

New Zealand Gazette

OF THURSDAY, 9 DECEMBER 2004

WELLINGTON: TUESDAY, 14 DECEMBER 2004 — ISSUE NO. 163

ELECTRA LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

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All values in this report are in thousands (000's) of New Zealand dollars (rounded) and are for years ended 31 March unless otherwise stated.

"This year" means the year ended 31 March 2004

"Last year" means the year ended 31 March 2003

"Next year" means the year ending 31 March 2005

Electra Limited

Line Business - Statement of financial performance

for the year ended 31 March 2004

<i>Note</i>		2004 \$000	2003 \$000
Operating revenue	2	22,143	21,255
Discount		(6,921)	(6,955)
Operating expense	2	(13,975)	(12,013)
Earnings Before Interest and Tax		1,247	2,287
Interest Expense		(919)	(950)
Net profit before taxation		328	1,337
Taxation	3	-	-
Net profit after taxation		\$328	\$1,337

Electra Limited

Line Business - Statement of movements in equity

for the year ended 31 March 2004

<i>Note</i>		2004 \$000	2003 \$000
Equity at beginning of the year		66,714	65,533
Net profit for the year		328	1,337
Revaluation of assets	6	25,353	736
Total recognised revenues and expenses		25,681	2,073
<i>Other movements</i>			
Dividends	4	(130)	(160)
Funds transferred from non-line business activities		(654)	(732)
<i>Total other movements</i>		(784)	(892)
Equity at end of the year		\$91,611	\$66,714

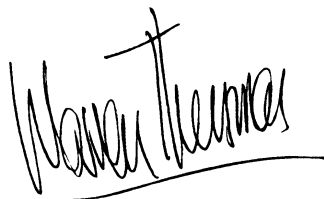
Electra Limited

Line Business - Statement of financial position

as at 31 March 2004

	Note	2004 \$000	2003 \$000
Equity			
Share capital	5	18,000	18,000
Reserves	6	63,813	38,460
Retained earnings		9,798	10,254
<i>Total equity</i>		91,611	66,714
Non-current liabilities			
Borrowings	7	12,000	12,000
Current liabilities			
Other provisions		181	85
Accounts payable and accruals	8	5,538	5,799
<i>Total current liabilities</i>		5,719	5,884
Total equity and liabilities		\$109,330	\$84,598
Non-current assets			
Property, plant and equipment	9	106,202	81,156
Current assets			
Cash		863	1,229
Receivables and prepayments	10	2,265	2,213
<i>Total current assets</i>		3,128	3,442
Total assets		\$109,330	\$84,598

For and on behalf of the Board



W R Thessman
Director



Piers Hamid
Director

The Board of Electra Limited authorise these financial statements for issue on 26 November 2004

Electra Limited

Line Business - Statement of cash flows

for the year ended 31 March 2004

	Note	2004 \$000	2003 \$000
Cash flows from operating activities			
Cash was received from:			
Receipts from customers		14,311	14,510
Interest received		17	21
		14,328	14,531
Cash was disbursed to:			
Payments to suppliers and employees		(10,186)	(11,520)
Interest paid		(919)	(950)
		(11,105)	(12,470)
Net cash flows from operating activities	12	3,223	2,061
Cash flows to investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		60	26
Proceeds from non-line business activities		-	-
Cash was applied to:			
Disbursements to non-line business		(654)	(732)
Purchase of property, plant and equipment		(2,865)	(3,319)
		(3,519)	(4,051)
Net cash from investing activities		(3,459)	(4,025)
Cash flows from financing activities			
Cash was provided from:			
Loans raised		-	3,000
		-	3,000
Cash was applied to:			
Repayment of loans		-	-
Payment of dividends		(130)	(160)
		(130)	(2,840)
Net cash flows used in financing activities		(130)	(2,840)
Net increase in cash held		(366)	876
Add opening cash brought forward		1,229	353
Ending cash carried forward		\$863	\$1,229

Notes to the financial statements

1. Statement *of accounting policies*

Reporting entity

Electra Limited is registered under the Companies Act 1993.

The financial statements are those of the Line Business Activities only of Electra Limited and have been prepared in accordance the Electricity Information Disclosure Handbook issued by the Commerce Commission under Part 4A of the Commerce Act 1986.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed, with the exception that certain property, plant and equipment have been revalued.

