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BULLER ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

BULLER ELECTRICITY LIMITED INFORMATION DISCLOSURE

Information Disclosure Disclaimer

The information disclosed has been prepared in accordance with and for the specific use intended in the Electricity Act and information disclosure requirements. No responsibility will be accepted for any third party that may use or rely on this report or any part thereof without the express written permission of Buller Electricity Limited.

Except as allowed for by the Electricity Act 1992 and information disclosure requirements promulgated by the Act, neither the whole or any part of the information disclosed or any reference thereto may be included in any published document, circular or statement or published in any way without Buller Electricity's written approval of the form and context in which it may appear.

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

**BULLER ELECTRICITY LIMITED**

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**IN ACCORDANCE WITH
THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004**

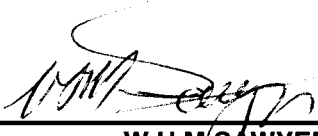
**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND
STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN TRANSPower)**

WE, William Henry Martin Sawyers and Coraleen Patricia White, directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Buller Electricity Limited prepared for the purposes of requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Buller Electricity Limited and having been prepared for the purposes of requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2004.

For and on behalf of Directors



W H M SAWYERS
Director

Date: December 14 2004



C P WHITE
Director

Date: December 14 2004

Buller Electricity Limited
Line Business Financial Statements

Statement of Financial Performance
for the year ended 31 March 2004

	Note	2004 \$	2003 \$
Total Operating Revenue		5,448,417	4,992,245
Total Operating Expenditure		4,200,778	4,098,579
Operating Surplus before Interest Expense and Income Tax		1,247,639	893,666
Interest Expense		65,635	0
Operating Surplus before Income Tax		1,182,004	893,666
Income Tax	2	334,748	275,899
Net Surplus after Tax		<u>847,256</u>	<u>617,767</u>

Statement of Movements in Equity
for the year ended 31 March 2004

	Note	2004 \$	2003 \$
Equity as at 1 April 2003		17,629,393	17,011,626
Net Surplus after Tax for the Year		847,256	617,767
Revaluation Reserve Movements	3	1,696,639	0
Total Recognised Revenues and Expenses for the Year		<u>2,543,895</u>	<u>617,767</u>
Reallocation of Equity			
Dividend		<u>1,240,515</u>	<u>0</u>
Equity as at 31 March 2004		<u>18,932,773</u>	<u>17,629,393</u>

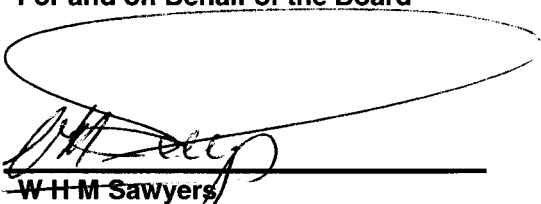
Buller Electricity Limited

Line Business Financial Statements

Statement of Financial Position as at 31 March 2004

	Note	2004 \$	2003 \$
Equity			
Share Capital		4,964,358	4,964,358
Retained Earnings		3,286,942	3,680,201
Reserves	3	10,681,473	8,984,834
Total Equity		18,932,773	17,629,393
Represented by:			
Current Assets			
Cash at Bank and on Hand		23,845	162,716
Term Deposits		0	3,551,538
Receivables and Prepayments		494,718	430,267
Tax Refund Due		0	0
Other		0	53,063
		518,563	4,197,584
Current Liabilities			
Creditors		398,155	518,635
Provision for Dividend		0	0
Taxation Payable		5,382	41,056
Other Current Liabilities		81,252	254,024
Total Liabilities		484,789	813,715
Net Current Assets		33,774	3,383,869
Non Current Assets			
Property, Plant and Equipment	4	19,680,656	13,729,376
Long Term Investments		758,858	516,148
		20,439,514	14,245,524
Term Liabilities			
Loans		1,540,515	0
Net Assets		18,932,773	17,629,393

