



# New Zealand Gazette

OF THURSDAY, 13 JANUARY 2005

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WELLINGTON: MONDAY, 17 JANUARY 2005 — ISSUE NO. 9

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## NORTHPOWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986

# Northpower

## **Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners other than Transpower**

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Northpower Limited, prepared for the purposes of Regulation 6 of the 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 Northpower Limited, and having been prepared for the purposes of Regulations 15, 16, 21 and 22 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

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

Dated this 22<sup>nd</sup> day of December 2004

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

**Audit New Zealand**

**REPORT OF THE AUDITOR-GENERAL  
TO THE READERS OF THE FINANCIAL STATEMENTS OF NORTHPOWER  
LIMITED FOR THE YEAR ENDED 31 MARCH 2004**

We have audited the financial statements of Northpower Limited on pages 1 to 10 and 12 to 14. The financial statements provide information about the past financial performance of Northpower 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 3.

**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 Northpower 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 Regulation 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 F Caetano 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 Northpower 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 Northpower Limited.

### Unqualified opinion

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

In our opinion:

- ▲ proper accounting records have been maintained by Northpower Limited as far as appears from our examination of those records; and
- ▲ the financial statements of Northpower Limited on pages 1 to 10 and 12 to 14:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of Northpower 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
  - comply with the Electricity (Information Disclosure) Requirements 2004.

Our audit was completed on 22 December 2004 and our unqualified opinion is expressed as at that date.



F Caetano  
Audit New Zealand  
On behalf of the Auditor-General  
Whangarei, New Zealand

**NORTHPOWER LIMITED****STATEMENT OF ACCOUNTING POLICIES**

For The Year Ended 31 March 2004

**Reporting Entity**

Northpower Limited is a company formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. It is a reporting entity for the purposes of the Financial Reporting Act 1993.

The financial statements have been prepared for the sole purpose of complying with the Electricity Information Disclosure Requirements 2004.

**Measurement Base**

The general accounting policies recognised as appropriate for the measurement and reporting of results, cashflows and financial position under the historical cost method, as modified by the revaluation of land, buildings and the distribution system assets, have been followed in the preparation of these financial statements.

**Particular Accounting Policies**

The following particular accounting policies, which significantly affect the measurement of profit and of financial position, have been applied:

(i) **Operating Revenue**

Operating Revenue shown in the Statement of Financial Performance comprise the amounts received and receivable by the Line Company for goods and services supplied to customers in the ordinary course of business. Operating Revenue is stated exclusive of Goods and Services Tax collected from customers.

(ii) **Investments**

Investments are stated at cost and net realisable value. Any decreases are recognised in the Statement of Financial Performance.

(iii) **Properties Intended For Sale**

Properties intended for sale are classified as current assets if sale is expected within 1 year. Such properties are shown at carrying value unless this exceeds net realisable value.

(iv) **Cost of Fixed Assets**

All fixed assets are initially recorded at cost.

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of production overhead. Costs cease to be capitalised as soon as the asset is ready for productive use.

Land and buildings have been revalued to fair value based on a valuation conducted by Telfer Young (Northland) Ltd, Registered Valuers of Whangarei, as at 31 March 2003.

Distribution system assets have been revalued to Depreciated Replacement Cost (DRC) as at 31 March 2004, based on a valuation conducted by PriceWaterhouseCoopers, Registered Valuers, as at 31 March 2004.

Land and buildings, and distribution system assets, are revalued by independent registered valuers on a three-yearly basis. Valuations will be undertaken more regularly if necessary to ensure no individual item of property, plant and equipment within a class is included at a valuation that is not materially different from its fair value.

Additions between revaluations are recorded at cost.

(v) **Depreciation**

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:-

Distribution system:		
Lines/transformers/substations		45-70 years
Distribution switchgear		35-55 years
Meters/communication/SCADA		5-15 years
Buildings	– structural	50 years
	- electrical and mechanical	20 years
	- other	10 years
Motor vehicles		5-10 years
Plant and equipment		3-20 years

(vi) **Inventories**

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

The cost of inventories is principally determined on a weighted average basis.

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

(vii) **Accounts Receivable**

Accounts Receivable are stated at estimated realisable value after providing against debts where collection is doubtful.

(viii) **Work in Progress**

The value of work in progress is determined using the percentage of completion method. Profits are recognised only when the outcome of the contract can be reliably estimated. Foreseeable losses on a contract are recognised in the Statement of Financial Performance immediately.

(ix) **Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit 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.

(x) **Research and Development Costs**

Research and development costs are normally expensed in the period incurred except that development costs are deferred where future benefits are expected to exceed these costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

(xi) **Financial Instruments**

The Line Company is party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, accounts receivable, creditors, and short term deposits. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

Northpower has limited its exposure to credit risk in respect of its investments by only investing in institutions with a high credit rating, and limiting the proportion that can be invested in any one institution. Northpower believes this policy reduces the risk of any loss which could arise from its investing activities.

