SUPPLEMENT TO

New Zealand Gazette

OF THURSDAY, 7 AUGUST 2003

WELLINGTON: WEDNESDAY, 13 AUGUST 2003 — ISSUE NO. 99

DUNEDIN ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AND THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000 AND 2001

Information Disclosure by Dunedin Electricity Ltd

for the year ended 31 March 2003

Pursuant to the

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

and the

ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000 AND 2001

INDEX

Information Disclosure Disclaimer

Information disclosed in this document has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

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

The information should not be used for any other purpose than that intended under the Regulations.

The information disclosed is for the lines business as described in the Regulations. There are other activities of the Company that are not required to be reported under the Regulations.

A STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO SECRETARY OF COMMERCE (REGULATION 37)

I, Raymond Stuart Polson of 80 Browns Road, St Albans, Christchurch, being a Director of Dunedin Electricity Ltd, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999.

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

....

Declared at Dunedin this 16th day of July 2003

D Cross
....

~~Justice of the Peace~~ (*or* Solicitor *or* other person authorised to take a statutory declaration)

Donna Cross
Solicitor
CHRISTCHURCH

B DISCLOSURE OF INFORMATION REQUIRED IN FINANCIAL STATEMENTS (REGULATION 6 SCHEDULE 1 PART 2)

STATEMENT OF FINANCIAL POSITION

			note*	2003 $000	2002 $000
1	**Current Assets**				
	(a)	Cash and Bank Balances		**28**	-
	(b)	Short Term Investments		-	-
	(c)	Inventories		-	-
	(d)	Accounts Receivable		**6,274**	4,604
	(e)	Other Current Assets Not Listed in (a) to (d):		**1,327**	1,680
	(f)	Total Current Assets		**7,629**	6,284
2	**Fixed Assets**		3		
	(a)	System fixed assets		**227,448**	226,826
	(b)	Customer billing and information system assets		-	-
	(c)	Motor vehicles		-	-
	(d)	Office equipment		-	-
	(e)	Land and buildings		**12,515**	12,614
	(f)	Capital works under construction		**5,521**	2,943
	(g)	Other fixed assets not listed in (a) to (f)			-
	(h)	Total fixed assets		**245,484**	242,383
3	**Other Tangible Assets Not Listed Above**			-	-
4	**Total Tangible Assets**			**253,113**	248,667
5	**Total Intangible Assets**				
	(a)	Goodwill		-	-
	(b)	Other intangible assets not listed in (a)		-	-
	(c)	Total intangible		-	-
6	**Total Assets**			**253,113**	248,667
7	**Current Liabilities**				
	(a)	Bank overdraft		-	310
	(b)	Short term borrowings		-	-
	(c)	Accounts payables and accruals		**5,224**	4,081
	(d)	Dividend provision		-	-
	(e)	Provision for income tax		-	-
	(f)	Other current liabilities not listed in (a) to (e)		-	-
	(g)	Total current liabilities		**5,224**	4,391

* The accompanying notes form an integral part of these financial statements.

		note*	**2003 $000**	2002 $000
8	**Non-Current Liabilities**			
(a)	Payables and accruals		-	-
(b)	Long-term debt	5	**117,000**	114,000
(c)	Deferred taxation	4	**24,575**	19,579
(d)	Other funding not listed in (a) or (b)		-	-
(e)	Total non-current liabilities		**141,575**	133,579
9	**Equity**			
(a)	Shareholder's equity:	2		
(i)	Share capital		**2,000**	2,000
(ii)	Retained earnings		**(7,402)**	(3,078)
(iii)	Reserves		**111,716**	111,775
(iv)	Total shareholder's equity		**106,314**	110,697
(b)	Minority interests in subsidiaries		-	-
(c)	Total equity		**106,314**	110,697
(d)	Capital notes		-	-
(e)	Total capital funds		**106,314**	110,697
10	**Total Equity and Liabilities (7(a) + 8(e) + 9(e))**		**253,113**	248,667

