet financial instruments, with the exception of interest rate swaps.

Credit Risk

Financial instruments which potentially subject the Line Business to credit use principally consist of bank balances and accounts receivable. Bank deposits are placed with high credit - quality financial institutions. The Line Business performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk at balance date are:

Receivables	2,471	1,525
	2,471	1,525

The above exposures are net of any recognised provision for losses on these financial instruments.

No collateral is held on the above amounts.

Concentrations of Credit Risk

The Line Business is exposed to a Concentration of Credit Risk by one significant energy retailer. This entity is considered to be a high credit quality entity.

Foreign Exchange Risk

The Line Business is not exposed to any foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changed in market interest rates. The Line Business is exposed to normal fluctuations in market interest rates.

Fair Values

The estimated fair value of the Line Business' financial instruments are represented by the carrying values.

11. Related Parties

The Power Company Limited "Line Business" consists of line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited. The Power Company Limited "Other Business" consists of other or non-line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited.

All related party transactions between The Power Company Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

During the year related party transactions took place between The Power Company Limited Line Business and The Power Company Limited Other Business. All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

The Power Company Limited Line Business purchased from PowerNet Limited Other Business:

	31 March 2004	31 March 2003
	\$000	\$000
Construction of:		
➤ Subtransmission assets	1,676	1,405
➤ Zone substations	2,633	2,046
➤ Distribution lines and cables	700	3,940
➤ Medium voltage switchgear	543	150
➤ Distribution transformers	1,172	1,204
➤ Distribution substations	618	-
➤ Low voltage lines and cables	540	237
➤ Other system fixed assets	-	61

The above amounts represent the capital works programme undertaken by PowerNet Limited on behalf of The Power Company Limited.

Maintenance of assets	-	-
Consumer connections and disconnections	-	-

PowerNet Limited's Line Business purchased from The Power Company Limited Other Business:

Rent	20	16
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The value of transactions owing at balance date were as follows:

The Power Company Limited Line Business owes PowerNet Limited Other Business \$2,256,000 (2003: \$1,320,000).

PowerNet Limited's Line Business owes The Power Company Limited Other Business \$2,000 (2003: \$1,000).

The Southland Electric Power Supply Consumer Trust, which owns 100% of the shares in The Power Company Limited, is a related party. During the year expenses are paid out on behalf of the Trust, at 31 March 2004 these totalled \$84,000 (2003 \$71,000). A dividend of \$98,000 (2003 \$143,000) was paid during the year.

No related party debts have been written off or forgiven during 2004 or 2003.

12. Annual Valuation Reconciliation Report

System fixed assets at ODV – end of the previous financial year	152,433	152,422
<i>Less</i> recalibration of system fixed assets	-	-
<hr/>		
Revised system fixed assets – end of the previous financial year	152,433	152,422
<i>Add</i> system fixed assets acquired during the year at ODV	9,498	7,179
<i>Less</i> system fixed assets disposed of during the year at ODV	(441)	(174)
<i>Less</i> depreciation on system fixed assets at ODV	(7,176)	(6,994)
<i>Add</i> 11kv Servicemains returned to Lines Business ownership	13,955	
<i>Add</i> revaluations of system fixed assets	49,009	-
<hr/>		
System fixed assets at ODV – end of the financial year	217,278	152,433
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13. Disclosure of Information

Pursuant to Requirement 6(2) of the Electricity Information Disclosure Requirements 2004, Schedule 1 Part 2.