For and on Behalf of the Board


W H M Sawyers
 Chairman
 December 14 2004


C P White
 Director
 December 14 2004

Buller Electricity Limited

Line Business Financial Statements

Statement of Cashflows for the year ended 31 March 2004

	Note	2004 \$	2003 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers		4,963,689	4,820,289
Interest received		166,416	154,594
Taxation Refund		0	0
Net GST		0	0
		5,130,105	4,974,883
Cash was disbursed to:			
Payment to Suppliers & Employees		4,117,032	3,264,238
Interest Paid		65,635	0
Income Tax Paid		370,422	210,000
		4,553,089	3,474,238
Net cash inflow from operating activities	11	577,016	1,500,645
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Property, Plant and Equipment		167,308	1,305
Sale of Investments		0	0
		167,308	1,305
Cash was applied to:			
Purchase of Investments		242,710	0
Purchase of Property, Plant and Equipment		4,492,023	896,471
Loan Advanced to Related Party			513,650
		4,734,733	(1,410,121)
Net cash outflow from investing activities		(4,567,425)	(1,408,816)
Cash Flow from Financing Activities			
Cash was provided from:			
Borrowing		2,240,515	0
		2,240,515	0
Cash was applied to:			
Dividend Paid		1,240,515	240,000
Loan Payments		700,000	
		1,940,515	240,000
Net cash inflow (outflow) from financing activities		300,000	(240,000)
Net Increase/(Decrease) in cash held		(3,690,409)	(148,171)
Add opening cash brought forward		3,714,254	3,862,425
Ending Cash and Term Deposits carried forward		23,845	3,714,254
End of Year Balance Represented By:			
Cash at Bank and on Hand		23,845	162,716
Short Term Deposits		0	3,551,538
		23,845	3,714,254

Buller Electricity Limited Line Business Financial Statements

Notes to and forming part of the Financial Statements for the year ended 31 March 2004

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Buller Electricity Limited is a company registered under the Companies Act 1993 and owns 100% of Buller Energy Limited and 100% of Buller Communications Limited.

These financial statements have been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 1993 and Section 44 of the Energy Companies Act 1992.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed by the Company.

Specific Accounting Policies

The following particular accounting policies which materially affect the measurement of the financial performance and the financial position have been applied:

a) Revenue

Fixed and variable line charges are recognised as actual amounts invoiced during the period. Contributions received from customers towards the cost of reticulating subdivisions and constructing line extensions are recognised as revenue in the year received.

b) Receivables

Receivables are stated at their estimated realisable value after providing for doubtful debts. All known bad debts have been written off during the year.

c) Investments

Investments are recorded at the lower of cost or net realisable value.

d) Property, Plant and Equipment

The Distribution System Assets were revalued as at 31 March 2004 on an optimised deprival valuation basis by independent valuers. This valuation is not materially different from depreciated replacement cost.

Land and buildings were revalued by Coast Valuations Limited an independent registered valuer as at 31 March 2004 in accordance with the New Zealand Institute of Valuers Asset Valuation Standards at net current value.

All other fixed assets are recorded at cost less accumulated depreciation.

e) Depreciation

Depreciation is provided on a straight line basis so as to write off the cost of the fixed assets to their expected residual value over their estimated useful lives as follows:

Buildings	40 – 50 years
Distribution System Assets	3 – 60 years
Other	3 – 10 years

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

Buller Electricity Limited

Line Business Financial Statements

f) Employee Entitlements

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees. Allowance is also made for the present value of future staff retirement and gratuity benefits.

g) Goods and Services Tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and creditors which include GST.

h) Income Tax

Income tax expense is recognised on the surplus before taxation adjusted for permanent differences between taxable and accounting income. Deferred tax is calculated using the partial basis under the liability method. This basis is applied by considering the cumulative income tax effect of all timing differences, but recognising in the financial statements, as deferred tax, the income tax effect only to the extent that it can be foreseen to crystallise in the future. Deferred tax assets are only recognised to the extent that there is virtual certainty of realisation.

i) Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and bank balances, investments, receivables and trade creditors. These instruments are carried at their estimated fair value.

j) Statement of Cash Flows

The following are the definitions of the terms used in the Statements of Cash Flows.

- (i) Cash means all cash balances, bank accounts and demand deposits which the company invests as part of its day to day cash management.
- (ii) Operating activities include cash received from all revenue sources of the company and records all cash payments made by the company for the supply of goods and services.
- (iii) Investing activities are those activities relating to the ownership of shares in investment companies and disposal/acquisition of fixed assets.
- (iv) Financing activities are those activities which change the debt and equity structure of the company.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies this year.