**(xii) GST**

These Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are GST inclusive. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

**(xiii) Employee Entitlements**

Provision is made in respect of the group's liability for annual leave, long service leave and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while the other provisions have been calculated on an actuarial basis at current rates of pay.

**(xiv) Goodwill**

Goodwill may arise from the acquisition of a business. An assessment of the economic life of goodwill will be made on a case by case basis and it will be amortised over a period not exceeding five years.

**(xv) Statement of Cash Flows**

*Cash* means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Northpower invests as part of its day-to-day cash management.

*Operating activities* include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support Northpower's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

*Investing activities* are those activities relating to the acquisition and disposal of current and non-current securities and any other non-current assets.

*Financing activities* are those activities relating to changes in equity and debt capital structure of Northpower and those activities relating to the cost of servicing Northpower's equity capital.

**Changes in Accounting Policies:**

There have been no changes in accounting policies. The policies have been applied on a basis consistent with previous years.

## NORTHPOWER LIMITED

## STATEMENT OF FINANCIAL PERFORMANCE - LINE BUSINESS

For the Year Ended 31 March 2004

	Notes	2004 \$000's	2003 \$000's
Operating Revenue	1	<u>\$30,230</u>	<u>\$29,474</u>
Operating Surplus Before Taxation	2	8,926	8,799
Taxation Expense	4	(2,532)	(2,322)
Net Surplus After Taxation		<u>\$6,394</u>	<u>\$6,477</u>

## STATEMENT OF MOVEMENTS IN EQUITY - LINE BUSINESS

For the Year Ended 31 March 2004

		2004 \$000's	2003 \$000's
Opening Equity		122,441	119,099
Net Surplus for Period		6,394	6,477
Revaluation of Assets	7	25,749	129
Dividends		(3,512)	(3,264)
Closing Equity		<u>\$151,072</u>	<u>\$122,441</u>

The accompanying Notes and Accounting Policies form part of these financial statements.

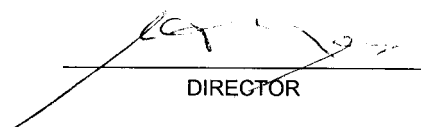


## NORTHPOWER LIMITED

## STATEMENT OF FINANCIAL POSITION - LINE BUSINESS

As At 31 March 2004

	Notes	2004 \$000's	2003 \$000's
<b>EQUITY:</b>			
Share Capital	6	27,739	27,739
Asset Revaluation Reserve	7	107,939	82,190
Retained Earnings	8	15,394	12,512
<b>TOTAL EQUITY</b>		<b>\$151,072</b>	<b>\$122,441</b>
<b>NON CURRENT LIABILITIES</b>			
Employee Entitlements		174	174
		<b>\$174</b>	<b>\$174</b>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft		-	-
Sundry Creditors		3,455	2,063
GST Payable		56	56
Provision for Dividend		3,512	3,264
Employee Entitlements		127	127
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$7,150</b>	<b>\$5,510</b>
		<b>\$158,396</b>	<b>\$128,125</b>
<b>NON CURRENT ASSETS</b>			
Term Receivables		-	114
Fixed Assets	5	145,209	118,717
		<b>\$145,209</b>	<b>\$118,831</b>
<b>CURRENT ASSETS</b>			
Cash and Bank		5,414	1
Short Term Deposits		4,109	5,266
Accounts Receivable		3,108	3,299
Inventory		509	483
Tax Refund Due		47	245
<b>TOTAL CURRENT ASSETS</b>		<b>\$13,187</b>	<b>\$9,294</b>
		<b>\$158,396</b>	<b>\$128,125</b>



DIRECTOR

Date: 22 December 2004



DIRECTOR

Date: 22 December 2004

The accompanying Notes and Accounting Policies form part of these financial statements.