STATEMENT OF FINANCIAL PERFORMANCE

		2003 $000	2002 $000
11	**Operating Revenue**		
(a)	Revenue from line/access charges	**53,225**	51,269
(b)	Revenue from "other" business (transfer payment)	-	-
(c)	Interest on short-term investments, cash and bank balances	-	-
(d)	AC loss-rental rebates	**1,414**	3,207
(e)	Other revenue not listed in (a) to (e)	**4,739**	4,536
(f)	Total operating revenue	**59,378**	59,012
12	**Operating Expenditure**		
(a)	Transmission charges	**15,949**	15,092
(b)	Transfer payments to "other" business:		
(i)	asset maintenance	**7,261**	6,851
(ii)	consumer disconnections and reconnections	-	-
(iii)	meter data	-	-
(iv)	consumer-based load control	-	-
(v)	royalty and patent expenses	-	-
(vi)	avoided transmission charges for own generation	-	-
(vii)	other goods and services	**3,379**	3,867
(viii)	total transfer payment to other business	**26,589**	10,718

* The accompanying notes form an integral part of these financial statements.

		note*	2003 $000	2002 $000
(c)	Payments to non-related entities for:			
	(i) asset maintenance		-	-
	(ii) consumer disconnections and reconnections		-	-
	(iii) meter data		-	-
	(iv) consumer-based load control		-	-
	(v) royalty and patent expenses		-	-
	(vi) total of specified expenses to non-related parties		-	-
(d)	Employee salaries, wages and redundancies		-	-
(e)	Consumer billing and information system expense		-	-
(f)	Depreciation on:			
	(i) system fixed assets		**8,842**	8,015
	(ii) other assets not listed in (i)		-	1
	(iii) total depreciation expense		**8,842**	8,016
(g)	Amortisation of:			
	(i) goodwill		-	-
	(ii) other intangibles		-	-
	(iii) total amortisation of intangibles		-	-
(h)	Corporate and administration		**1,092**	1,246
(i)	Human resource expenses		-	-
(j)	Marketing and advertising		**17**	79
(k)	Merger and acquisition expenses		-	-
(l)	Take-over defence expenses		-	-
(m)	Research and development expenses		-	-
(n)	Consultancy and legal expenses		**646**	254
(o)	Donations		-	-
(p)	Directors' fees		**72**	64
(q)	Auditor's fees:			
	(i) audit fees to principal auditor		**22**	16
	(ii) audit fees to other auditors		-	-
	(iii) fees paid for other services provided by principal and other auditors		-	-
	(iv) total auditor's fees		**22**	16
(r)	Cost of offering credit:			
	(i) bad debts written off		-	-
	(ii) increase in estimated doubtful debts		-	-
	(iii) total cost of offering credit		-	-
(s)	Local Authority rates expense		**252**	97
(t)	AC loss rental rebates paid to retailers		**1,414**	3,207
(u)	Rebates to consumers due to ownership interest		-	-
(v)	Subvention payments		**1,191**	1,574
(w)	Unusual expenses		-	-
(x)	Other expenditure not listed in (a) to (w)		-	-
13	**Total Operating Expenditure (sum (12(a) to 12(x))**		**40,137**	40,363

* The accompanying notes form an integral part of these financial statements.

		note*	**2003 $000**	2002 $000
14	**Operating Surplus Before Interest and Income Tax**		**19,241**	18,649
15	**Interest Expense**:			
	(a) Interest expense on borrowings		**7,784**	7,556
	(b) Financing charges relating to finance leases		-	-
	(c) Other interest expense not listed in (a) or (b)		-	-
	(d) Total interest expense		**7,784**	7,556
16	**Operating Surplus Before Income Tax**		**11,457**	11,093
17	**Income Tax**	1	**6,699**	6,305
18	**Net Surplus After Tax**		**4,758**	4,788

STATEMENT OF MOVEMENTS IN EQUITY

Equity at beginning of year		**110,697**	74,508
Surplus and revaluations			
net profit after tax for period		**4,758**	4,788
revaluations		**(59)**	42,301
adjustment prior year deferred tax liability		-	(3,234)
Total recognised revenues and expenses		**4,699**	43,855
Other movements			
dividend distributions		**(9,082)**	(7,666)
		(9,082)	(7,666)
Equity at end of year		**106,314**	110,697

STATEMENT OF CASHFLOWS

Cashflows From Operating Activities

Cash was provided from:			
Receipts from customers		**57,708**	54,543
		57,708	54,543
Cash was disbursed to:			
Payments to suppliers and employees		**31,098**	30,619
Income tax paid		**1,350**	2,908
Interest paid		**7,784**	7,556
		40,232	41,083
Net cash inflows/(outflows) from operating activities	6	**17,476**	13,460

* The accompanying notes form an integral part of these financial statements.