Buller Electricity Limited

Line Business Financial Statements

	2004 \$	2003 \$
2 INCOME TAX		
Operating Surplus before Income Tax	1,182,004	893,666
Prima Facie Taxation at 33%	390,061	294,910
Plus tax loss not previously applied	0	0
Plus Tax effect of permanent differences	0	0
Less Tax effect of timing differences not Recognised	(55,313)	(19,011)
Less Prior Year Adjustment	0	0
Total Income Tax Expense (Benefit)	334,748	275,899
The income tax expense comprises:		
- current taxation	334,748	275,899
	334,748	275,899

A deferred tax liability of \$1,732,016 has not been recognised (2003 \$1,687,437). This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

3 RESERVES

Share Premium Reserve	255,796	255,796
Revaluation Reserve Land and Buildings	93,454	51,093
Revaluation Distribution System	10,298,174	8,643,987
Revaluation other Assets	34,050	33,958
	10,681,474	8,984,834

4 PROPERTY, PLANT & EQUIPMENT

Distribution System Assets

ODV Valuation – end of previous year	13,592,610	13,182,273
System Fixed Assets acquired during the year	4,545,747	852,857
Less Disposal of Stock	0	(143,232)
Less Depreciation on System Fixed Assets	(365,360)	(299,288)
ODV Revaluation Movement	880,441	0
System Fixed Assets at ODV – end of financial year	18,653,438	13,592,610

Land and Buildings

Net Book Value at Valuation	886,000	33,004
Accumulated Depreciation	0	0
Net Book Value at end of year	886,000	33,004

Customer Billing and IS

Cost	230,444	216,967
Accumulated Depreciation	(186,689)	(151,238)
Net Book Value at end of year	43,755	65,729

Office Equipment

Cost	68,146	80,920
Accumulated Depreciation	(26,416)	(58,012)
Net Book Value	41,730	22,908

Buller Electricity Limited

Line Business Financial Statements

	2004 \$	2003 \$
Motor Vehicles		
Cost	88,818	38,973
Accumulated Depreciation	(38,408)	(26,574)
Net Book Value	50,410	12,399
Other		
Cost	50,119	48,239
Accumulated Depreciation	(44,796)	(45,513)
Net Book Value	5,323	2,726
Total Net Book Value	19,680,656	13,729,376

The system fixed assets were revalued on 31 March 2004 to a value of \$18,653,438 using Optimised Deprival Valuation methodology. This methodology is consistent with a Depreciated Replacement Cost valuation, adjusted for system asset impairment.

Land and Buildings were revalued by Coast Valuation Limited on 31 March 2004.

5 SEGMENTAL REPORTING

Buller Electricity operates predominantly in one industry, distribution of electricity. All its core functions are carried out within the Buller region conveying electricity and managing and operating assets of the line business.

6 RELATED PARTIES

The related parties of Buller Electricity Limited are the Buller Electric Power Trust, Buller Energy Limited, Buller Communications Limited and ThePacific.Net Limited.

The Buller Electric Power Trust owns 100% of Buller Electricity Limited who owns 100% of Buller Communications Limited and Buller Energy Limited. Buller Electricity Limited paid the Buller Electric Power Trust a dividend of \$1,240,515. The Buller Electric Power Trust loaned to Buller Electricity Limited \$1,240,515 by way of an interest bearing, unsecured loan, repayable on demand. Buller Electricity Limited has on loan to Buller Communications Limited a total amount of \$756,260.

Buller Communications Limited has increased its shareholding in ThePacific.Net Limited to 63%. The net investment to achieve this totalled \$242,610 for the year and is made up of the \$155,610 to ThePacific.Net Limited and \$87,000 to Tasman Solutions Limited, a minority shareholder in ThePacific.Net Limited. ThePacific.Net Limited made purchases under normal trading terms from Tasman Solutions Limited.

Transactions between Related Parties

Buller Electricity Limited purchased line construction and maintenance services at cost including overheads from its contracting division for the period 1 April 2003 to 31 March 2004. At year end there were no outstanding balances for related parties and no debts were written off or forgiven during the year. The following Table lists the value of the related party transactions.

	2004	2003
Construction of subtransmission assets	64,816	9,692
Construction of zone substations	7,047	406,489
Construction of distribution lines and cables	159,459	128,412
Construction of medium voltage switchgear	219,331	133,999
Construction of distribution transformers	115,634	48,337
Construction of distribution substations	65,430	10,335
Construction of low voltage reticulation	27,001	17,202
Construction of other system fixed assets	156,562	98,391
Maintenance of assets	797,826	824,205
Consumer connections and disconnections	0	2,393
Other Services	0	228

Buller Electricity Limited

Line Business Financial Statements

7 FINANCIAL INSTRUMENTS

(a) Credit Risk

- i) In the normal course of business the company incurs credit risks being cash, bank deposits and debtors transactions with electricity retailers and financial institutions.
- ii) The company has a credit evaluation policy and requires a bond or a guarantee from customers.
- iii) The company has concentrations of credit risk in accounts receivable balances. Of total electricity line charges receivable, 100% are due from TrustPower Limited, Meridian Energy Limited, Genesis Power Limited and Mercury Energy Limited.
- iv) The company has a policy that minimises its credit risk to financial institutions by limiting the amount of cash and short term investments placed with any one financial institution at any one time.