Specific accounting policies

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

a) *Property, plant and equipment*

The Company has six classes of property, plant and equipment:

1. Land and buildings
2. Distribution Assets
3. Leasehold Improvements
4. Plant and Equipment
5. Vehicles
6. Work in Progress

The Company uses Optimised Deprival Value ("ODV") methodology in valuing distribution assets. This methodology recognises the economic value of distribution assets based on the earnings of segments of the network to the Company. The ODV of distribution assets is updated annually to reflect additions to the network and the earnings derived.

Land and buildings, other than those included in distribution assets, are stated at market valuation (refer note 9).

All other property, plant and equipment are recorded at cost less accumulated depreciation.

b) *Infrastructure assets*

In accordance with FRS-3 Electra has ceased using infrastructure accounting with effect from 1 April 2003.

Prior to April 2003 the Company used infrastructure accounting methods for its distribution assets other than zone substations. This method of accounting recognises that well planned maintenance of the network assets preserves the service potential of the infrastructure asset for the foreseeable future. Accordingly no depreciation is charged on the infrastructure assets, except for zone substations.

c) Depreciation

Depreciation is provided on either a diminishing value (DV), or straight line (SL) basis on all property, plant and equipment other than those accounted for in the infrastructure accounting method above, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Main depreciation rates are:

Substation assets	2.2 – 2.5% straight line
Other Distribution assets	1.4 – 6.7% straight line
Buildings	1% - 2.5% straight line and 4% diminishing value
Leasehold Improvements	11%-31% diminishing value
Plant and equipment	10% - 50% diminishing value
Computer equipment	20% - 50% straight line
Motor vehicles	20% - 25% diminishing value and 20% straight line

d) Receivables

Receivables are stated at their estimated realisable value.

e) Income tax

The tax expense against the surplus for the year is the estimated liability in respect of that surplus after allowance for permanent differences plus any adjustments arising from prior years.

Electra Limited follows the liability method of accounting for deferred tax, applied on a partial basis.

The partial basis considers the cumulative income tax effect of all timing differences. The income tax effect of timing differences is only recognised as deferred tax for those timing differences that can be expected to reverse in the foreseeable future.

Future tax benefits attributable to losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised.

f) Lease

Operating lease payments, where the lessors retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

g) Statement of cash flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- 1) Cash is considered to be cash on hand, short term deposits and current accounts at the banks, net of bank overdrafts.
- 2) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- 3) Financing activities are those activities, which result in changes in the size and composition of the capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.
- 4) Operating activities include all transactions and other events that are not investing or financing activities.

h) Changes in accounting policies

There were no changes in accounting policies during the year except for:

(a) Distribution Assets

In accordance with FRS-3 Electra has ceased using infrastructure accounting with effect from 1 April 2003. The effect of this change in accounting policy to increase the capitalisation of assets and reduce maintenance expenditure by approximately \$480,000. In addition this resulted in an increased depreciation expense of \$2.07m.

2. Earnings *before interest and taxation*

Revenue

	2004 \$000	2003 \$000
Invoiced to consumers by electricity retailers	20,878	20,143
Line/access charges	20,878	20,143
AC loss-rental	842	686
Interest	17	21
Other	406	405
Total Revenue	\$22,143	\$21,255

After Charging

	2004 \$000	2003 \$000
Audit fees	66	28
Other accountancy services	77	37
Bad Debts	26	18
Change in provision for doubtful debts	-	(20)
Depreciation*	3,081	1,013
Directors fees	146	150
Interest fixed and other	919	950
Loss on sale of property, plant & equipment	24	(12)
Rental and lease costs	31	30
 *Depreciation by Category		
Land and Buildings	56	20
Distribution Assets	2,521	407
Leasehold Improvements	13	17
Plant and equipment	459	530
Vehicles	32	39

Customer sales discount

A total of \$6.92 million plus GST was credited to customers during the year to 31 March 2004 (\$6.95 million plus GST during the year ended 31 March 2003).

3. Taxation

	2004 \$000	2003 \$000
Profit before taxation	328	1,337
Prime facie taxation at 33%	108	441
Plus/(less)		
Taxation effect of permanent differences	(229)	36
Timing differences not recognised	(49)	(509)
Benefit of tax losses	170	32
Taxation expense (benefit)	\$-	\$-

The company has a potential deferred tax liability net of future tax benefits of \$9,911,628 (2003 - \$8,466,673), which is not recognised in the financial statements. This balance is made up of a deferred tax liability of \$12,020,253, (2003 - \$11,008,966) which arises mainly from the revaluation of assets for accounting purposes, and a future tax benefit of \$2,108,625 (2003 - \$2,542,293). These balances are not expected to crystallise and therefore have not been recorded in the financial statements.