## NORTHPOWER LIMITED

## STATEMENT OF CASH FLOWS - LINE BUSINESS

For the Year Ended 31 March 2004

	Notes	2004 \$000's	2003 \$000's
Cash Flows from Operating Activities -			
Cash was provided from:			
Receipts from Customers		30,199	29,080
Interest Received		222	140
Tax Refund		-	-
Cash was distributed to:			
Payments to Suppliers		(14,053)	(14,253)
Payments to Employees		(2,338)	(2,248)
Interest Paid		-	(3)
Income Tax Paid		(2,334)	(2,548)
<b>Net Cash Inflow from Operating Activities</b>	<b>9</b>	<b>\$11,696</b>	<b>\$10,168</b>
Cash Flows from Investing Activities -			
Cash was provided from:			
Term Receivable		114	457
Sale of Assets		-	-
Short Term Deposits Matured		1,157	-
Cash was applied to:			
Short Term Deposits		-	(5,266)
Purchase of Fixed Assets		(4,290)	(3,919)
<b>Net Cash Inflow from Investing Activities</b>		<b>(\$3,019)</b>	<b>(\$8,728)</b>
Cash Flows from Financing Activities -			
Cash was applied to:			
Dividends		(3,264)	(1,608)
<b>Net Cash Outflow from Financing Activities</b>		<b>(3,264)</b>	<b>(1,608)</b>
Net Increase (Decrease) in Cash Held		5,413	(168)
Add Opening Cash Brought Forward		1	169
<b>Ending Cash Carried Forward</b>		<b>\$5,414</b>	<b>\$1</b>

The accompanying Notes and Accounting Policies form part of these financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2004

	Line Business	
	2004 \$000's	2003 \$000's
1. Operating Revenue		
Line Charges	27,031	26,667
Loss Rental Rebate	1,097	857
Line Contributions	1,847	1,787
Interest Received	222	140
Sundry Income	33	23
	<u>\$30,230</u>	<u>\$29,474</u>
2. Operating Surplus Before Tax After Charging:		
Bad Debts Written Off	-	-
Depreciation - System Assets	3,134	3,292
- Centralised Load Equipment	108	109
- Computer Equipment	94	184
- Plant and Equipment	122	150
- Motor Vehicles	24	19
- Buildings	65	77
Directors' Fees	89	84
Interest	-	3
Rental and Operating Lease Costs	-	1
Research and Development	24	24
Donations	-	-
Gain (Loss) on Sale of Assets	1	(1)
3. Auditors' Remuneration		
Auditing Financial Statements	15	12
Other Services	3	3
4. Taxation		
Operating Surplus Before Taxation	8,926	8,799
Prima Facie Taxation @ 33%	2,946	2,904
Plus Tax Effect of Permanent Differences:-		
Permanent Differences	628	672
Timing differences not recognised	(1,004)	(764)
Prior Period Adjustment	(38)	(490)
Deferred Tax Adjustment	-	-
Tax on Profits for Year	<u>\$2,532</u>	<u>\$2,322</u>
The Taxation Charge is Represented by:-		
Current Taxation	2,532	2,322
Deferred Taxation	-	-
	<u>\$2,532</u>	<u>\$2,322</u>
Imputation Credit Account:		
Opening Balance	6,880	5,124
Imputation Credits Attached to Dividends Paid	(1,608)	(792)
Income Tax Payments During Year	2,334	2,548
	<u>\$7,606</u>	<u>\$6,880</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2004 \$000's	2003 \$000's
5. Fixed Assets		
System Assets - At Valuation	136,239	109,077
- At Cost	-	7,035
- Under Construction	1,054	1,074
Less Accumulated Depreciation	-	(6,393)
	<u>\$137,293</u>	<u>\$110,793</u>
Centralised Load Equipment - At Valuation	2,089	2,143
- At Cost	-	19
Less Accumulated Depreciation	-	(214)
	<u>\$2,089</u>	<u>\$1,948</u>
Computer Equipment - At Cost	1,085	1,085
Less Accumulated Depreciation	(1,016)	(922)
	<u>\$69</u>	<u>\$163</u>
Plant and Equipment - At Cost	1,903	1,825
Less Accumulated Depreciation	(1,152)	(991)
	<u>\$751</u>	<u>\$834</u>
Motor Vehicles - At Cost	249	249
Less Accumulated Depreciation	(204)	(180)
	<u>\$45</u>	<u>\$69</u>
Buildings - At Valuation	3,350	3,350
- At Cost	221	104
Less Accumulated Depreciation	(78)	(13)
	<u>\$3,493</u>	<u>\$3,441</u>
Land - At Valuation	<u>\$1,469</u>	<u>\$1,469</u>
Total Fixed Assets	<u>\$145,209</u>	<u>\$118,717</u>
6. Share Capital:		
Authorised, issued and paid up capital	27,739	27,739
Total Issued and Paid Up Capital	<u>\$27,739</u>	<u>\$27,739</u>
7. Asset Revaluation Reserve:		
Distribution System - Opening Balance	77,044	77,044
- Revaluation	25,749	-
- Closing Balance	<u>\$102,793</u>	<u>\$77,044</u>
Buildings - Opening Balance	4,176	4,411
- Revaluation	-	(235)
- Closing Balance	<u>\$4,176</u>	<u>\$4,176</u>
Land - Opening Balance	970	606
- Revaluation	-	364
- Closing Balance	<u>\$970</u>	<u>\$970</u>
8. Retained Earnings:		
Opening Balance	12,512	9,299
Net Surplus After Taxation	6,394	6,477
Total Available for Appropriation	18,906	15,776
Dividends	(3,512)	(3,264)
Closing Balance	<u>\$15,394</u>	<u>\$12,512</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2004	2003
	\$000's	\$000's
9. Reconciliation of Net Surplus After Taxation with Cash Inflow from Operating Activities:		
Net Surplus After Taxation	6,394	6,477
Add (less) Non Cash Items:		
Depreciation	3,547	3,831
Movements in Working Capital		
Increase (Decrease) in Creditors	1,392	601
(Increase) Decrease in Taxation Refund	198	(226)
(Increase) Decrease in Accounts Receivable	191	(254)
(Increase) Decrease in Inventory	(26)	(261)
Net Cash Flow from Operating Activities	<u>\$11,696</u>	<u>\$10,168</u>