(b) Interest Rate Risk

- i) All term loans are unsecured and subject to negative pledge undertakings. The term loans are not hedged and are at the floating 90 day bill rate. The company currently has \$5million rolling loan facilities.
- ii) The company received a loan of \$1,240,515 from the Buller Electric Power Trust that is interest bearing (8%), unsecured and repayable on demand.
- iii) Deposit interest rates range from 4.95% pa – 5.41% pa at balance date 31 March 2004.

(c) Fair Values

The directors consider that the carrying amount of financial instruments in the statement of financial position is equal to their fair value.

8 COMMITMENTS

There are no capital commitments at 31 March 2004. (2003 \$1,816,115)

9 CONTINGENT LIABILITIES

There is a contingent liability for discrepancies that may arise on the reconciliation of energy transported versus energy charged by the various energy retailers. The potential or maximum liability is not able to be estimated. (2003 Nil)

10 PRICE THRESHOLD COMPLIANCE

Buller Electricity Limited was in breach of the price path thresholds set by the Commerce Commission in September 2003. Directors believe that any liability arising from this breach will not be material.

	2004 \$	2003 \$
11 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Reported Net Surplus after tax	847,256	617,767
Add (Less) Non Cash Items:		
Depreciation	384,159	357,992
Vested Assets	(157,485)	
Add (Less) Movements in Working Capital Items:		
Decrease (Increase) in Tax Receivable	0	55,324
Decrease (Increase) in Receivables	(64,451)	131,803
(Decrease) Increase in Creditors	(293,252)	193,602
(Decrease) Increase in Tax Payable	(35,674)	41,056
Decrease (Increase) in other Current Assets	53,063	103,101
	<u>733,616</u>	<u>1,500,645</u>
Add (Less) Movements in Non-current Items:		
Net Loss (Gain) on Disposal of Assets	<u>(156,600)</u>	<u>0</u>
Net Cash Inflows from Operating Activities	<u>577,016</u>	<u>1,500,645</u>

Buller Electricity Limited

Line Business Financial Statements

12 Information to be Disclosed in Financial Statements under requirement 6 of the Electricity Information Disclosure Requirements 2004.

Statement of Financial Position Disclosure (Schedule 1, Part 2)		2004	2003
		\$	\$
1	Current Assets		
(a)	Cash & Bank balances	23,845	162,716
(b)	Short term investments	0	3,551,538
(c)	Inventories	0	0
(d)	Accounts receivable	494,718	430,267
(e)	Other current assets not listed in (a) to (d)	0	53,063
(f)	Total current assets	518,563	4,197,584
2	Fixed Assets		
(a)	System fixed assets	18,653,438	13,592,610
(b)	Customer billing and information system assets	43,755	65,729
(c)	Motor Vehicles	50,410	12,399
(d)	Office Equipment	41,730	22,908
(e)	Land and Buildings	886,000	33,004
(f)	Capital works under construction	0	0
(g)	Other fixed assets not listed in (a) to (f)	5,323	2,726
(h)	Total fixed assets	19,680,656	13,729,376
3	Other tangible assets not listed above	758,859	516,148
4	Total tangible assets	20,958,078	18,443,108
5	Intangible assets		
(a)	Goodwill	0	0
(b)	Other intangible not listed in (a)	0	0
(c)	Total intangible assets	0	0
6	Total Assets	20,958,078	18,443,108
7	Current Liabilities		
(a)	Bank Overdraft	0	0
(b)	Short term borrowings	0	0
(c)	Payables and accruals	398,155	518,635
(d)	Provision for dividend payable	0	0
(e)	Provision for income tax	5,382	41,056
(f)	Other Current Liabilities not listed in (a) to (e)	81,253	254,024
(g)	Total Current Liabilities	484,790	813,715
8	Non-current Liabilities		
(a)	Payables and accruals	0	0
(b)	Borrowings	1,540,515	0
(c)	Deferred tax	0	0
(d)	Other Non-current Liabilities not listed in (a) to (e)	0	0
(e)	Total Non-current Liabilities	1,540,515	0
9	Equity		
(a)	Shareholders equity		
(i)	Share Capital	4,964,358	4,964,358
(ii)	Retained Earnings	3,286,942	3,680,201
(iii)	Reserves	10,681,474	8,984,834
(iv)	Total Shareholders equity	18,932,773	17,629,393
(b)	Minority interests in subsidiaries		0
(c)	Total Equity	18,932,773	17,629,393
(d)	Capital Notes		0
(e)	Total capital funds	18,932,773	17,629,393
10	Total equity and liabilities	20,958,078	18,443,108