The future tax benefit above comprises the benefit of tax losses available to carry forward of \$2,051,964 (2003 - \$2,496,994) and the benefit of other timing differences of \$56,661 (2002 - \$45,299).

The carrying forward of tax losses is subject to continuing to meet shareholder continuity requirements under the Income Tax Act 1994.

The company has imputation credits to carry forward as at 31 March 2004 of \$394,029 (2003 - \$98,507)

4. Dividend

	2004 \$000	2003 \$000
Dividend Paid	\$130	\$160

Dividends were paid, during the year to the Electra Trust. There is no proposed final dividend (2003 - \$Nil).

5. Share capital

	2004 \$000	2003 \$000
24,464,922 ordinary shares issued and fully paid	\$18,000	\$18,000

All ordinary shares rank equally with one vote attached to each fully paid share.

6. Reserves

	2004 \$000	2003 \$000
Asset revaluation reserve	63,813	38,460
	\$63,813	\$38,460

Reconciliation of reserve movements

	2004 \$000	2003 \$000
Asset Revaluation Reserve		
Opening balance	38,460	37,724
Revaluation of assets	25,353	736
Closing balance	\$63,813	\$38,460

7. Non-current liabilities

	2004 \$000	2003 \$000
Borrowings		
Bank borrowings	12,000	12,000
Non current liabilities	\$12,000	\$12,000
Repayable as follows:		
Within one year	-	-
Within two years	1,500	10,500
Beyond two years	10,500	1,500
	\$12,000	\$12,000

All bank borrowings are secured by a General Securities Agreement over Electra's assets.

Interest rates payable on bank facilities range from 6.75-7.86%.

8. Accounts payable and accruals

	2004 \$000	2003 \$000
Creditors		
Trade	1,166	453
Other	3,819	4,901
Accruals	366	286
Accrued employee entitlements	187	159
	\$5,538	\$5,799

9. Property, Plant and Equipment

	2004 \$000	2003 \$000
<i>Distribution assets</i>		
Land	544	402
Buildings	6,730	2,172
Substations	8,921	7,394
Lines	64,314	52,269
Switchgear	4,417	3,061
Transformers	12,010	12,357
Centralised load control equipment	979	856
Other	2,883	-
<i>Total distribution assets</i>	100,798	78,511
<i>Non-distribution assets</i>		
Leasehold improvements	141	150
Accumulated depreciation	(95)	(87)
	46	63
Plant and equipment	7,607	4,518
Accumulated depreciation	(3,752)	(2,168)
	3,855	2,350
Vehicles	182	190
Accumulated depreciation	(56)	(73)
	126	117
Capital Work in Progress	1,377	115
	1,377	115
Total property, plant and equipment	\$106,202	\$81,156

Valuation

Land and buildings owned by the Company, other than those referred to above as being part of distribution assets, are stated at market valuation, which was assessed as at 31 March 2004 by DTZ NZ Limited (Registered Valuers). The valuations are carried out on a 3 yearly basis.

The Optimised Deprival Value (ODV) at which distribution assets are stated, was assessed by Electra and independently reviewed by PricewaterhouseCoopers as at 31 March 2004. The report placed an ODV on Distribution assets of \$100,798,522.

The ODV valuations are undertaken on a three yearly basis. The next assessment will be as at 31 March 2007. For the intervening years the distribution assets are updated for additions during the year.

10. Receivables and prepayments

	2004 \$000	2003 \$000
Trade debtors	1,815	1,786
GST refund due	448	411
Prepayments	12	26
	2,275	2,223
Less provision for doubtful debts	(10)	(10)
	\$2,265	\$2,213

11. Financial instruments

Credit risk

Financial assets which potentially subject the company to credit risk principally consist of bank balances and accounts receivable.

The company manages its principle credit risk by having Use of System Agreements with its major customers to maintain a minimum credit rating of BBB or better.

Maximum exposures to credit risk as at balance date are:

	2004 \$000	2003 \$000
Bank balances	863	1,229
Receivables	2,265	2,213

The above maximum exposures are net of any recognised provision for losses on these financial assets. Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings.

Concentrations of credit risk

The company has exposures to concentrations of credit risk by having five line customers. This is managed as mentioned above through the Use of System Agreements.

Currency risk

The company has no material exposure to foreign exchange risk.

Interest rate risk

Interest rate risk exposure is limited to bank borrowings. The company has no interest risk hedge contracts.

Fair values

There were no differences between the fair value and carrying amounts of financial instruments as at 31 March 2004.