	31 March 2004	31 March 2003
	\$000	\$000
Current Assets		
(a) Cash and bank balances	-	-
(b) Short-term investments	-	-
(c) Inventories	52	73
(d) Accounts receivable	2,471	1,525
(e) Other current assets not listed in (a) to (d)	47	147
Total Current Assets	2,570	1,745
Fixed Assets		
(a) System fixed assets	212,600	160,531
(b) Consumer billing and information system assets	9	22
(c) Motor vehicles	1	4
(d) Office equipment	512	402
(e) Land and buildings	253	316
(f) Capital works under construction	1,282	4,078
(g) Other fixed assets not listed in (a) to (g)	280	247
Total Fixed Assets	214,937	165,600
Other tangible assets not listed above	-	-
Total Tangible Assets	217,507	167,345
Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
Total Intangible Assets	-	-
TOTAL ASSETS	217,507	167,345
Current Liabilities		
(a) Bank overdraft	6,873	6,866
(b) Short-term borrowings	-	-
(c) Payables and accruals	2,390	3,420
(d) Provision for dividends payable	-	-
(e) Provision for income tax	238	-
(f) Other current liabilities not listed in (a) to (e) above	-	-
Total Current Liabilities	9,501	10,286
Non-Current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	-	1,200
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
Total Non-Current Liabilities	-	1,200
Equity		
(a) Shareholders' equity:		
(i) Share capital	28,847	28,847
(ii) Retained earnings	18,225	16,523
(iii) Reserves	160,934	110,489
Total Shareholders' equity	208,006	155,859
(b) Minority interests in subsidiaries	-	-
Total Equity	208,006	155,859
(c) Capital notes	-	-
Total Capital Funds	208,006	155,859
TOTAL EQUITY AND LIABILITIES	217,507	167,345

	31 March 2004 \$000	31 March 2003 \$000
Operating Revenue		
(a) Revenue from line/access charges	26,206	25,176
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	20	5
(d) AC loss-rental rebates	986	711
(e) Other revenue not listed in (a) to (d)	989	739
(f) Line charge discount to consumers	(2,087)	(2,841)
Total Operating Revenue	26,114	23,790
Operating Expenditure		
(a) Payment for transmission charges	6,578	7,046
(b) Transfer payments to the "Other" business for:	-	-
(i) Asset maintenance	-	-
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges on account of own generation	-	-
(vii) Other goods and services not listed in (i) to (vi) above	20	16
Total transfer payment to the "Other" business	20	16
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	3,795	4,325
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
Total of specified expenses to non-related parties (sum of (i) to (v))	3,795	4,325
(d) Employee salaries, wages and redundancies	1,144	1,045
(e) Consumer billing and information system expense	165	166
(f) Depreciation on:		
(i) System fixed assets	7,176	6,994
(ii) Other assets not listed in (i)	496	454
Total depreciation	7,672	7,448
(g) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
Total Amortisation of intangibles	-	-
(h) Corporate and administration	567	494
(i) Human resource expenses	116	88
(j) Marketing/advertising	70	65
(k) Merger and acquisition expenses	-	-
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	-

	31 March 2004 \$000	31 March 2003 \$000
(n) Consultancy and legal expenses	168	143
(o) Donations	-	-
(p) Directors' fees	107	97
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors	33	32
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by principal and other auditors	19	-
Total Auditors' fees	52	32
(r) Costs of offering credit:		
(i) Bad debts written off	8	1
(ii) Increase in estimated doubtful debts	-	-
Total cost of offering credit	8	1
(s) Local authority rates expense	165	115
(t) AC loss-rentals (distribution to retailers/customers) expense	986	449
(u) Rebates to consumers due to ownership interest	-	-
(v) Subvention payments	9	2
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	445	259
Total operating expenditure	22,067	21,791
Operating surplus before interest and income tax	4,047	1,999
Interest expense		
(a) Interest expense on borrowings	68	390
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
Total interest expense	68	390
Operating surplus before income tax	3,979	1,609
Income tax	2,191	1,117
Net surplus after tax	1,788	492

THE POWER COMPANY LIMITED LINE BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 14 OF THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 3

FINANCIAL PERFORMANCE MEASURES

	2004	2003	2002	2001
Return on Funds	3.75%	1.32%	1.64%	4.03%
Return on Funds (excluding discount)	4.88%	3.19%	2.89%	
Return on Equity	2.65%	0.34%	0.78%	2.74%
Return on Equity (excluding discount)	3.44%	1.66%	1.69%	
Return on Investment	34.52%	0.58%	(12.42%)	24.70%
Return on Investment (excluding revaluation and discount)	3.32%	1.83%	2.25%	2.70%

EFFICIENCY PERFORMANCE MEASURES

	2004	2003	2002	2001
Direct Line Costs per Kilometre	\$638	\$763	\$644	\$595
Indirect Line Costs per Electricity Customer	\$44	\$34	\$33	\$25