Buller Electricity Limited

Line Business Financial Statements

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

	2004	2003
	\$	\$
11 Operating revenue		
(a) Revenue from line/access charges	4,991,323	4,686,450
(b) Revenue from "Other" business (transfer payment)	84	0
(c) Income from interest on bank & short term investments	113,353	207,657
(d) AC loss rental rebates	113,343	85,065
(e) Other operating revenue not listed in (a) to (d)	230,314	13,073
(f) Total operating revenue	5,448,417	4,992,245
12 Operating expenditure		
(a) Transmission Charges	1,804,057	1,683,459
(b) Transfer payments to "Other" business		
(i) Asset maintenance	910,144	771,980
(ii) Consumer disconnections and reconnections	0	2,393
(iii) Meter data	0	0
(iv) Consumer based load control	0	228
(v) Royalty and patent expenses	0	0
(vi) Avoided transmission charges for own generation	0	0
(vii) Other goods & services not listed in (i) to (vi) above	0	0
(viii) Total transfer payment to the "Other" business	910,144	774,601
(c) Payments to non-related entities		
(i) Asset maintenance	135,820	52,225
(ii) Consumer disconnections and reconnections	0	0
(iii) Meter data	0	0
(iv) Consumer based load control	0	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties	135,820	52,225
(d) Employee salaries, wages and redundancies	503,577	663,831
(e) Consumer billing and information system expense	0	23,383
(f) Depreciation on		
(i) System fixed assets	323,384	299,288
(ii) Other assets not listed in (i)	60,775	58,704
(iii) Total depreciation expense	384,159	357,992
(g) Amortisation of		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	202,463	192,836
(i) Human resource expense	29,692	20,253
(j) Marketing and advertising	0	29,694
(k) Merger and acquisition expenses	0	0
(l) Takeover defence expenses	0	0
(m) Research and development expenses	0	0
(n) Consultancy and legal expenses	26,516	27,271
(o) Donations	35,304	34,362
(p) Directors fees	78,000	62,705
(q) Audit fees		
(i) Audit fees paid to principal auditors	25,879	25,001
(ii) Audit fees paid to other auditors	0	450
(iii) Fees paid for other services provided by auditors	54,306	50,733
(iv) Total auditors fees	80,185	76,184
(r) Costs of offering credits		
(i) Bad debts written off	0	0
(ii) Increase in estimated doubtful debts	0	0
(iii) Total costs of offering credit	0	0
(s) Local authority rates	10,861	12,668
(t) AC loss-rental rebates expense	0	0

Buller Electricity Limited

Line Business Financial Statements

	2004	2003
	\$	\$
(u) Rebates to customers due to ownership interest	0	0
(v) Subvention payments	0	0
(w) Unusual expenses	0	0
(x) Other expenditure not listed in (a) to (w)	0	87,115
13 Total operating expenditure	4,200,778	4,098,579
14 Operating surplus before interest and income tax	1,247,639	893,666
15 Interest		
(a) Interest expense on borrowings	65,635	0
(b) Financing charges related to finance leases	0	0
(c) Other interest expense	0	0
(d) Total interest expense	65,635	0
16 Operating surplus before income tax	1,182,004	893,666
17 Income Tax	334,748	275,899
18 Net surplus after tax	847,256	617,767
19 Annual Valuation Reconciliation Report for the year ending 31 March 2004		
System fixed assets at ODV – end of the previous financial year	13,592,610	13,182,273
Add system fixed assets acquired during the year at ODV	4,545,747	852,857
Less system fixed assets disposed of during the year at ODV	0	(143,232)
Less depreciation on system fixed assets at ODV	(365,360)	(299,288)
Add revaluations of system fixed assets at 31 st March 2004	880,441	0
Equals system fixed assets at ODV – end of financial year	18,653,438	13,592,610

Buller Electricity Limited Line Business Financial Statements

13 PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under requirement 14 of the Electricity Information Disclosure Requirements 2004.