	2003 $000	2002 $000
Cashflows From Investing Activities		
Cash was provided from:		
Sale of assets	-	-
Cash was disbursed to:		
Purchase of fixed assets	11,056	9,229
Net cash inflows/(outflows) from investing activities	(11,056)	(9,229)
Cashflows From Financing Activities		
Cash was provided from:		
Proceeds of borrowings	3,000	3,200
	3,000	3,200
Cash was disbursed to:		
Repayment of term liabilities		-
Dividend distributions	9,082	7,666
	9,082	7,666
Net cash inflows/(outflows) from financing activities	(6,082)	(4,466)
Net increase/(decrease) in cash held	338	(235)
Cash at beginning of year	(310)	(75)
Cash at End of Year	28	(310)

STATEMENT OF ACCOUNTING POLICIES

SPECIAL PURPOSE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1999 and Amendment Regulations 2000 and 2001, and relate to:

- The Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services.
- *DELTA* Utility Services Ltd is a 100% owned subsidiary of Dunedin Electricity Ltd.

SPECIFIC ACCOUNTING POLICIES

In accordance with clause 6 of the Regulations, the methodology adopted to allocate costs, revenues, assets and liabilities among the businesses is in accordance with the Guidelines.

The particular accounting policies adopted in the preparation of these financial statements are:

(a) **Revenue**

Revenue shown in the Statement of Financial Performance for the Line Business relates to the provision of electricity distribution.

(b) **Expenditure**

Expenditure shown in the Statement of Financial Performance is derived as follows:

Line Business

- Transmission charges, employee remuneration, administration and operating expenses are directly attributable to the Line Business.
- Maintenance and operation is provided in accordance with a 10 year Asset Management Services Contract with *DELTA* Utility Services Ltd.
- Other costs are allocated in accordance with the avoidable cost allocation methodology.

(c) **Dividends**

Dividends have been calculated in accordance with the Company's dividend policy.

(d) **Allocation of Assets and Liabilities**

Assets and liabilities are those which are directly related to the Lines Business.

(e) **Current Assets**

Accounts receivable are those directly related to the Lines Business and are valued at expected realisable value less provision for doubtful debts.

(f) **Fixed Assets**

On 1 July 2001, Dunedin Electricity revalued its electricity distribution network assets to the fair market value determined by the chartered accounting firm of KPMG. In the opinion of the Directors and their professional advisors, this best represents the fair value of those assets.

The increment in value resulting from this is credited to the revaluation reserves of the Company after adjusting for depreciation previously claimed.

Network additions since 1 July 2001 are carried at their cost less depreciation.

(g) **Distinction Between Capital and Revenue Expenditure**

Capital expenditure is defined as all expenditure on the creation of a new asset, and any expenditure which results in a significant improvement to the original function of an existing asset. Revenue expenditure is defined as expenditure which maintains an asset in working condition and expenditure incurred operating the Company.

(h) **Depreciation**

Fixed assets are depreciated on the basis of valuation or cost price less estimated residual value on a straight line basis over their estimated useful life. Rates used are:

Buildings	1 - 2.5%
Plant and equipment	2.5 - 15%
Network assets	1 - 15%
Furniture and fittings	10%
Computer equipment	20%

(i) **Taxation**

Income tax expense is charged in the statement of financial performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or income tax losses are only recognised where there is virtual certainty of realisation.

(j) **Goods and Services Tax**

These accounts are prepared exclusive of GST except for accounts receivable and accounts payable which are GST inclusive.

(k) **Financial Instruments**

The Lines Business is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position. All revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(l) **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Taxation

	2003 $000	2002 $000
Net profit before tax	**11,457**	11,093
Permanent difference	**8,843**	8,013
	20,300	19,106
Tax at 33 cents in the dollar	**6,699**	6,305
Income tax charge	**6,699**	6,305
Income tax charge comprises:		
Current taxation	**1,703**	1,316
Deferred taxation	**4,996**	4,989
	6,699	6,305

Note 2 : Shareholders Funds

	2003 $000	2002 $000
Issued and paid up capital		
2,000,000 ordinary shares	**2,000**	2,000
Reserves		
Asset revaluation reserve		
Balance at beginning of year	**111,775**	72,708
Revaluation	-	42,301
Adjustment for prior year deferred tax liability	-	(3,234)
Transferred to retained earnings on disposal of assets	**(59)**	-
Balance at end of year	**111,716**	111,775
Retained Earnings		
Balance at beginning of year	**(3,078)**	**(200)**
Net surplus for year	**4,758**	**4,788**
Dividend distributions	**(9,082)**	**(7,666)**
	(7,402)	**(3,078)**
Total Shareholders Funds	**106,314**	**110,697**