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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	4,045,648				
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	4,045,648				
Interest on cash, bank balances, and short-term investments (ISTI)	19,648				
OSBIIT minus ISTI	4,026,000	a	4,026,000		4,026,000
Net surplus after tax from financial statements	1,786,745				
Net surplus after tax adjusted pursuant to Requirement 18 (NSAT)	1,786,745	n		1,786,745	
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	0
Subvention payment	9,223	s	add 9,223	add 9,223	add 9,223
Depreciation of SFA at BV (x)	7,176,197				
Depreciation of SFA at ODV (y)	4,261,820				
ODV depreciation adjustment	2,914,377	d	add 2,914,377	add 2,914,377	add 2,914,377
Subvention payment tax adjustment	3,044	s*t		deduct 3,044	deduct 3,044
Interest tax shield	15,987	q			deduct 15,987
Revaluations	50,445,140	r			add 50,445,140
Income tax	2,190,810	p			deduct 2,190,810
Numerator			OSBIIT ^{ADJ} = a+g+s+d 6,949,600	NSAT ^{ADJ} = n+g+s-s*t+d 4,707,301	OSBIIT ^{ADJ} = a+g-q+t+s+d-p-s*t 55,184,899
Fixed assets at end of previous financial year (FA ₀)	165,600,436				
Fixed assets at end of current financial year (FA ₁)	214,936,390				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-1,720,730				
Adjusted net working capital at end of current financial year (ANWC ₁)	180,622				
Average total funds employed (ATFE)	189,498,359 (or requirement 32 time-weighted average)	c	189,498,359		189,498,359
Total equity at end of previous financial year (TE ₀)	155,858,611				
Total equity at end of current financial year (TE ₁)	208,005,906				
Average total equity	181,932,259 (or requirement 32 time-weighted average)	k		181,932,259	
WUC at end of previous financial year (WUC ₀)	4,078,111				
WUC at end of current financial year (WUC ₁)	1,281,549				
Average total works under construction	2,679,830 (or requirement 32 time-weighted average)	e	deduct 2,679,830	deduct 2,679,830	deduct 2,679,830
Revaluations	50,445,140	r			
Half of revaluations	25,222,570	r/2			deduct 25,222,570

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Intangible assets at end of previous financial year (IA_0)	0				
Intangible assets at end of current financial year (IA_1)	0				
Average total intangible asset	0	m		deduct	0
	(or requirement 32 time-weighted average)				
Subvention payment at end of previous financial year (S_0)	2,236				
Subvention payment at end of current financial year (S_1)	9,223				
Subvention payment tax adjustment at end of previous financial year	738				
Subvention payment tax adjustment at end of current financial year	3,044				
Average subvention payment and related tax adjustment	3,839	v		add	3,839
System fixed assets at end of previous financial year at BV (SFA_{bvo})	160,531,061				
System fixed assets at end of current financial year at BV (SFA_{bvt})	212,599,403				
Average value of system fixed assets at BV	186,565,232	f	deduct	186,565,232	deduct
	(or requirement 32 time-weighted average)				
System Fixed assets at year beginning at ODV value (SFA_{odv0})	152,432,908				
System Fixed assets at end of current financial year at ODV value (SFA_{odvt})	217,278,000				
Average value of system fixed assets at ODV value	185,855,454	h	add	184,855,454	add
	(or requirement 32 time-weighted average)				
Denominator					
			ATFE ^{ADJ} = c-e-f+h	185,108,751	
Financial Performance Measure					
			ROF=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100	3.75	
				Ave TE ^{ADJ} = k-e-m+v-f+h	177,546,489
				ROE=NSAT ^{ADJ} /ATE ^{ADJ} x 100	2.65
					ROI=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100
					ATFE ^{ADJ} = c-e-1/2f-h
					159,886,181
					34.52

t = maximum statutory income tax rate applying to corporate entities
 subscript '0' = end of the previous financial year
 ROI = return on investment

BV = book value
 subscript '1' = end of the current financial year

ave = average

ROF = return on funds

odv = optimised deprival valuation
 ROE = return on equity

THE POWER COMPANY LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

PURSUANT TO REQUIREMENT 20 OF THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004, SCHEDULE 1 PART 4

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES YEARS ENDING 31 MARCH 2001, 2002, 2003 AND 2004

	2004	2003	2002	2001
Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	67.9%	68.2%	60.7%	66.5%
Loss Ratio (Transmission losses over energy entering the system)	8.4%	9.1%	10.1%	11.1%
Capacity Utilisation (Maximum demand over total transformer capacity)	34.5%	35.9%	38.4%	34.8%

The loss ratio is derived from electricity supplied information provided by other parties. The Power Company Limited is unable to audit this information and is not confident with its accuracy and considers the figure is overstated.