	2004	2003	2002	2001
1 Financial Performance Measures				
(a) Return on Funds	6.8%	5.1%	4.5%	9.2%
(b) Return on Equity	4.6%	3.6%	3.8%	6.4%
(c) Return on Investment	4.9%	3.6%	2.9%	5.2%
2 Efficiency Performance Measures				
(a) Direct line costs per kilometre	\$2,548	\$2,494	\$2,082	\$1,179
System Length Km	608	598	595	593
(b) Indirect line costs per electricity customer	\$111	\$135	\$144	\$154
Total consumers	4,171	4,187	4,108	4,258

Buller Electricity Limited

Line Business Performance Measures

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

	2004	2003	2002	2001
1 Energy Delivery efficiency performance measures:				
(a) Load Factor (=a/b*c*100)	64%	63% *	63% *	66%*
a = kWh of electricity entering system	44,037,981	42,764,385 *	44,532,248 *	45,436,591*
b = Maximum demand	7,820	7,749 *	8,062 *	7,844*
c = Total number of hours in year	8,784	8,760	8,760	8,760
(b) Loss Ratio (=a/b*100)	8.98%	11.44% *	9.63% *	8.55%*
a = losses in electricity in kWh	3,955,387	4,893,797 *	4,289,870 *	3,882,796*
b = kWh of electricity entering system	44,037,981	42,764,385 *	44,532,248 *	45,436,591*
(c) Capacity Utilisation (=a/b*100)	27%	27% *	29% *	29%*
a = Maximum demand	7,820	7,749 *	8,062 *	7,844*
b = Transformer Capacity	28,550	28,775	27,650	27,380
2 Statistics				
(a) System Length				
Circuit Kilometres 110kV	1	0	0	0
Circuit Kilometres 33kV	103	111	111	111
Circuit Kilometres 11kV	374	357	355	350
Circuit Kilometres 400V	130	130	129	131
Total	<u>608</u>	<u>598</u>	<u>595</u>	<u>592</u>
(b) System Length Overhead				
Circuit Kilometres 110kV	1	0	0	0
Circuit Kilometres 33kV	103	111	111	111
Circuit Kilometres 11kV	370	351	350	346
Circuit Kilometres 400V	118	118	117	119
Total Overhead	<u>592</u>	<u>580</u>	<u>578</u>	<u>576</u>
(c) System Length Underground				
Circuit Kilometres 110kV	0.0	0.0	0.0	0.0
Circuit Kilometres 33kV	0.2	0.2	0.2	0.2
Circuit Kilometres 11kV	4.2	5.0	4.7	4.4
Circuit Kilometres 400V	11.8	11.6	11.5	11.5
Total Underground	<u>16.2</u>	<u>16.8</u>	<u>16.4</u>	<u>16.1</u>
(d) Transformer Capacity (In Kilovolt Amperes)	28,550	28,775	27,650	27,380
(e) Maximum Demand (kW)	7,820 *	7,749 *	8,062 *	7,844*

Buller Electricity Limited

Line Business Performance Measures

	2004	2003	2002	2001
(f) Total electricity supplied from the system before losses (in Kilowatt Hours)	44,037,981 *	42,764,385 *	44,532,248 *	45,436,591 *
(g) Electricity conveyed for each retailer including losses				
Retailer 1	23,626,294	27,950,508	33,742,055	36,463,455
Retailer 2	12,559,535	7,341,546	4,199,511	3,149,778
Retailer 3	3,073,096	2,578,535	2,295,022	1,940,562
Retailer 4	0	0	5,790	0
Retailer 5	<u>823,668</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>40,082,593</u>	<u>37,870,589 *</u>	<u>40,242,378 *</u>	<u>41,553,795 *</u>
(h) Total Customers	4,171	4,187	4,108	4,258

* Restated to remove previous information that related to one customer supplied directly from the Transpower Grid Exit Point that had previously been included as though it was supplied from the Buller Electricity Limited network.

Buller Electricity Limited

Line Business Performance Measures

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

	2004	2003	2002	2001
1 Total Number of Interruptions				
Class A - Planned by Transpower	0	0	0	0
Class B - Planned by Line Owners	44	29	8	21
Class C - Unplanned by Line Owners	34	44	63	45
Class D - Unplanned by Transpower	0	0	0	0
Class E - Unplanned by ECNZ	0	0	0	0
Class F - Unplanned by other generation	0	0	0	0
Class G - Any Other Loss of Supply	0	1	0	0
Class H - Planned - by another Line Owner	0	0	0	0
Class I - Any Other Loss of Supply	1	0	0	0
	<u>79</u>	<u>74</u>	<u>71</u>	<u>66</u>
2 Interruption Targets for 2004/2005				
Class B - Planned by Line Owners	40			
Class C - Unplanned by Line Owners	32			
3 Average Interruption Targets for 2005/2009				
Class B - Planned by Line Owners	35			
Class C - Unplanned by Line Owners	26			
4 Proportion of Class C Interruptions not restored within:				
3 Hours	5.9%			
24 Hours	0.0%			
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
11kV	7.5	10.9	16.9	12.6
33kV	3.9	4.5	3.6	0.9
Total	6.7	9.4	13.7	9.7
(b) Target for 2004/2005 year				
11kV	7.0			
33kV	3.6			
Total	6.2			
(c) Average Target for 2005/2009 years				
11kV	5.8			
33kV	3.4			
Total	5.3			
6 The total number of faults per 100 circuit kilometres of <u>underground</u> prescribed voltage electric line				
11kV	0	0	21.3	22.7
33kV	0	0	0	0
Total	0	0	20.5	21.8
7 The total number of faults per 100 circuit kilometres of <u>overhead</u> prescribed voltage electric line				
11kV	7.5	11.1	16.9	12.4
33kV	3.9	4.5	3.6	0.9
Total	6.7	9.5	13.7	8.4