Note 3 : Fixed Assets

2002 Book Value $000		AS AT 31 MARCH 2003 Cost or Revaluation $000	Accumulated Depreciation $000	**Book Value $000**
	Line Business			
224,650	Network	241,190	15,485	**225,705**
1,603	Plant	1,611	263	**1,348**
573	Load Control Equipment	509	114	**395**
226,826	Subtotal	243,310	15,862	**227,448**
9,880	Buildings	9,955	174	**9,781**
2,734	Land	2,734	-	**2,734**
0	Motor Vehicles	-	-	**-**
239,440	Subtotal	255,999	16,036	**239,963**
0	Furniture	-	-	**-**
2,943	Capital Work in Progress	5,521	-	**5,521**
242,383		261,520	16,036	**245,484**

	2003 $000	2002 $000

Note 3 : Fixed Assets (continued)

	2003 $000	2002 $000
Capital work in progress comprises:		
Distribution substations	**403**	182
Low voltage reticulation	**999**	1,268
Distribution lines and cables	**1,058**	1,277
Distribution transformers	**483**	118
Other	**18**	98
Zone substations	**1,160**	-
Transmission reticulation	**1,400**	-
	5,521	2,943

Note 4 : Deferred Tax Liability

	2003 $000	2002 $000
Balance at beginning of year	**19,579**	11,356
Movement from income tax charge	**4,996**	4,989
Adjustment for prior year deferred tax liability	-	3,234
Balance at end of year	**24,575**	19,579

Note 5 : Term Debt

	2003 $000	2002 $000
Balance at beginning of year	**114,000**	110,800
Current year borrowing	**3,000**	3,200
Current year repayment	-	-
Balance at end of the year	**117,000**	114,000

The Line Business has a borrowing facility allowing it to draw funds up to $120 million. At year-end $117.0 million had been drawn on the facility. The weighted average interest rate on the advances at 31 March 2003 was 7.12%. The repayment period on the advances is between 2 and 10 years as follows:

1 - 2 years	-
2 - 5 years	-
5 years and greater	117,000
	117,000

Note 6 : Reconciliation of Net Surplus from Operating Activities

	2003 $000	2002 $000
Net profit after tax	**4,758**	4,788
Items not involving cashflows depreciation	**8,842**	8,016
Impact of changes in working capital items		
(increase)/decrease in accounts receivable	**(1,670)**	(2,971)
(increase)/decrease in inventories	-	-
(increase)/decrease in tax refund	**353**	(1,592)
increase/(decrease) in taxation payable	-	-
increase/(decrease) in accounts payable	**1,143**	230
increase/(decrease) in term liabilities	-	-
gain on sale of assets	-	-
increase/(decrease) in deferred tax liability	**4,996**	4,989
capital creditors included in accounts payable	**(946)**	-
Net cash inflows/(outflows) from operating activities	**17,476**	13,460

Note 7 : Commitments

As 31 March 2003, capital expenditure contracted for was $5,161,059 (2002 : $2,576,001).

Note 8 : Contingent Liabilities

There were no contingent liabilities as at 31 March 2003 (2002 : nil).

Note 9 : Financial Instruments

Financial instruments which potentially subject the Lines Business to credit risk principally consist of cash and accounts receivable.

Credit Risk

Contracts have been entered into with various counter-parties having such credit ratings and in accordance with dollar limits as set by the board of directors.

Collateral

The Lines Business does not generally require collateral or other security to support service contracts. While the Lines Business may be subject to credit losses up to the notional value of the services or goods supplied in the event of non-performance by counter-parties, it does not expect such losses to occur.

Concentration of Credit Risk

Financial instruments which potentially subject the Lines Business to concentrations of credit risk principally consist of cash and accounts receivable.

The Lines Business places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

The Lines Business has several large customers for which no collateral is required. These debtors are subject to normal on-going credit control procedures.