12. Reconciliation

of net profit after tax with cash inflow from operating activities

	2004 \$000	2003 \$000
Profit after taxation	328	1,337
Add / (less) non-cash items		
Depreciation	3,088	1,013
Add item classified as investing activity		
Capital Loss (gain) on sale of fixed assets	24	(12)
Movements in working capital		
Increase / (decrease) in accounts payable	(165)	(508)
(Increase) / decrease in receivables	(52)	231
Net cash inflow from operating activities	\$3,223	\$2,061

13. Contingent liabilities

	2004 \$000	2003 \$000
a) Guarantee of bank facilities for a subsidiary to a limit of	950	950
At balance date the amount of the bank facilities so guaranteed was	-	-

14. Commitments

Capital commitments

At balance date, there was \$334,086 expenditure contracted for and approved by the company (2003 - \$269,000).

Operating lease commitments

Lease commitment under non-cancellable operating leases

	2004 \$000	2003 \$000
Not later than one year	24	24
Within one to two years	24	24
Within two to five years	14	-
	\$62	\$48

15. Transactions with related parties

During the year the Company purchased construction and maintenance services from its wholly owned subsidiary, Electra Contracting Limited, to an amount of \$2,912,000 (2003 - \$3,949,000). The amount owed to Electra Contracting at year end is \$339,000 (2003 - \$402,000).

	2004 \$000	2003 \$000
(a.) Construction of subtransmission assets	37	553
(b.) Construction of zone substations	314	115
(c.) Construction of distribution lines and cables	119	33
(d.) Construction of medium voltage switchgear	173	98
(e.) Construction of distribution transformers	347	-
(f.) Construction of distribution substations	-	-
(g.) Construction of low voltage reticulation	52	281
(h.) Construction of other system fixed assets	-	-
(i.) Maintenance of assets	1,871	2,869
(j.) Consumer connections and disconnections	-	-

No related party debts have been written off or forgiven during this, or last year.

16. Further Information

The following information is required to be disclosed in the financial statements under Part 2 of the Electricity Information Disclosure Requirements 2004

	2004 \$000	2003 \$000
1 Current assets		
(a.) Cash and bank balances	863	229
(b.) Short-term investments	-	1,000
(c.) Inventories	-	-
(d.) Accounts Receivable	2,265	2,213
(e.) Other current assets not listed in (a) to (d)	-	-
(f.) Total current assets	3,128	3,442
2 Fixed Assets		
(a.) System fixed assets	100,798	78,511
(b.) Consumer billing and information system assets	-	-
(c.) Motor Vehicles	126	117
(d.) Office equipment	3,855	2,350
(e.) Land and buildings	46	63
(f.) Capital works under construction	1,377	115
(g.) Other fixed assets not listed in (a) to (f)	-	-
(h.) Total fixed assets	106,202	81,156
3 Other tangible assets not listed above	-	-
4 Total tangible assets	109,330	84,598
5 Intangible assets		
(a.) Goodwill	-	-
(b.) Other intangibles not listed in (a)	-	-
(c.) Total intangible assets (sum of (a) and (b))	-	-
6 Total Assets	109,330	84,598
7 Current liabilities		
(a.) Bank overdraft	-	-
(b.) Short-term borrowings	-	-
(c.) Payables and accruals	5,538	5,799
(d.) Provision for dividends payable	-	-
(e.) Provision for income tax	-	-
(f.) Other current liabilities not listed in (a) to (e)	181	85
(g.) Total current liabilities	5,719	5,884
8 Non-current liabilities		
(a.) Payables and accruals	-	-
(b.) Borrowings	12,000	12,000
(c.) Deferred tax	-	-
(d.) Other non-current liabilities not listed in (a) to (c)	-	-
(e.) Total non-current liabilities	12,000	12,000

	2004 \$000	2003 \$000
9 Equity		
(a.) Shareholders' equity -		
(i) Share capital	18,000	18,000
(ii) Retained earnings	9,798	10,254
(iii) Reserves	63,813	38,460
(iv) Total shareholders' equity	91,611	66,714
(b.) Minority interests in subsidiaries	-	-
(c.) Total equity	91,611	66,714
(d.) Capital notes	-	-
(e.) Total capital funds	91,611	66,714
10 Total Equity and Liabilities	109,330	84,598
11 Operating revenue		
(a.) Revenue from line/access charges	20,878	20,143
(b.) Line charge discount to consumers	(6,921)	(6,955)
(c.) Revenue from "other" business for services carried out by the line business (transfer payment)	-	-
(d.) Interest on cash, bank balances, and short-term investments	17	21
(e.) AC loss-rental rebates	842	686
(f.) Other operating revenue not listed in (a) to (d)	406	405
(g) Total operating revenue	15,222	14,300
12 Operating expenditure		
(a.) Payment for transmission charges	5,390	5,241
(b.) Transfer payments to the "other" business for:		
(i) Asset maintenance:	1,871	2,869
(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):	-	-
(viii) Total transfer payment to the "other" business	1,871	2,869
(c.) Expense to entities that are not related parties for:		
(i) Asset maintenance:	1,224	979
(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	1,224	979
(d.) Employee salaries, wages and redundancies	856	749
(e.) Consumer billing and information systems	-	-
(f.) Depreciation on:		
(i) System fixed assets:	2,519	659
(ii) Other assets not listed in (i):	562	354
(iii) Total depreciation	3,081	1,013
(g.) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h.) Corporate and administration	632	325
(i.) Human resource expenses	87	64

