



# New Zealand Gazette

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## 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 2002

Pursuant to the  
*ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999*  
and the  
*ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000 AND 2001*

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***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.***

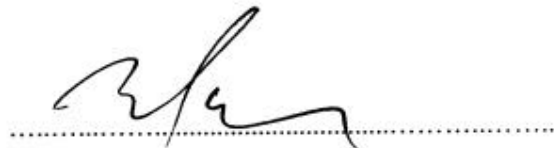
***The information should not be used for any other purpose than that intended under the Regulations.***

***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)**

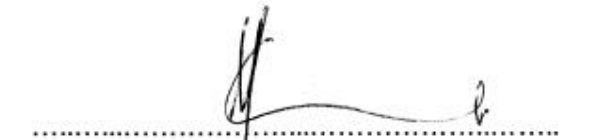
I, Raymond Stuart Polson of 80 Browns Road, St Albans, Christchurch, being a Director of Dunedin Electricity Ltd, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available 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 10th day of

November 2002



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

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

	note*	2002 \$000	2001 \$000
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>1 Current Assets</b>			
(a) Cash and Bank Balances		-	-
(b) Short Term Investments		-	-
(c) Inventories		-	-
(d) Accounts Receivable		4,604	1,633
(e) Other Current Assets Not Listed in (a) to (d):		1,680	88
(f) Total Current Assets		<u>6,284</u>	<u>1,721</u>
<b>2 Fixed Assets</b>	3		
(a) System fixed assets		226,826	193,624
(b) Customer billing and information system assets		-	-
(c) Motor vehicles		0	15
(d) Office equipment		0	6
(e) Land and buildings		12,614	3,764
(f) Capital works under construction		2,943	1,460
(g) Other fixed assets not listed in (a) to (f)		-	-
(h) Total fixed assets		<u>242,383</u>	<u>198,869</u>
<b>3 Other Tangible Assets Not Listed Above</b>		-	-
<b>4 Total Tangible Assets</b>		<u>248,667</u>	<u>200,590</u>
<b>5 Total Intangible Assets</b>			
(a) Goodwill		-	-
(b) Other intangible assets not listed in (a)		-	-
(c) Total intangible		<u>-</u>	<u>-</u>
<b>6 Total Assets</b>		<u>248,667</u>	<u>200,590</u>
<b>7 Current Liabilities</b>			
(a) Bank overdraft		310	75
(b) Short term borrowings		-	-
(c) Accounts payables and accruals		4,081	3,851
(d) Dividend provision		-	-
(e) Provision for income tax		-	-
(f) Other current liabilities not listed in (a) to (e)		-	-
(g) Total current liabilities		<u>4,391</u>	<u>3,926</u>

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

	note*	2002 \$000	2001 \$000
<b>8 Non-Current Liabilities</b>			
(a) Payables and accruals		-	-
(b) Long-term debt	5	114,000	110,800
(c) Deferred taxation	4	19,579	11,356
(d) Other funding not listed in (a) or (b)		-	-
(e) Total non-current liabilities		133,579	122,156
<b>9 Equity</b>			
(a) Shareholder's equity:	2		
(i) Share capital		2,000	2,000
(ii) Retained earnings		(3,078)	(200)
(iii) Reserves		111,775	72,708
(iv) Total shareholder's equity		110,697	74,508
(b) Minority interests in subsidiaries		-	-
(c) Total equity		110,697	74,508
(d) Capital notes		-	-
(e) Total capital funds		110,697	74,508
<b>10 Total Equity and Liabilities (7(a) + 8(e) + 9(e))</b>		248,667	200,590

### STATEMENT OF FINANCIAL PERFORMANCE

<b>11 Operating Revenue</b>			
(a) Revenue from line/access charges		51,269	49,502
(b) Revenue from "other" business (transfer payment)		-	-
(c) Interest on short-term investments, cash and bank balances		-	-
(d) AC loss-rental rebates		3,207	2,526
(e) Other revenue not listed in (a) to (c)		4,536	3,435
(f) Total operating revenue		59,012	55,463
<b>12 Operating Expenditure</b>			
(a) Transmission charges		15,092	16,218
(b) Transfer payments to "other" business:			
(i) asset maintenance		6,851	6,924
(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		3,867	3,206
(viii) total transfer payment to other business		10,718	10,130