Note 10 : Disclosure of Information Relating to Transactions Between Persons in a Prescribed Business Relationship and Related Parties (Regulation 9)

The Line Business:	**2003 $000**	2002 $000
Purchased the following services from *DELTA* Utility Services Ltd:		
Asset maintenance	**7,261**	6,851
Network management, operation and other	**3,379**	3,867
Total	**10,640**	10,718
Network capital work and development		
distribution substations	**1,060**	883
low voltage reticulation	**2,629**	1,596
distribution lines and cables	**2,783**	1,641
transformers	**1,272**	573
zone substations	**99**	-
plant and equipment	**47**	474
Total	**7,890**	5,167

Network operation and maintenance is charged in accordance with a Fixed Term Contract.

All capital work is subject to open tender, established market rates, or competitive pricing.

At balance date, $3,833,520 was owed to *DELTA* Utility Services Ltd (2002 : $2,293,815). Of this, $1,419,455 was due and payable on 20 April, while $2,414,065 relating to capital work in progress payable at a later date.

Other Line Business Related Parties:

The Lines Business has a borrowing facility with Dunedin City Treasury Ltd. During the year it paid $7.784 million interest (2002 : $7.556 million) and as at 31 March 2003 $117.0 million of loan monies were outstanding (2002 : $114.0 million).

During the year the Lines Business also undertook the following transactions with Dunedin City Holdings Ltd:

Purchase of subvention expense	$1.19 million	(2002 : $1.57 million)
Dividends provided	$9.08 million	(2002 : $7.67 million)

As at 31 March 2003, $0.9 million was outstanding (2002 : $1.2 million).

No tax losses were purchased from the Council and other companies in the Dunedin City Council group to reduce group tax payable in the 2003 year (2002 : $2.45 million with a tax effect of $0.8 million).

C DIRECTORS' CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED (REGULATION 32)

We, Raymond Stuart Polson and Ross Douglas Liddell, Directors of Dunedin Electricity Ltd, certify that, having made all reasonable enquiry, to the best of our knowledge:

(a) the attached audited financial statements of Dunedin Electricity Ltd prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those Regulations; 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 Dunedin Electricity Ltd, and having been prepared for the purposes of Regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those Regulations.

The valuations on which those financial performance measures are based are as at 31 March 2003.

....

Raymond Stuart Polson

....

Ross Douglas Liddell

........18 July......................2003

Audit New Zealand

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF DUNEDIN ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Dunedin Electricity Limited on pages 2 to 11. The financial statements provide information about the past financial performance of Dunedin Electricity Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 6 and 7.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements that give a true and fair view of the financial position of Dunedin Electricity Limited as at 31 March 2003, 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 31 of the Electricity (Information Disclosure) Regulations 1999 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 Bede Kearney 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 and performance information. 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 Dunedin Electricity 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 give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than this assignment, and in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Dunedin 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 Dunedin Electricity Limited as far as appears from our examination of those records; and
- the financial statements of Dunedin Electricity Limited on pages 2 to 11:

  (a) comply with generally accepted accounting practice; and

  (b) give a true and fair view of Dunedin Electricity Limited's financial position as at 31 March 2003 and the results of its operations and cash flows for the year ended on that date; and

  (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 31 July 2003 and our unqualified opinion is expressed as at that date.

B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

E PERFORMANCE MEASURES

Financial performance measures and efficiency performance measures (Regulation 15)

	2003	2002	2001	2000
1 Financial performance measures				
(a) Return on funds	15.5%	15.1%	15.0%	13.2%
(b) Return on equity	46.5%	32.0%	36.8%	29.9%
(c) Return on investment	9.3%	9.0%	11.7%	10.7%
2 Efficiency performance measures				
(a) Direct line costs per kilometre	$2,159	$2,217	$2,148	$2,325
(b) Indirect line costs per electricity consumer	$30.41	$24.65	$19.95	$15.66

Delivery efficiency performance measures and statistics (Regulation 21)

	2003	2002	2001	2000
1 Energy delivery efficiency performance measures				
(a) Load factor	54.6%	53.9%	55.7%	56.5%
(b) Loss ratio	*6.2%	*6.4%	*6.0%	6.1%

* Note – the loss ratio is deduced from reports of energy injected by others and reports of retail sales by others. Dunedin Electricity is unable to audit these reports and has little confidence in their accuracy. Accordingly the ratio should be treated with caution.