	2004 \$000	2003 \$000
12. Operating expenditure cont...		
(j.) Marketing/Advertising	221	307
(k.) Merger and acquisition expenses	-	-
(l.) Takeover defence expenses	-	-
(m.) Research and development expenses	-	-
(n.) Consultancy and legal expenses	55	176
(o.) Donations	-	1
(p.) Directors' Fees	146	150
(q.) Auditor' Fees		
(i) Audit fees paid to principal auditors:	66	28
(ii) Audit fees paid to other auditors:	-	-
(iii) Fees paid for other services provided by principal and other auditors	77	37
(iv) Total auditors' fees	143	65
(r.) Cost of offering credit -		
(i) Bad debts written off:	26	18
(ii) Increase in estimated doubtful debts	-	(20)
(iii) Total cost of offering credit	26	(2)
(s.) Local authority rates expense	54	37
(t.) AC loss-rental rebates (distribution to retailers/customers) expense	-	-
(u.) Rebates to consumers due to ownership interest	-	-
(v.) Subvention payments	-	-
(w.) Unusual expenses	-	-
(x.) Other expenditure not listed in (a) to (w)	189	39
13. Total operating expenditure	13,975	12,013
14. Operating surplus before interest and income tax	1,247	2,287
15. Interest expense		
(a.) Interest expense on borrowings	919	950
(b.) Financing charges related to finance leases	-	-
(c.) Other interest expense not listed in (a) or (b)	-	-
(d) Total interest expense	919	950
16. Operating surplus before income tax	328	1,337
17. Income tax	-	-
18. Net surplus after tax	328	1,337

Annual valuation reconciliation report

Year ending 31 March 2004

	2004 \$000
System fixed assets at ODV – end of the previous financial year	78,511
<i>Add</i> system fixed assets acquired during the year at ODV	1,224
<i>Less</i> system fixed assets disposed of during the year at ODV	-
<i>Less</i> depreciation on system fixed assts at ODV	2,586
<i>Add</i> revaluations of system fixed assets	24,024
System fixed assets at ODV – end of the financial year	101,173

Financial and efficiency performance measures for the Line Business

Introduction

The Electricity Information Disclosure Requirements 2004 forms part of the regulatory regime introduced following deregulation of the Electricity Industry.

The Regulations require Electricity Companies that operate a Line Business to publicly disclose in the Gazette and have available on request a variety of information. Included in this disclosure are Financial, Reliability and Efficiency Performance Measures and Statistics.

In order to consistently define these measures to allow comparison between Electricity Companies, the Regulations require a number of adjustments to be made to the Financial Statements. For this reason, the Financial Statements disclosed are not necessarily the basis of information used for calculations in Performance Measures and Statistics.

This information has been prepared solely for the purpose of complying with Parts 3-7 of the Electricity Information Disclosure Requirements 2004 required by the Commerce Act 1986 and is not intended for any other purpose.

Financial performance measures

Rates of return for the Line Business are as follows:

	2004	2003	2002	2001
Return on funds	1.30%	3.29%	3.87%	3.09%
Return on equity	0.33%	2.35%	3.40%	2.31%
Return on investment	32.10%	3.88%	2.96%	19.73%

Efficiency performance measures

	2004	2003	2002	2001
Direct line costs per kilometre	\$1,746	\$1,798	\$1,729	\$1,514
In-direct line costs per electricity consumer	\$44	\$48	\$49	\$45

Energy delivery Performance measures

	2004	2003	2002	2001
Load factor	51.46%	56.01%	52.24%	54.58%
Loss ratio	6.59%	6.69%	6.65%	6.80%
Capacity utilisation	28.95%	28.85%	30.66%	29.22%

Statistics

	2004	2003	2002	2001
System Lengths (km's) (overhead)				
33kV	153	153	153	165
11kV	853	853	848	865
400v	553	549	551	463
Total	1,559	1,555	1,552	1,493