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

	note*	2002 \$000	2001 \$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		-	-
		<hr/>	<hr/>
(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		8,015	6,284
(ii) other assets not listed in (i)		1	1
		<hr/>	<hr/>
(iii) total depreciation expense		8,016	6,285
(g) Amortisation of:			
(i) goodwill		-	-
(ii) other intangibles		-	-
		<hr/>	<hr/>
(iii) total amortisation of intangibles		-	-
(h) Corporate and administration		1,246	743
(i) Human resource expenses		-	-
(j) Marketing and advertising		79	83
(k) Merger and acquisition expenses		-	-
(l) Take-over defence expenses		-	-
(m) Research and development expenses		-	-
(n) Consultancy and legal expenses		254	220
(o) Donations		-	-
(p) Directors' fees		64	63
(q) Auditor's fees:			
(i) audit fees to principal auditor		16	20
(ii) audit fees to other auditors		-	-
(iii) fees paid for other services provided by principal and other auditors		-	-
		<hr/>	<hr/>
(iv) total auditor's fees		16	20
(r) Cost of offering credit:			
(i) bad debts written off		-	-
(ii) increase in estimated doubtful debts		-	-
		<hr/>	<hr/>
(iii) total cost of offering credit		-	-
(s) Local Authority rates expense		97	97
(t) AC loss rental rebates paid to retailers		3,207	2,526
(u) Rebates to consumers due to ownership interest		-	-
(v) Subvention payments		1,574	2,055
(w) Unusual expenses		-	-
(x) Other expenditure not listed in (a) to (w)		-	-
		<hr/>	<hr/>
<b>13 Total Operating Expenditure (sum (12(a) to 12(x))</b>		<b>40,363</b>	<b>38,440</b>

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

	note*	2002 \$000	2001 \$000
<b>14 Operating Surplus Before Interest and Income Tax</b>		<b>18,649</b>	<b>17,023</b>
<b>15 Interest Expense:</b>			
(a) Interest expense on borrowings		7,556	7,605
(b) Financing charges relating to finance leases		-	-
(c) Other interest expense not listed in (a) or (b)		-	-
(d) Total interest expense		<u>7,556</u>	<u>7,605</u>
<b>16 Operating Surplus Before Income Tax</b>		<b>11,093</b>	<b>9,418</b>
<b>17 Income Tax</b>	1	<b>6,305</b>	<b>4,217</b>
<b>18 Net Surplus After Tax</b>		<b>4,788</b>	<b>5,201</b>

#### STATEMENT OF MOVEMENTS IN EQUITY

Equity at beginning of year	74,508	70,574
Surplus and revaluations		
net profit after tax for period	4,788	5,201
valuations	42,301	-
adjustment prior year deferred tax liability	(3,234)	4,733
Total recognised revenues and expenses	<u>43,855</u>	<u>9,934</u>
Other movements		
dividend distributions	(7,666)	(6,000)
	<u>(7,666)</u>	<u>(6,000)</u>
Equity at end of year	<u>110,697</u>	<u>74,508</u>

#### STATEMENT OF CASHFLOWS

##### **Cashflows From Operating Activities**

Cash was provided from:		
Receipts from customers	54,543	51,895
	<u>54,543</u>	<u>51,895</u>
Cash was disbursed to:		
Payments to suppliers and employees	30,619	30,210
Income tax paid	2,908	400
Interest paid	7,556	7,605
	<u>41,083</u>	<u>38,215</u>
Net cash inflows/(outflows) from operating activities	6	13,460
		13,680

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

	2002 \$000	2001 \$000
<b>Cashflows From Investing Activities</b>		
Cash was provided from:		
Sale of assets	-	-
Cash was disbursed to:		
Purchase of fixed assets	9,229	6,501
Net cash inflows/(outflows) from investing activities	(9,229)	(6,501)
<b>Cashflows From Financing Activities</b>		
Cash was provided from:		
Proceeds of borrowings	3,200	-
	3,200	-
Cash was disbursed to:		
Repayment of term liabilities	-	1,200
Dividend distributions	7,666	6,000
	7,666	7,200
Net cash inflows/(outflows) from financing activities	(4,466)	(7,200)
Net increase/(decrease) in cash held	(235)	(21)
Cash at beginning of year	(75)	(54)
<b>Cash at End of Year</b>	<b>(310)</b>	<b>(75)</b>