## 10. Financial Instruments:

Financial Instruments which potentially subject the company to credit risk principally consist of cash bank balances, short term deposit, and accounts receivable. Northpower does not generally require collateral from customers.

Northpower places its cash and short term deposits with high credit quality financial institutions (A1 or better), and limits the amount of credit exposure to any one institution, in accordance with Company policy.

The fair value of all financial instruments is approximated by the carrying value recorded in the Statement of Financial Position.

## 11. Segment Information:

Northpower Ltd operates predominantly in the electricity network industry within the Northland area. Therefore, there is no segmental information.

## 12. Contingent Liabilities:

There are no contingent liabilities (2003 \$Nil)

## 13. Commitments:

	2004	2003
Commitments for 2003 relate to asset purchases for Distribution System	-	687

## 14. Related Parties:

The Northpower Electric Power Trust is the sole shareholder.

Northpower's Contracting Division provided the following services to the Network Division:-

	2004	2003
	\$000'S	\$000'S
(i) Maintenance of Assets	2,934	3,366
(ii) Consumer disconnections/reconnections	15	15
(iii) Other Services	853	873
Construction of New Assets:-		
(a) Subtransmission Assets	3	64
(b) Zone Substations	417	498
(c) Distribution Lines and Cables	748	209
(d) Medium Voltage Switchgear	7	20
(e) Distribution Transformers	288	315
(f) Distribution Substations	65	0
(g) Low Voltage Reticulation	18	28

Network Maintenance and Capital Works are charged in accordance with a Fixed Term Contract.

DISCLOSURE OF FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE  
MEASURES PURSUANT TO PART 3 OF THE ELECTRICITY INFORMATION DISCLOSURE  
REQUIREMENTS 2004

<b>1. Financial Performance Measures</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
(a) Return on Funds	6.7%	7.3%	6.2%	5.7%
(b) Return on Equity	4.8%	5.4%	4.2%	3.9%
(c) Return on Investment	24.1%	5.5%	4.1%	0.5%
<b>2. Efficiency Performance Measures</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
(a) Direct line cost per kilometre	\$1,081	\$1,041	\$1,044	\$965
(b) Indirect line cost per electricity customer	\$46	\$38	\$45	\$34

DISCLOSURE OF RECONCILIATION OF ODV VALUATION PURSUANT TO PART 8 OF THE  
ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
ODV Valuation 1 April	111,626	111,840	110,934	114,366
Additions for Year	4,290	3,187	4,124	4,074
Disposals for Year	-	-	-	-
Annual Depreciation	(3,242)	(3,401)	(3,218)	(3,645)
Revaluations	22,424	-	-	(3,861)
ODV Valuation 31 March	135,098	111,626	111,840	110,934

DISCLOSURE OF ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS PURSUANT  
TO SCHEDULE 1, PART 4 OF THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