System Lengths (km's) (underground)				
33kV	24	21	15	16
11kV	180	176	171	165
400v	385	380	372	450
Total	589	577	558	631

Total Overhead and Underground	2,148	2,132	2,110	2,124
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		2004	2003	2002	2001
Transformer capacity kVA		283,323	279,483	273,575	271,075
Maximum demand kW		82,016	80,640	83,886	79,180
Total electricity entering the system (before losses) kWh		394,872,118	395,686,769	383,911,145	378,702,833
Electricity on behalf of other entities	A	262,787,752	305,163,598	296,522,578	320,511,010
(after losses of electricity)	B	-	-	7,529,578	3,934,644
	C	9,918,360	9,841,437	8,056,416	6,674,285
	D	-	-	19,683	65,206
	E	37,730,811	40,054,797	38,701,722	14,576,801
	F	1,776,596	823,345	3,609,004	5,194,435
	G	20,139,519	13,330,046	3,819,588	1,686,094
	H	-	-	118,480	296,912
	I	36,558,506	-	-	-
Total Consumers		39,541	39,015	38,292	37,302

Reliability Performance Measure Targets

Total interruptions

	2004	2003	2002	2001
Class A – Planned by Transpower	-	-	-	-
Class B – Planned by Electra	80	78	87	97
Class C – Unplanned by Electra	118	88	66	104
Class D – Unplanned by Transpower	2	1	1	1
Class E – Unplanned by embedded generation	-	-	-	-
Class F – Unplanned by generation on other network	-	-	-	-
Class G – Unplanned by other line owner	-	-	-	-
Class H – Planned by other line owner	-	-	-	-
Class I – Any other loss of supply	-	-	-	-
Total	200	167	154	202

Interruptions Target for Following Financial Year

	2005	2004	2003
Class B – Planned	75	75	75
Class C – Unplanned	95	95	95
Total	170	170	170

Average Interruptions Targets (next and subsequent 4 years)

	2005/09	2004/08	2003/07
Class B – Planned	75	75	70
Class C – Unplanned	95	95	86
Total	170	170	164

Proportion of the total Class C interruptions not restored within:

	2004	2003
a) 3 hours -	2.55%	0%
b) 24 hours -	0.04%	0%

Number of Faults per 100 Circuit Kilometre

	2004	2003	2002	2001
33kV	6.32	1.73	2.21	3.83
11kV	10.28	8.27	6.01	9.23
Total number of faults	9.72	7.32	5.45	8.42

Fault Targets per 100 Circuit Kilometre

Number of faults targeted (next year)	2005	2004	2003
33kV	2.6	2.6	2.37
11kV	9.5	9.5	9.13
Total	8.49	8.49	8.12

Average Faults Targets (next and subsequent 4 years)	2005/09	2004/08	2003/07
33kV	2.6	2.6	1.91
11kV	9.5	9.5	8.40
Total	8.49	8.49	7.43

Number of Faults per 100 Circuit Kilometre

	2004	2003	2002	2001
Overhead				
33kV	7.19	1.96	2.4	4.2
11kV	11.70	7.97	6.2	10.3
<i>Total Overhead</i>	11.01	7.05	5.6	9.3
Underground				
33kV	-	-	-	-
11kV	3.78	11.40	4.8	3.6
<i>Total Underground</i>	3.40	10.18	4.4	3.3
Total	9.7	7.3	5.4	8.4

SAIDI

	2004	2003	2002	2001
Class A – Planned by Transpower	-	-	-	-
Class B – Planned by Electra	9.98	5.86	17.6	22.3
Class C – Unplanned by Electra	107.86	49.73	48.2	82.1
Class D – Unplanned by Transpower	15.63	5.71	0.5	37.4
Class E – Unplanned by embedded generation	-	-	-	-
Class F – Unplanned by generation on other network	-	-	-	-
Class G – Unplanned by other line owner	-	-	-	-
Class H – Planned by other line owner	-	-	-	-
Class I – Any other loss of supply	-	-	-	-
Total	133.47	61.30	66.3	141.8

SAIDI targets (next year)

	2005	2004	2003
Class B – Planned	20	20	20
Class C – Unplanned	80	80	75
Total	100	100	95

Average SAIDI targets (next 5 years)

	2005/09	2004/08	2003/07
Class B – Planned	20	20	17
Class C – Unplanned	80	80	73
Total	100	100	90