	2003	2002	2001	2000
(c) Capacity utilisation	36.7%	36.2%	35.7%	35.0%
2 Statistics				
(a) System length				
Circuit kilometres 33 kV	591	591	606	621
Circuit kilometres 11 kV	2,029	1,959	1,876	1,809
Circuit kilometres 6.6 kV	815	804	775	751
Circuit kilometres 400 V	1,436	1,385	1,373	1,132
Circuit kilometres 600 V DC	4	4	4	4
Total	4,875	4,743	4,634	4,317
(b) System length – overhead				
Circuit kilometres 33 kV	503	503	515	527
Circuit kilometres 11 kV	1,760	1,734	1,656	1,581
Circuit kilometres 6.6 kV	583	579	555	527
Circuit kilometres 400 V	998	980	979	791
Circuit kilometres 600 V DC	1	1	1	1
Total Overhead	3,845	3,797	3,706	3,426
(c) System length – underground				
Circuit kilometres 33 kV	88	88	91	94
Circuit kilometres 11 kV	269	225	220	228
Circuit kilometres 6.6 kV	232	225	220	224
Circuit kilometres 400 V	439	405	393	341
Circuit kilometres 600 V DC	3	3	3	3
Total Underground	1,031	946	927	891

		2003	2002	2001	2000
(d)	Transformer capacity (kVA)	740,166	725,937	708,484	686,994
(e)	Maximum demand (kW)	271,850	262,700	252,775	240,400
(f)	Total electricity supplied before losses from the system (kWh)	1,300,088,384	1,240,262,196	1,233,772,778	1,189,988,182
(g)	Electricity conveyed after losses for each retailer (kWh)				
	Party 1	549,017,685	476,920,650	615,940,905	697,457,286
	Party 2	404,561,670	415,684,154	306,147,867	273,715,848
	Party 3	198,173,212	175,438,820	92,478,219	14,542,974
	Party 4	29,942,765	21,637,496	26,558,721	20,487,802
	Party 5	28,311,598	20,808,949	12,602,206	4,732,259
	Party 6	6,669,136	10,245,858	17,021,543	7,766,851
	Party 7	2,619,514	2,882,468	2,835,344	2,752,518
	Party 8	9,072	19,288	-	-
	Party 9	-	36,562,064	67,595,773	94,060,324
	Party 10	-	448,257	2,717,456	1,424,153
	Party 11	-	321,492	229,913	-
	Party 12	-	-	15,419,780	1,014,934
	Party 13	-	-	161,825	-
(h)	Total consumers	72,794	71,431	70,208	69,494

Reliability performance measures (Regulation 22)

		2003	2002	2001	2000
1	Total number of interruptions				
	Class A – planned by Transpower	0	0	0	0
	Class B – planned by line owners	341	228	209	136
	Class C – unplanned by line owners	464	390	407	285
	Class D – unplanned by Transpower	3	1	1	3
	Class E – unplanned by embedded generation	1	0	0	0
	Class F – unplanned by generation on other networks	0	0	0	0
	Class G – unplanned by other line owner	0	0	0	0
	Class H – planned by another line owner	0	0	0	0
	Class I – any other loss of supply	0	0	0	0
2	No of interruption targets for next financial year				
	Class B – planned by line owners	250	200	200	120
	Class C – unplanned by line owners	430	350	350	280
3	Average no of interruption targets for next 5 years				
	Class B – planned by line owners	230	190	190	115
	Class C – unplanned by line owners	390	350	350	280
4	Proportion of Class C interruptions not restored within				
	3 hours	13.7%	11.0%	10.8%	16.2%
	24 hours	0.2%	0.0%	0.0%	0.7%
5	(a) and (d) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
	33 kV	4.4	2.2	1.2	2.9
	11 kV	12.2	11.0	11.8	7.5
	6.6 kV	6.9	5.1	4.9	2.8
	Total	9.6	8.0	8.2	5.5