1. Energy Delivery Efficiency Performance Measures	2004	2003	2002	2001
(a) Load Factor	77.87%	77.38%	74.85%	74.85%
(b) Loss Ratio	3.54%	3.13%	4.50%	2.00%
Loss Ratio Estimated	* 3.70%	* 3.70%	* 3.60%	*3.50%
(c) Capacity Utilisation	31.82%	32.35%	32.70%	32.59%
	* Estimated			
2. Statistics				
(a) System length, broken down by voltage:				
- 33 kV	235.0 km	230.4 km	229.6 km	208.0 km
- 11 kV	3,197.0 km	3,194.1 km	3,137.0 km	3143.0 km
- 400V	1,873.0 km	2,006.0 km	1,970.0 km	1933.0 km
- Total	5,305.0 km	5,430.5 km	5,336.6 km	5284.0 km
(b) Circuit length of overhead lines, broken down by voltage:				
- 33 kV	219.0 km	213.0 km	213.0 km	195.0 km
- 11 kV	3,093.0 km	3,097.0 km	3,050.0 km	3065.0 km
- 400V	1,557.0 km	1,733.0 km	1,716.0 km	1697.0 km
- Total	4,869.0 km	5,043.0 km	4,979.0 km	4957.0 km
(c) Circuit length of underground cables broken down by voltage:				
- 33 kV	16.0 km	17.4 km	16.6 km	13.0 km
- 11 kV	104.0 km	97.1 km	87.0 km	78.0 km
- 400V	316.0 km	273.0 km	254.0 km	236.0 km
- Total	436.0 km	387.5 km	357.6 km	327.0 km
(d) Transformer capacity	414,440 kVA	406,685 kVA	397,445 kVA	393,000 kVA
(e) Maximum demand	131,880 kW	131,560 kW	129,978 kW	128,094 kW
(f) Total electricity entering the system - kWh	899,598,208	891,815,703	852,225,151	*839,887,658
	*Restated to include Losses			
(g) Total electricity supplied from the system for other retailers				
- Meridian Energy	298,266,724	322,048,156	265,038,676	*313,346,059
- Trust Power	118,620,725	136,055,824	155,862,292	*193,856,714
- Mercury Energy	0	0	0	*6,652,475
- On Energy	0	2,359,302	181,022,296	*269,077,267
- Genesis	94,838,915	262,402,357	182,238,158	*32,259,752
- Energy Waikato	0	0	6,678,958	*6,213,760
- Mighty River	305,675,711	113,104,961	15,016,205	*232,208
- Empower	942,581	1,538,915	192,485	*676,579
- Contact Energy	49,375,781	26,420,176	7,758,292	*746,956
	*Restated to exclude losses			
(h) Total Customers	48,852	47,785	46,712	45,589

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE  
ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 2

	2004 \$000's	2003 \$000's	2002 \$000's
<b>1. Current Assets</b>			
(a) Cash and Bank Balances	5,414	1	169
(b) Short Term Investments	4,109	5,266	-
(c) Inventories	509	483	222
(d) Accounts Receivable	3,108	3,299	3,045
(e) Other Current Assets Not Listed in (a) to (d)	47	245	19
(f) Total Current Assets	<u>13,187</u>	<u>9,294</u>	<u>3,455</u>
<b>2. Fixed Assets</b>			
(a) System Fixed Assets	138,328	111,667	112,126
(b) Customer Billing and Information system Assets	69	163	285
(c) Motor Vehicles	45	69	58
(d) Office Equipment	99	99	109
(e) Land and Buildings	4,962	4,910	4,871
(f) Capital Works Under Construction	1,054	1,074	203
(g) Other Fixed Assets Not Listed in (a) to (f)	652	735	848
(h) Total Fixed Assets	<u>145,209</u>	<u>118,717</u>	<u>118,500</u>
<b>3. Other Tangible Assets Not Listed Above</b>	<u>-</u>	<u>114</u>	<u>571</u>
<b>4. Total Tangible Assets</b>	<u>158,396</u>	<u>128,125</u>	<u>122,526</u>
<b>5. Intangible Assets</b>			
(a) Goodwill	-	-	-
(b) Other intangibles not listed in (a)	-	-	-
(c) Total Intangible Assets	-	-	-
<b>6. Total Assets</b>	<u>158,396</u>	<u>128,125</u>	<u>122,526</u>
<b>7. Current Liabilities</b>			
(a) Bank Overdraft	-	-	-
(b) Short Term Borrowings	-	-	-
(c) Payables and Accruals	3,455	2,246	1,698
(d) Provision for Dividend Payable	3,512	3,264	1,608
(e) Provision for Income Tax	-	-	-
(f) Other Current Liabilities Not Listed in (a) to (e)	183	-	-
(g) Total Current Liabilities	<u>7,150</u>	<u>5,510</u>	<u>3,306</u>
<b>8. Non-current Liabilities</b>			
(a) Payables and Accruals	174	174	121
(b) Borrowings	-	-	-
(c) Deferred Tax	-	-	-
(d) Other Non-current Liabilities Not Listed in (a) to (c)	-	-	-
(e) Total Non-current Liabilities (sum of (a) to (d))	<u>174</u>	<u>174</u>	<u>121</u>



DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE  
ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 2  
Continued