SAIFI

	2004	2003	2002	2001
Class A – Planned by Transpower	-	-	-	-
Class B – Planned by Electra	0.07	0.042	0.13	0.22
Class C – Unplanned by Electra	2.647	0.857	1.18	1.90
Class D – Unplanned by Transpower	0.782	0.336	0.08	0.39
Class E – Unplanned by embedded generation	-	-	-	-
Class F – Unplanned by generation on other network	-	-	-	-
Class G – Unplanned by other line owner	-	-	-	-
Class H – Planned by other line owner	-	-	-	-
Class I – Any other loss of supply	-	-	-	-
Total	3.499	1.235	1.39	2.51

SAIFI targets (next year)

	2005	2004	2003
Class B – Planned	0.2	0.2	0.13
Class C – Unplanned	1.8	1.8	1.47
Total	2.0	2.0	1.60

Average SAIFI targets (next 5 years)

	2005/09	2004/08	2003/07
Class B – Planned	0.18	0.18	0.10
Class C – Unplanned	1.80	1.80	1.20
Total	1.98	1.98	1.30

CAIDI

	2004	2003	2002	2001
Class A – Planned by Transpower	-	-	-	-
Class B – Planned by Electra	143.17	139.52	133.3	101.5
Class C – Unplanned by Electra	40.75	58.03	40.9	43.2
Class D – Unplanned by Transpower	20.0	17.0	6.0	95.9
Class E – Unplanned by embedded generation	-	-	-	-
Class F – Unplanned by generation on other network	-	-	-	-
Class G – Unplanned by other line owner	-	-	-	-
Class H – Planned by other line owner	-	-	-	-
Class I – Any other loss of supply	-	-	-	-
Total	38.13	49.64	47.7	56.5

CAIDI targets (next year)

	2005	2004	2003
Class B – Planned	100.00	100.00	153.8
Class C – Unplanned	44.45	44.45	51.0
Total	50.00	50.00	59.4

Average CAIDI targets (next 5 years)

	2005/09	2004/08	2003/07
Class B – Planned	111.11	111.11	184.5
Class C – Unplanned	44.45	44.45	61.9
Total	50.51	50.51	69.2

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 Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIT)	1,246,934				
Interest on cash, bank balances, and short-term investments (ISTI)	1,246,934				
OSBIT minus ISTI	17,000				
Net surplus after tax from financial statements	1,229,934	a	1,229,934		1,229,934
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	327,934	n		327,934	
Amortisation of goodwill and amortisation of other intangibles	327,934	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	0				
ODV depreciation adjustment	2,520,838	d			
Subvention payment tax adjustment	2,586,371	s ^t	add	add	add
Interest tax shield	-65,533	q	deduct	deduct	deduct
Revaluations	0	r			
Income tax	297,660	p			
Numerator	24,023,635		1,164,401	262,401	24,890,376
	0		OSBITADJ = a + g + s + d	NSATADJ = n + g + s - s ^t + d	OSBITADJ = a + g - q + r + s + d - p - s ^t
Fixed assets at end of previous financial year (FA0)	81,156,000				
Fixed assets at end of current financial year (FA1)	106,202,000				
Adjusted net working capital at end of previous financial year (ANWCO)	-3,671,021				
Adjusted net working capital at end of current financial year (ANWC1)	-3,453,971				
Average total funds employed (ATFE)	90,116,504	c	90,116,504		90,116,504
	(or requirement 33 time-weighted average)				
Total equity at end of previous financial year (TE0)	66,714,000				
Total equity at end of current financial year (TE1)	91,610,598				
Average total equity	79,162,299	k		79,162,299	
	(or requirement 33 time-weighted average)				
WUC at end of previous financial year (WUC0)	115,000				
WUC at end of current financial year (WUC1)	1,377,000				
Average total works under construction	746,000	e	deduct	deduct	deduct
	(or requirement 33 time-weighted average)				
Revaluations	24,023,635	r			
Half of revaluations	12,011,818	r/2			
Intangible assets at end of previous financial year (IA0)	0				
Intangible assets at end of current financial year (IA1)	0				
Average total intangible asset	0	m	add	add	add
	(or requirement 33 time-weighted average)				
Subvention payment at end of previous financial year (S0)	0				
Subvention payment at end of current financial year (S1)	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	add	add
System fixed assets at end of previous financial year at book value (SFAbv0)	78,511,000				
System fixed assets at end of current financial year at book value (SFAbv1)	100,798,000				
Average value of system fixed assets at book value	89,654,500	f	deduct	deduct	deduct
	(or requirement 33 time-weighted average)				
System Fixed assets at year beginning at ODV value (SFAodv0)	78,511,000				
System Fixed assets at end of current financial year at ODV value (SFAodv1)	101,173,264				
Average value of system fixed assets at ODV value	89,842,132	h	add	add	add
	(or requirement 33 time-weighted average)				
Denominator			89,558,136	78,603,931	77,546,318
			ATFEADJ = c - e - f + h	Ave TEADJ = k - e - m + v - f + h	ATFEADJ = c - e - f + h
Financial Performance Measure:			1.30	0.33	32.10
			ROF = OSBITADJ/ATFEADJ x 100	ROE = NSATADJ/ATEADJ x 100	ROI = OSBITADJ/ATFEADJ x 100