		2003	2002	2001	2000
5	(b) and (d) Target number of faults per 100 circuit kilometres for next financial year				
	33 kV	2.5	2.5	2.5	2.9
	11 kV	12.0	10.0	10.0	8.0
	6.6 kV	6.0	4.0	4.0	3.0
	Total	8.9	7.2	7.2	8.1
5	(c) and (d) Average target number of faults per 100 circuit kilometres for next 5 years				
	33 kV	2.5	2.5	2.5	2.9
	11 kV	12.0	10.0	10.0	8.0
	6.6 kV	6.0	4.0	4.0	3.0
	Total	8.9	7.2	7.2	8.1
6	The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
	33 kV	1.1	0.0	0.0	1.1
	11 kV	5.2	4.0	6.4	3.9
	6.6 kV	1.7	1.8	2.3	1.8
	Total	3.2	2.4	3.6	2.6
7	The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
	33 kV	5.0	2.6	1.4	3.2
	11 kV	13.4	11.9	12.5	8.0
	6.6 kV	8.9	6.4	5.9	3.2
	Total	11.0	9.1	9.1	6.1
8	The SAIDI for the total number of interruptions (minutes)	101.3	88.7	82.4	208.1
9	SAIDI target for next financial year (minutes)				
	Class B – planned by line owners	15.0	15.0	10.0	10.0
	Class C – unplanned by line owners	75.0	75.0	80.0	80.0
10	Average SAIDI targets for next 5 years (minutes)				
	Class B – planned by line owners	15.0	15.0	10.0	10.0
	Class C – unplanned by line owners	75.0	75.0	80.0	80.0
11	The SAIDI for the total number of interruptions within each interruption class (minutes)				
	Class A – planned by Transpower	-	-	-	-
	Class B – planned by line owners	20.5	13.8	16.7	18.9
	Class C – unplanned by line owners	68.6	61.5	62.4	175.7
	Class D – unplanned by Transpower	12.1	13.4	3.3	13.4
	Class E – unplanned by embedded generation	0.1	-	-	-
	Class F – unplanned by generation on other net-works	-	-	-	-
	Class G – unplanned by other line owner	-	-	-	-
	Class H – planned by another line owner	-	-	-	-
	Class I – any other loss of supply	-	-	-	-

		2003	2002	2001	2000
12	The SAIFI for the total number of interruptions	2.08	1.85	1.40	2.19
13	SAIFI target for next financial year				
	Class B – planned by line owners	0.13	0.13	0.07	0.07
	Class C – unplanned by line owners	1.07	1.07	0.80	0.80
14	Average SAIFI targets for next 5 years				
	Class B – planned by line owners	0.13	0.13	0.07	0.07
	Class C – unplanned by line owners	1.07	1.07	0.80	0.80
15	The SAIFI for the total number of interruptions within each interruption class				
	Class A – planned by Transpower	-	-	-	-
	Class B – planned by line owners	0.15	0.17	0.11	0.12
	Class C – unplanned by line owners	1.36	1.46	1.19	1.62
	Class D – unplanned by Transpower	0.57	0.23	0.11	0.45
	Class E – unplanned by embedded generation	-	-	-	-
	Class F – unplanned by generation on other networks	-	-	-	-
	Class G – unplanned by other line owner	-	-	-	-
	Class H – planned by another line owner	-	-	-	-
	Class I – any other loss of supply	-	-	-	-
16	The CAIDI for the total number of interruptions	48.70	47.90	58.6	94.9
17	CAIDI target for next financial year				
	Class B – planned by line owners	120.0	120.0	150.0	150.0
	Class C – unplanned by line owners	70.0	70.0	100.0	100.0
18	Average CAIDI targets for next 5 years				
	Class B – planned by line owners	120.0	120.0	150.0	150.0
	Class C – unplanned by line owners	70.0	70.0	100.0	100.0
19	The CAIDI for the total number of interruptions within each interruption class				
	Class A – planned by Transpower	-	-	-	-
	Class B – planned by line owners	134.9	81.7	158.6	159.9
	Class C – unplanned by line owners	50.6	42.2	52.6	108.3
	Class D – unplanned by Transpower	21.3	59.0	29.2	29.6
	Class E – unplanned by embedded generation	16.0	-	-	-
	Class F – unplanned by generation on other networks	-	-	-	-
	Class G – unplanned by other line owner	-	-	-	-
	Class H – planned by another line owner	-	-	-	-
	Class I – any other loss of supply	-	-	-	-