STATISTICS

		66kV	33kV	11kV	400V	Total
System Length (km's)	2000/01	263	541	5,707	989	7,500
	2001/02	342	499	5,714	985	7,540
	2002/03	349	489	5,724	1,005	7,567
	2003/04	357	476	6,654	985	8,472
Overhead Lines (km's)	2000/01	263	539	5,658	886	7,346
	2001/02	342	497	5,661	879	7,379
	2002/03	349	486	5,669	876	7,379
	2003/04	357	472	6,569	865	8,263
Underground Cables (km's)	2000/01	-	2	49	104	155
	2001/02	-	2	53	106	161
	2002/03	-	3	55	129	187
	2003/04	-	4	85	120	209

	TX Capacity	Maximum Demand	Electricity Supplied	Electricity Conveyed	Total Customers
2000/01	291,963	101,631	591,686,187	525,979,285	31,005
2001/02	298,004	114,322	608,062,700	546,387,820	31,800
2002/03	308,761	110,963	662,476,687	602,095,219	31,944
2003/04	320,740	110,520	657,269,620	601,929,800	31,875

Retailer	KWh (2003/04)	KWh (2002/03)	KWh (2001/02)	KWh (2000/01)
Retailer A	-	-	8,861,505	15,724,675
Retailer B	12,742,402	21,740,841	25,163,920	18,101,969
Retailer C	341,002,613	337,448,503	311,274,343	334,899,374
Retailer D	188,904,810	166,448,292	77,128,323	24,404,807
Retailer E	13,139,523	24,589,531	75,935,636	103,216,972
Retailer F	21,482,377	26,999,250	24,739,800	12,969,034
Electricity Invercargill Limited	24,658,075	24,868,802	23,284,293	16,662,454
Total	601,929,800	602,095,219	546,387,820	525,979,285

The Electricity Supplied details are provided by other parties. The Power Company Limited is unable to audit this information and is not confident with its accuracy.

THE POWER COMPANY LIMITED LINE BUSINESS

RELIABILITY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 21 OF THE ELECTRICITY INFORMATION
DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 5

RELIABILITY STATISTICS FOR YEARS ENDING 31 MARCH 2001, 2002, 2003 AND 2004

Class		A	B	C	D	E	F	G	H	I	TOTAL
Interruptions	2000/01	-	177	389	-	-	2	-	-	-	568
	2001/02	-	194	375	-	-	1	-	-	-	570
	2002/03	-	149	388	-	-	3	-	-	-	540
	2003/04	-	85	391	-	-	-	-	-	-	479
Predicted 2004/2005			114	378							
5-Year Average Target			111	371							
SAIDI	2000/01	-	16.0	130.0	-	-	0.5	-	-	-	146.5
	2001/02	-	20.0	117.8	-	-	1.3	-	-	-	139.0
	2002/03	-	18.9	147.8	-	-	0.3	-	-	-	167.0
	2003/04	-	11.1	140.8	5.4	-	-	-	-	-	157.3
Predicted 2004/2005			15.2	135.8							
5-Year Average Target			13.8	129.6							
SAIFI	2000/01	-	0.13	2.76	-	-	0.01	-	-	-	2.90
	2001/02	-	0.14	2.73	-	-	0.01	-	-	-	2.88
	2002/03	-	0.11	3.22	-	-	0.01	-	-	-	3.33
	2003/04	-	0.10	3.42	0.61	-	-	-	-	-	4.13
Predicted 2004/2005			0.10	3.03							
5-Year Average Target			0.09	2.89							
CAIDI	2000/01	-	120.5	47.1	-	-	80.0	-	-	-	50.5
	2001/02	-	146.8	43.1	-	-	161.0	-	-	-	48.3
	2002/03	-	174.4	45.9	-	-	40.3	-	-	-	50.1
	2003/04	-	111.3	41.2	8.9	-	-	-	-	-	161.4
Predicted 2004/2005			146.7	44.8							
5-Year Average Target			146.7	44.8							