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



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REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRA LIMITED (LINES BUSINESS) FOR THE YEAR ENDED 31 MARCH 2004

We have audited the financial statements of Electra Limited (Lines Business) on pages 2 to 18. The financial statements provide information about the past financial performance of Electra Limited (Lines Business) and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages 5 to 7.

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 Electra Limited (Lines Business) 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 Fred Hutchings of PricewaterhouseCoopers 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 Electra Limited's (Lines Business) 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.

We have carried out other assignments for Electra Limited in the areas of taxation compliance and other assurance services. Other than these assignments and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Electra Limited.

Unqualified Opinion

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

In our opinion -

- proper accounting records have been maintained by Electra Limited (Lines Business) as far as appears from our examination of those records; and
- the financial statements of Electra Limited (Lines Business) on pages 2 to 18:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Electra Limited (Lines Business)'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 8 December 2004 and our unqualified opinion is expressed as at that date.

Fred Hutchings
On behalf of the Auditor-General
Wellington, New Zealand

PricewaterhouseCoopers



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**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
ELECTRA LIMITED (LINES BUSINESS)**

We have examined the information on pages 19, 20 and 26 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 Electra Limited (Lines Business) and dated 26 November 2004 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 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 black ink, appearing to read 'Hutchings'.

Fred Hutchings
On behalf of the Auditor-General
8 December 2004

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Wellington, New Zealand

ODV valuation

The Optimised Deprival Value (ODV) of the network was assessed by Electra and audited by PricewaterhouseCoopers as at 31 March 2004.



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AUDITOR-GENERAL'S OPINION ON THE VALUATION REPORT OF ELECTRA LIMITED (LINES BUSINESS)

We have examined the valuation report of Electra Limited (Lines Business) and dated 6 December 2004 which report contains valuations of system fixed assets as at 31 March 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$101,173,264, have been made in accordance with the ODV Handbook (as defined in the Commerce Commission's Electricity Information Disclosure Requirements 2004).

A handwritten signature in black ink, appearing to read 'Hutchings'.

Fred Hutchings
On behalf of the Auditor-General
Wellington, New Zealand
8 December 2004

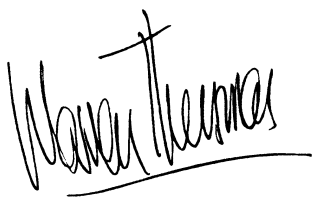
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PricewaterhouseCoopers

CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

We, Warren Thessman, Chairman and Piers Hamid, Director of Electra Limited certify that, having made all reasonable enquiry, to the best of our knowledge, –

- (a) The attached valuation report of Electra 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 Electra Limited is \$177,475,288; and
- (c) The depreciated replacement cost of the line business system fixed assets of Electra Limited is \$101,266,158; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Electra Limited is \$101,173,264; and
- (e) The optimised deprival valuation of the line business system fixed assets of Electra Limited is \$101,173,264; 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.



Warren Thessman
Chairman



Piers Hamid
Director

Dated this 26th day of November 2004

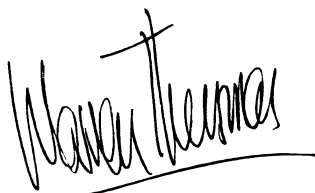
DIRECTOR'S CERTIFICATES

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower

We, Warren Thessman, Chairman and Piers Hamid, Director of Electra Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of Electra 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 Electra 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.



Warren Thessman
Chairman



Piers Hamid
Director

Dated this 26th day of November 2004

Directory

Directors

W R Thessman (Chairperson)
P A T Hamid
P F McKelvey
M H Devlin

Executive

J L Yeoman (Chief Executive)

Registered office

Electra
Cnr Salisbury and Durham Streets
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Telephone 06 366 0944
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Auditor

PricewaterhouseCoopers
Wellington
On behalf of the Auditor General

Bankers

Bank of New Zealand

Solicitors

Quigg Partners, Wellington