Note: The totals in clauses 5, 6 and 7 are not designed to sum the figures above each total.

Buller Electricity Limited

Line Business Performance Measures

		2004	2003	2002	2001
SAIDI					
8	SAIDI for the total number of interruptions	256	370	290	314
9	SAIDI targets for 2004/2005				
	Class B - Planned by Line Owners	195			
	Class C - Unplanned by Line Owners	129			
10	Average SAIDI targets for 2006/2009 years				
	Class B - Planned by Line Owners	165			
	Class C - Unplanned by Line Owners	113			
11	SAIDI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0	0	0
	Class B - Planned by Buller Electricity	165	222	136	173
	Class C - Unplanned by Buller Electricity	84	144	154	141
	Class D - Unplanned by Transpower	0	0	0	0
	Class E - Unplanned by Line Owner generation	0	0	0	0
	Class F - Unplanned by other generator	0	0	0	0
	Class G - Unplanned - by another line owner	0	0	0	0
	Class H - Planned - by another Line Owner	0	0	0	0
	Class I - Any Other Loss of Supply	8	4	0	0
		<u>256</u>	<u>370</u>	<u>290</u>	<u>314</u>
SAIFI					
12	The SAIFI for the total number of Interruptions	2.41	1.98	1.84	2.14
13	SAIFI Targets for 2004/2005				
	Class B - Planned by Line Owners	1.02			
	Class C - Unplanned by Line Owners	1.31			
14	Average SAIFI targets for 2005/2009 years				
	Class B - Planned by Line Owners	0.94			
	Class C - Unplanned by Line Owners	1.12			
15	The SAIFI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0.00	0.00	0.00	0.00
	Class B - Planned by Buller Electricity	1.01	0.54	0.45	0.71
	Class C - Unplanned by Buller Electricity	1.22	1.32	1.39	1.43
	Class D - Unplanned by Transpower	0.00	0.00	0.00	0.00
	Class E - Unplanned by Line Owner generation	0.00	0.00	0.00	0.00
	Class F - Unplanned by other generator	0.00	0.00	0.00	0.00
	Class G - Unplanned - by another Line Owner	0.00	0.00	0.00	0.00
	Class H - Planned - by another Line Owner	0.00	0.00	0.00	0.00
	Class I - Any Other Loss of Supply	0.17	0.12	0.00	0.00
		<u>2.41</u>	<u>1.98</u>	<u>1.84</u>	<u>2.14</u>

Buller Electricity Limited Line Business Performance Measures

		2004	2003	2002	2001
	CAIDI				
16	The CAIDI for the total number of interruption	107	187	158	146
17	CAIDI targets for 2004/2005				
	Class B - Planned by Line Owners	192			
	Class C - Unplanned by Line Owners	99			
18	Average CAIDI Target for 2005/2009 years				
	Class B - Planned by Line Owners	175			
	Class C - Unplanned by Line Owners	101			
19	The CAIDI for the total number of interruptions within each interruption class				
	Class A - Planned by Transpower	0	0	0	0
	Class B - Planned by Buller Electricity	163	411	305	242
	Class C - Unplanned by Buller Electricity	69	109	110	99
	Class D - Unplanned by Transpower	0	0	0	0
	Class E - Unplanned by Line Owner generation	0	0	0	0
	Class F - Unplanned by other generator	0	0	0	0
	Class G - Unplanned - by another Line Owner	0	30	0	0
	Class H - Planned - by another Line Owner	0	0	0	0
	Class I - Any Other Loss of Supply	45	0	0	0
		<u>107</u>	<u>187</u>	<u>158</u>	<u>146</u>