	2004 \$000's	2003 \$000's	2002 \$000's
<b>9. Equity</b>			
(a) Shareholders' Equity:-			
(i) Share capital	27,739	27,739	27,739
(ii) Retained earnings	15,394	12,512	9,299
(iii) Reserves	107,939	82,190	82,061
(iv) Total Shareholders' Equity (sum of (i) to (iii))	151,072	122,441	119,099
(b) Minority Interests in Subsidiaries	-	-	-
(c) Total Equity (sum of (a) and (b))	151,072	122,441	119,099
(d) Capital Notes	-	-	-
(e) Total Capital Funds (sum of (c) and (d))	151,072	122,441	119,099
<b>10. Total Equity and Liabilities (Total Assets)</b>	<b>158,396</b>	<b>128,125</b>	<b>122,526</b>
<b>11. Operating Revenue</b>			
(a) Revenue from line/access charges	28,128	27,524	26,953
(b) Revenue from "Other" business (transfer payment)	-	-	-
(c) Interest on Cash, Bank Balances and Short Term Investments	222	140	50
(d) AC Loss-Rental Rebates	1,097	857	1,607
(e) Other Operating Revenue Not Listed in (a) to (d)	1,880	1,810	819
(f) Total Operating Revenue	31,327	30,331	29,429
<b>12. Operating Expenditure</b>			
(a) Payment for Transmission Charges	9,659	9,376	9,003
(b) Transfer Payments to the "other" business for:-			
(i) Asset maintenance	2,934	3,366	2,688
(ii) Consumer disconnection/reconnection services	15	15	-
(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)	853	873	960
(viii) Total transfer payment to the 'Other' business (sum of (i) to (vii))	3,802	4,254	3,648
(c) Expense to Entities That Are Not Related Parties for:-			
(i) Asset maintenance	101	259	360
(ii) Consumer disconnection/reconnection services	-	-	-
(iii) Meter data	-	-	-
(iv) Consumer-based load control services	-	-	-
(v) Royalty and patent expenses	-	-	-
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	101	259	360
(d) Employee Salaries, Wages and Redundancies	2,408	1,879	2,011
(e) Consumer Billing and Information System Expense	111	113	294
(f) Depreciation On:-			
(i) System fixed assets	3,242	3,401	3,218
(ii) Other assets not listed in (i)	305	430	588
(iii) Total depreciation (sum of (i) and (ii))	3,547	3,831	3,806

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE  
ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 2  
Continued

	2004 \$000's	2003 \$000's	2002 \$000's
<b>12. Operating Expenditure continued</b>			
(g) Amortisation of:-			
(i) Goodwill	-	-	-
(ii) Other intangibles	-	-	-
(iii) Total amortisation of intangibles (sum of (i) and (ii))	-	-	-
(h) Corporation and Administration	1,051	535	705
(i) Human Resources Expenses	28	-	-
(j) Marketing/Advertising	332	108	295
(k) Merger and Acquisition Expenses	-	-	-
(l) Takeover Defence Expenses	-	-	-
(m) Research and Development Expenses	5	24	23
(n) Consultancy and Legal Expenses	127	176	190
(o) Donations	-	-	-
(p) Directors' Fees	89	84	82
(q) Auditors' Fees			
(i) Audit fees paid to principal auditors	15	12	12
(ii) Audit fees paid to other auditors	-	-	-
(iii) Fees paid for other services provided by principal and other auditors	3	3	3
(iv) Total auditors' fees (sum of (i) to (iii))	18	15	15
(r) Cost of Offering Credit			
(i) Bad debts written off	-	-	-
(ii) Increase in estimated doubtful debts	-	-	-
(iii) Total cost of offering credit (sum of (i) to (ii))	-	-	-
(s) Local Authority Rates Expense	26	18	19
(t) AC Loss-Rental Rebates (Distribution to Retailers/Customers) expense	1,097	857	1,609
(u) Rebates to Consumers Due to Ownership Interest	-	-	-
(v) Subvention Payments	-	-	-
(w) Unusual Expenses	-	-	-
(x) Other Expenditure Not Listed in (a) to (w)	-	-	-
<b>13. Total Operating Expenditure (sum of 12 (a) to 12 (x))</b>	<b>22,401</b>	<b>21,529</b>	<b>22,060</b>
<b>14. Operating Surplus Before Interest and Income Tax</b>	<b>8,926</b>	<b>8,802</b>	<b>7,369</b>
<b>15. Interest Expense</b>			
(a) Interest expense on borrowings	-	3	23
(b) Financing charges related to finance leases	-	-	-
(c) Other interest expense	-	-	-
	-	3	23
<b>16. Operating Surplus Before Income Tax (14 - 15 (d))</b>	<b>8,926</b>	<b>8,799</b>	<b>7,346</b>
<b>17. Income Tax</b>	<b>(2,532)</b>	<b>(2,322)</b>	<b>(2,414)</b>
<b>18. Net Surplus After Tax (16 - 17)</b>	<b>6,394</b>	<b>6,477</b>	<b>4,932</b>