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	2000/01	1.52	2.60	6.52	5.99
	2001/02	2.31	1.15	6.27	5.68
	2002/03	1.14	2.27	6.65	6.03
	2003/04	1.68	3.37	6.03	5.62
UG per 100km	2000/01	-	-	8.13	7.82
	2001/02	-	-	1.93	1.86
	2002/03	-	-	3.65	3.47
	2003/04	-	-	-	-
Total per 100km	2000/01	1.52	2.59	6.54	6.00
	2001/02	2.31	1.14	6.24	5.65
	2002/03	1.14	2.25	6.62	6.00
	2003/04	1.68	3.34	5.96	5.56
Predicted 2004/2005		1.40	2.72	5.86	5.42
5-Year Average Target		1.40	2.51	5.76	5.32

Class C Interruptions Not Restored in	3 hours	2.61%
Class C Interruptions Not Restored in	24 hours	0%



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Auditors' Report

To the readers of the financial statements of The Power Company Limited – Lines Business

We have audited the accompanying financial statements of The Power Company Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of The Power Company Limited – Lines Business and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 The Power Company Limited – Lines Business as at 31 March 2004, and the results of operations and cash flows for the year then ended.

Auditor's Responsibilities

Regulation 30 of the Electricity Information Disclosure Requirements 2004 requires the auditor to audit the financial statements. It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report that opinion to you.

Basis of Opinion

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

- the significant estimates and judgements made by the Directors in the preparation of the financial statements
- whether the accounting policies are appropriate to The Power Company Limited – Lines Business' circumstances, consistently applied and adequately disclosed.

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

We have carried out other assignments for The Power Company Limited in the provision of other assurance services. Other than these assignments and in our capacity as auditors we have no relationship with or interests in The Power Company Limited.

Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been maintained by The Power Company Limited – Lines Business as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice
 - (ii) give a true and fair view of the financial position of The Power Company Limited – Lines Business as at 31 March 2004 and the results of its operations and cash flows for the year then ended; and
 - (iii) 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.

PricewaterhouseCoopers

Dunedin



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Auditors' Opinion of Performance Measures

The Power Company Limited – Lines Business

We have examined the attached information, being: –

- (a) a derivation table; and
- (b) an annual ODV reconciliation report; and
- (c) financial performance measures; and
- (d) financial components of the efficiency performance measures

that were prepared by The Power Company Limited – Lines Business and dated 20 December 2004 for the purposes of the Commerce Commission's Electricity Information Disclosure Regulations 2004.

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

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Dunedin
20 December 2004

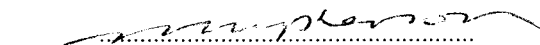
THE POWER COMPANY LIMITED

CERTIFICATION OF VALUATION REPORT OF DISCLOSING ENTITIES

We, Cameron Andrew McCulloch and Maryann Louise Macpherson, Directors of The Power Company Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) The attached valuation report of The Power Company Limited, prepared for the purposes of requirement 19 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 complies with those Requirements; and
- b) The replacement cost of the line business system fixed assets of The Power Company Limited is \$425,209,000; and
- c) The depreciated replacement cost of the line business system fixed assets of The Power Company Limited is \$219,114,000; and
- d) The optimised depreciated replacement cost of the line business system fixed assets of The Power Company Limited is \$217,278,000; and
- e) The optimised deprival valuation of the line business system fixed assets of The Power Company Limited is \$217,278,000; and
- f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004). These valuations are as at 31 March 2004.

Signed:


[Director]


[Director]

Dated:

20 December 2004

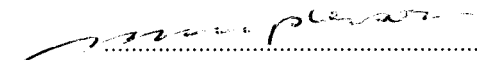
**THE POWER COMPANY LIMITED
CERTIFICATION OF FINANCIAL STATEMENTS
PERFORMANCE MEASURES AND STATISTICS
DISCLOSED BY DISCLOSING ENTITIES
(OTHER THAN TRANSPower)**

We, Cameron Andrew McCulloch and Maryann Louise Macpherson, Directors of The Power Company Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) The attached audited financial statements of The Power Company 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 The Power Company 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 2004.

Signed:


[Director]

[Director]

Dated:

20 December 2004