F 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	19,241							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	19,241							
Interest on cash, bank balances, and short-term investments (ISTI)	0							
OSBIIT minus ISTI	19,241	a		19,241				19,241
Net surplus after tax from financial statements	4,758							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,758	n				4,758		
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add	0	add	0
Subvention payment	1,191	s	add	1,191	add	1,191	add	1,191
Depreciation of SFA at BV (x)	8,842							
Depreciation of SFA at ODV (y)	5,150							
ODV depreciation adjustment	3,692	d	add	3,692	add	3,692	add	3,692
Subvention payment tax adjustment	393	s*t			deduct	393	deduct	393
Interest tax shield	2,569	q					deduct	2,569
Revaluations	0	r					add	0
Income tax	6,699	p					deduct	6,699
Numerator				**24,124** $OSBIIT^{ADJ} = a + g + s + d$		**9,248** $NSAT^{ADJ} = n + g + s - s*t + d$		**14,463** $OSBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of previous financial year (FA_0)	242,383							
Fixed assets at end of current financial year (FA_1)	245,484							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	523							
Adjusted net working capital at end of current financial year ($ANWC_1$)	1,050							
Average total funds employed (ATFE)	244,720 (or regulation 33 time-weighted average)	c		244,720				244,720
Total equity at end of previous financial year (TE_0)	110,697							
Total equity at end of current financial year (TE_1)	106,314							
Average total equity	108, 506 (or regulation 33 time-weighted average)	k				108,506		
WUC at end of previous financial year (WUC_0)	2,943							
WUC at end of current financial year (WUC_1)	5,521							
Average total works under construction	4,232 (or regulation 33 time-weighted average)	e	deduct	4,232	deduct	4,232	deduct	4,232
Revaluations	0	r						
Half of revaluations	0	r/2					deduct	0
Intangible assets at end of previous financial year (IA_0)	0							
Intangible assets at end of current financial year (IA_1)	0							
Average total intangible asset	0 (or regulation 33 time-weighted average)	m			add	0		
Subvention payment at end of previous financial year (S_0)	1,574							
Subvention payment at end of current financial year (S_1)	1,191							
Subvention payment tax adjustment at end of previous financial year	519							
Subvention payment tax adjustment at end of current financial year	393							
Average subvention payment and related tax adjustment	926	v			add	926		
System fixed assets at end of previous financial year at book value (SFA_{bv0})	239, 440							
System fixed assets at end of current financial year at book value (SFA_{bv1})	239,963							
Average value of system fixed assets at book value	239,702 (or regulation 33 time-weighted average)	f	deduct	239,702	deduct	239,702	deduct	239,702
System fixed assets at year beginning at ODV value (SFA_{odv0})	154,403							
System fixed assets at end of current financial year at ODV value (SFA_{odv1})	154,399							
Average value of system fixed assets at ODV value	154,401 (or regulation 33 time-weighted average)	h	add	154,401	add	154,401	add	154,401
Denominator				**155,188** $ATFE^{ADJ} = c - e - f + h$		**19,899** $Ave\ TE^{ADJ} = k - e - m + v - f + h$		**155,188** $ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:				**15.5** $ROF = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$		**46.5** $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$		**9.3** $ROI = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$

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

G SCHEDULE 1 PART 8
ANNUAL VALUATION RECONCILIATION REPORT

	2003 $000
System Fixed Assets at ODV-End of Previous Financial Year	**154,403**
Add system fixed assets acquired during the year at ODV	5,287
Less system fixed assets disposed of during the year at ODV	(141)
Less depreciation of system fixed assets at ODV	(5,150)
System Fixed Assets at End of Current Financial Year at ODV	**154,399**

Audit New Zealand

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

We have examined the information on pages 15 to 20, being –

(a) the derivation table specified in regulation 16;

(b) the annual ODV reconciliation report in regulation 16A;

(c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and

(d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of Schedule 1, -

that were prepared by Dunedin Electricity Limited and dated 31 March 2003 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of my knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
31 July 2003

I CERTIFICATION OF VALUATION REPORT OF LINE OWNER

We, Raymond Stuart Polson and Ross Douglas Liddell, Directors of Dunedin Electricity Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

(a) the attached valuation report of Dunedin Electricity Limited prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and

(b) the replacement cost of the line business fixed assets of Dunedin Electricity Limited is \$329,726,926; and

(c) the depreciated replacement cost of the line business system fixed assets of Dunedin Electricity Limited is \$160,522,291; and

(d) the optimised depreciated replacement cost of the line business system fixed assets of Dunedin Electricity Limited is \$154,618,549; and

(e) the optimised deprival valuation of the line business system fixed assets of Dunedin Electricity Limited is \$154,398,622; 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 2003.

....
Raymond Stuart Polson

....
Ross Douglas Liddell

......18 July....................2003

PUBLISHED BY THE
DEPARTMENT OF INTERNAL AFFAIRS
PRINTED BY WICKLIFFE LIMITED

THE DEPARTMENT OF INTERNAL AFFAIRS
Te Tari Taiwhenua

ISSN 0111-5650
Price \$5.00 (inc. G.S.T.)