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER THE ELECTRICITY  
INFORMATION DISCLOSURE REQUIREMENTS 2004

		<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>1. Total Number of Interruptions</b>					
Class A - Planned - by Transpower		1	0	1	0
Class B - Planned - by Northpower		149	160	225	209
Class C - Unplanned - by Northpower		256	361	271	312
Class D - Unplanned - by Transpower		0	2	0	2
Total		<u>406</u>	<u>523</u>	<u>497</u>	<u>523</u>
<b>2. Interruption Targets for 2004/2005</b>					
Class B - Planned - by Northpower		180	200	210	220
Class C - Unplanned - by Northpower		240	240	240	250
<b>3. Average Interruption Targets for Next 5 Yrs</b>					
Class B - Planned - by Northpower		160	170	180	200
Class C - Unplanned - by Northpower		170	190	190	200
<b>4. Proportion of Class C Interruptions not restored within</b>					
3 Hrs	15.5%	15.7%	14.4%	15.7%	
24 Hrs	0%	0%	0%	0%	
<b>5. (a) Total No. of Faults per 100 circuit kilometres of prescribed voltage electric line</b>					
11 kV	7.79	10.74	8.54	9.51	
33 kV	7.76	9.57	2.17	6.73	
Total	<u>7.79</u>	<u>10.66</u>	<u>8.11</u>	<u>9.34</u>	
<b>(b) Target for 2004/2005 Year</b>					
11 kV	7.30	7.50	7.50	7.70	
33 kV	2.00	2.00	2.00	1.60	
Total	<u>7.00</u>	<u>7.12</u>	<u>7.12</u>	<u>7.32</u>	
<b>(c) Average Target for 2004/2005 to 2008/2009 years</b>					
11 kV	5	5	5	5	
33 kV	2	2	2	2	
Total	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	
<b>6. Total No. of Faults per 100 circuit kilometres of underground prescribed voltage electric line</b>					
11 kV	1.92	1.03	2.30	2.56	
33 kV	0.00	0.00	0.00	0.00	
Total	<u>1.67</u>	<u>0.88</u>	<u>1.92</u>	<u>2.20</u>	
<b>7. Total No. of Faults per 100 circuit kilometres of overhead prescribed voltage electric line</b>					
11 kV	7.76	11.04	8.72	9.69	
33 kV	7.79	10.33	2.35	7.18	
Total	<u>7.79</u>	<u>11.00</u>	<u>8.31</u>	<u>9.54</u>	
<b>8. The SAIDI for the total No. of Interruptions</b>					
		145.32	181.83	219.86	182.52
<b>9. SAIDI Targets for 2004/05</b>					
Class B - Planned - by Line Owners	30	30	30	35	
Class C - Unplanned - by Line Owners	95	100	100	107	
<b>10. Average SAIDI Target for 2004/5 to 2008/9 Yrs</b>					
Class B - Planned - by Line Owners	30	30	30	30	
Class C - Unplanned - by Line Owners	85	85	85	90	

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER THE ELECTRICITY  
INFORMATION DISCLOSURE REQUIREMENTS 2004

Continued

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>11. SAIDI For Total No. of Interruptions within each Interruption Class</b>				
Class A - Planned - by Transpower	25.79	0	31.24	0
Class B - Planned - by Northpower	36.96	31.96	53.53	29.5
Class C - Unplanned - by Northpower	82.57	140.53	135.09	129.63
Class D - Unplanned - by Transpower	0	9.73	0	23.39
<b>12. SAIFI for the Total No. of Interruptions</b>	2.71	4.07	2.94	3.49
<b>13. SAIFI Targets for 2004/05</b>				
Class B - Planned - by Northpower	0.27	0.27	0.27	0.28
Class C - Unplanned - by Northpower	2.5	2.5	2.5	2.7
<b>14. Av. SAIFI target for 2004/05 and 2008/09 Yrs</b>				
Class B - Planned - by Northpower	0.27	0.27	0.27	0.27
Class C - Unplanned - by Northpower	2.5	2.5	2.5	2.5
<b>15. SAIFI for the Total No. of Interruptions within Each Interruption Class</b>				
Class A - Planned - by Transpower	0.08	0.00	0.08	0.00
Class B - Planned - by Northpower	0.21	0.21	0.37	0.22
Class C - Unplanned - by Northpower	2.42	3.57	2.49	3.05
Class D - Unplanned - by Transpower	0	0.29	0	0.22
<b>16. CAIDI for the Total No. of Interruptions</b>	53.7	44.7	74.8	52.4
<b>17. CAIDI Targets for 2004/05</b>				
Class B - Planned - by Northpower	110	110	110	125
Class C - Unplanned - by Northpower	38	40	40	40
<b>18. Av. CAIDI Target for 2004/05 to 2008/09 Yrs</b>				
Class B - Planned - by Northpower	110	110	110	110
Class C - Unplanned - by Northpower	34	34	34	36
<b>19. CAIDI for the Total No. of Interruptions within each Interruption Class</b>				
Class A - Planned - by Transpower	315.0	0.0	374.0	0.0
Class B - Planned - by Northpower	179.0	150.0	144.4	134.9
Class C - Unplanned - by Northpower	34.1	39.4	54.4	42.6
Class D - Unplanned - by Transpower	0	32.1	0	105.3