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

Buller Electricity Limited

Line Business Performance Measures

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculation	Symbol in formulae	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	1,248				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	1,248				
Interest on cash, bank balances, and short-term investments (ISTI)	113				
OSBIT minus ISTI	1,134	a	1,134		1,134
Net Surplus after tax from financial statements	847				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	847	n		847	
Amortisation of goodwill and amortisation of other intangibles		g	add -	add -	add -
Subvention payment		s	add -	add -	add -
Depreciation of SFA at BV (x)	323				
Depreciation of SFA at ODV (y)	323				
ODV depreciation adjustment	-	d	add -	add -	add -
Subvention payment tax adjustment	-	s*t		deduct -	deduct -
Interest tax shield	(16)	q			deduct (16)
Revaluations		r			add
Income tax	335	p			deduct 335
Numerator			1,134	847	815
			$OSBIT^{Adj} = a + g + s + d$	$NSAT^{Adj} = n + g + s + t + d$	$BIIT^{Adj} = a + g + q + r + s + d - p - s * t$
Fixed asset at end of previous year (FA ₀)	13,729				
Fixed assets at end of current financial year (FA ₁)	19,681				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-88				
Adjusted net working capital at end of current financial year (ANWC ₁)	97				
Average total funds employed (ATFE)*	16,709	c	16,709		16,709
Total equity at end of previous financial year (TE ₀)	17,629				
Total equity at end of current financial year (TE ₁)	18,933				
Average total equity*	18,281	k		18,281	
WUC at end of previous financial year (WUC ₀)					
WUC at end of current financial year (WUC ₁)					
Average total works under construction*		e	deduct	deduct	deduct
Revaluations		r			
Half of revaluations		r/2			deduct
Intangible assets at end of previous financial year (IA ₀)	-				
Intangible assets at end of current financial year (IA ₁)	-				
Average total intangible asset*	-	m		add -	
Subvention payment at end of previous financial year (S ₀)	-				
Subvention payment at end of current financial year (S ₁)	-				
Subvention payment tax adjustment at end of previous financial year					
Subvention payment tax adjustment at end of current financial year	-				
Average subvention payment and related tax adjustment	-	v		add -	
System fixed assets at end of previous year at book value (SFA _{BV0})	13,140				
System fixed assets at end of current financial year at book value (SFA _{BV1})	17,397				
Average value of system fixed assets at book value*	15,268	f	deduct 15,268	deduct 15,268	deduct 15,268
System fixed assets at year beginning at ODV value (SFA _{ODV0})	13,140				
System fixed assets at end of current financial year at ODV value (SFA _{ODV1})	17,397				
Average value of system fixed assets at ODV value*	15,268	h	add 15,268	add 15,268	add 15,268
Denominator			16,709	18,281	16,709
			$ATFE^{Adj} = c - e - f + h$	$AveTE^{Adj} = k - e - m + v - f + h$	$ATFE^{Adj} = c - e - 1/2r - f + h$
Financial performance measure			6.79%	4.63%	4.88%
			$ROF = OSBIT^{Adj} / ATFE^{Adj} \times 100$	$ROE = NSAT^{Adj} / ATE^{Adj} \times 100$	$ROI = OSBIT^{Adj} / ATFE^{Adj} \times 100$

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

subscript '0' = end of previous financial year, subscript '1' = end of current financial year

ROF = return on funds, ROE = return on equity, ROI = return on investment, * = or requirement 32 - time weighted average



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF BULLER ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2004

We have audited the financial statements of Buller Electricity Limited on pages 2 to 12. The financial statements provide information about the past financial performance of Buller Electricity Limited and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages 5 and 6.

Directors' Responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Buller Electricity Limited as at 31 March 2004, and the results of its operations and cashflows for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Regulation 30 of the Electricity (Information Disclosure) Requirements require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Bruce Loader of KPMG to undertake the audit.

Basis of Opinion

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

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Buller Electricity Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with 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.



We have carried out other assignments for Buller Electricity Limited in the areas of regulatory reporting, taxation and business modelling. Other than these assignments, we have no relationship with or interests in Buller Electricity Limited.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been kept by Buller Electricity Limited as far as appears from our examination of those records; and
- the financial statements of Buller Electricity Limited on pages 2 to 12 –
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Buller Electricity Limited's financial position as at 31 March 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 14 December 2004 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Bruce Loader', written in a cursive style.

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



**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
BULLER ELECTRICITY LIMITED**

We have examined the information on pages 12, 13, and 19, being –

- (a) the derivation table specified in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (c) the financial performance measures in clause 1 of Part 3 of the Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Buller Electricity Limited and dated 14 December 2004 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In my 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.

A handwritten signature in dark ink, appearing to read 'Bruce Loader', written over a light, textured background.

Bruce Loader
KPMG
On behalf of the Auditor-General
Christchurch, New Zealand
14 December 2004