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	8,926				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	8,926				
Interest on cash, bank balances, and short-term investments (ISTI)	222				
OSBIT minus ISTI	8,704	a	8,704		8,704
Net surplus after tax from financial statements	6,394				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	6,394	n		6,394	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	3,242				
Depreciation of SFA at ODV (y)	3,242	d	add	add	add
ODV depreciation adjustment	0	s*	deduct	deduct	deduct
Subvention payment tax adjustment	0	q			
Interest tax shield	-73	r			
Revaluations	22,424	p			
Income tax	2,532				
Numerator			OSBIT <sup>Adj</sup> = a + g + s + d	NSAT <sup>Adj</sup> = n + g + s - s* + d	OSBIT <sup>Adj</sup> = a + g - q + r + s + d - p - s*
Fixed assets at end of previous financial year (FA <sub>0</sub> )	118,717				
Fixed assets at end of current financial year (FA <sub>1</sub> )	145,209				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	1,536				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-21				
Average total funds employed (ATFE)	(or regulation 33 time-weighted average)	c	132,721		132,721
Total equity at end of previous financial year (TE <sub>0</sub> )	122,441				
Total equity at end of current financial year (TE <sub>1</sub> )	151,072				
Average total equity	(or regulation 33 time-weighted average)	k	136,757	136,757	
WUC at end of previous financial year (WUC <sub>0</sub> )	1,074				
WUC at end of current financial year (WUC <sub>1</sub> )	1,054				
Average total works under construction	(or regulation 33 time-weighted average)	e	1,064	1,064	1,064

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
Revaluations	22,424	r			
Half of revaluations	11,212	r/2			
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0				deduct
Intangible assets at end of current financial year (IA <sub>1</sub> )	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add	
Subvention payment at end of previous financial year (S <sub>0</sub> )	0				
Subvention payment at end of current financial year (S <sub>1</sub> )	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v		add	
System fixed assets at end of previous financial year at book value (SFA <sub>b,0</sub> )	111,667				
System fixed assets at end of current financial year at book value (SFA <sub>b,1</sub> )	138,328				
Average value of system fixed assets at book value	124,998 (or regulation 33 time-weighted average)	f	deduct	deduct	deduct
System Fixed assets at year beginning at ODV value (SFA <sub>o,0</sub> )	111,626				
System Fixed assets at end of current financial year at ODV value (SFA <sub>o,1</sub> )	135,098				
Average value of system fixed assets at ODV value	123,362 (or regulation 33 time-weighted average)	h	add	add	add
Denominator			130,021 ATFE <sup>ADJ</sup> = c - e - f + h	134,057 Ave TE <sup>ADJ</sup> = k - e - m + v - f + h	118,809 ATFE <sup>ADJ</sup> = c - e - 1/2r - f + h
Financial Performance Measure:			ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100 6.7	ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100 4.8	ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100 24.1

t = maximum statutory income tax rate applying to corporate entities      bv = book value      ave = average      odv = optimised deprival valuation      subscript '0' = end of the previous financial year  
 subscript '1' = end of the current financial year      ROF = return on funds      ROE = return on equity      ROI = return on investment

# Northpower

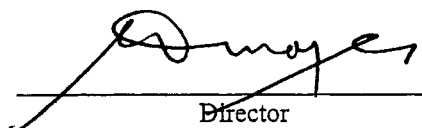
## Certification of Valuation Report of Line Owners

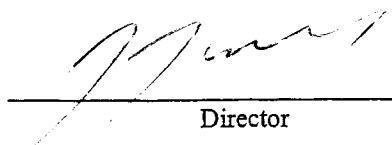
We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached Valuation Report of Northpower Limited, prepared for the purposes of Regulation 20 of the Electricity Information Disclosure Requirements 2004, complies with those Requirements; and
- (b) The Replacement Cost of the line business system fixed assets of Northpower Limited is \$283,377,000; and
- (c) The Depreciated Replacement cost of the line business system fixed assets of Northpower Limited is \$140,922,000; and
- (d) The Optimised Depreciated Replacement Cost of the line business fixed assets of Northpower Limited is \$135,098,000; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Northpower Limited is \$135,098,000; and
- (f) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2004.

Dated this 22<sup>nd</sup> day of December 2004.

  
Director

  
Director



Audit New Zealand

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

We have examined the information on pages 10, 17 and 18, 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 Northpower Limited and dated 22 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.

F Caetano  
Audit New Zealand  
On behalf of the Auditor-General  
Whangarei, New Zealand  
22 December 2004