### **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.

2002  
\$000

2001  
\$000

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 1 : Taxation**

Net profit before tax	11,093	9,418
Permanent difference	8,013	3,360
	<u>19,106</u>	<u>12,778</u>
Tax at 33 cents in the dollar	6,305	4,217
Income tax charge	<u>6,305</u>	<u>4,217</u>
Income tax charge comprises:		
Current taxation	1,316	437
Deferred taxation	4,989	3,780
	<u>6,305</u>	<u>4,217</u>

**Note 2 : Shareholders Funds**

Issued and paid up capital 2,000,000 ordinary shares	<u>2,000</u>	<u>2,000</u>
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**Reserves**

Asset revaluation reserve		
Balance at beginning of year	72,708	67,975
Revaluation	42,301	-
Adjustment for prior year deferred tax liability	(3,234)	4,733
Balance at end of year	<u>111,775</u>	<u>72,708</u>

**Retained Earnings**

Balance at beginning of year	(200)	599
Net surplus for year	4,788	5,201
Dividend distributions	(7,666)	(6,000)
	<u>(3,078)</u>	<u>(200)</u>

**Total Shareholders Funds**

<u>110,697</u>	<u>74,508</u>
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**Note 3 : Fixed Assets**

2001 Book Value \$000	Line Business	AS AT 31 MARCH 2002		
		Cost or Revaluation \$000	Accumulated Depreciation \$000	Book Value \$000
192,843	Network	231,649	6,999	224,650
203	Plant	1,713	110	1,603
578	Load Control Equipment	629	56	573
193,624	Subtotal	<u>233,991</u>	<u>7,165</u>	<u>226,826</u>
2,829	Buildings	9,955	75	9,880
935	Land	2,734	-	2,734
15	Motor Vehicles	0	0	0
197,403	Subtotal	<u>246,680</u>	<u>7,240</u>	<u>239,440</u>
6	Furniture	0	0	0
1,460	Capital Work in Progress	2,943	-	2,943
198,869		<u>249,623</u>	<u>7,240</u>	<u>242,383</u>

<b>2002</b>	2001
<b>\$000</b>	<b>\$000</b>

**Note 3 : Fixed Assets** (continued)

Capital work in progress comprises:

Distribution substations	182	249
Low voltage reticulation	1,268	498
Distribution lines and cables	1,277	497
Distribution transformers	118	19
Other	98	197
	<u>2,943</u>	<u>1,460</u>

**Note 4 : Deferred Tax Liability**

Balance at beginning of year	<b>11,356</b>	12,309
Movement from income tax charge	<b>4,989</b>	3,780
Adjustment for prior year deferred tax liability	<b>3,234</b>	(4,733)
	<u>19,579</u>	<u>11,356</u>

**Note 5 : Term Debt**

Balance at beginning of year	<b>110,800</b>	112,000
Current year borrowing	<b>3,200</b>	-
Current year repayment	-	(1,200)
	<u>114,000</u>	<u>110,800</u>

The Line Business has a borrowing facility allowing it to draw funds up to \$130 million. At year-end \$114.0 million had been drawn on the facility. The weighted average interest rate on the advances at 31 March 2002 was 7.05%. The repayment period on the advances is between 2 and 10 years as follows:

1 - 2 years	19,000
2 - 5 years	15,000
5 years and greater	80,000
	<u>114,000</u>

**Note 6 : Reconciliation of Net Surplus from Operating Activities**

Net profit after tax	<b>4,788</b>	5,201
Items not involving cashflows depreciation	<b>8,016</b>	6,285
Impact of changes in working capital items		
(increase)/decrease in accounts receivable	<b>(2,971)</b>	(497)
(increase)/decrease in inventories	-	-
(increase)/decrease in tax refund	<b>(1,592)</b>	37
increase/(decrease) in taxation payable	-	-
increase/(decrease) in accounts payable	<b>230</b>	(1,126)
increase/(decrease) in term liabilities	-	-
gain on sale of assets	-	-
increase/(decrease) in deferred tax liability	<b>4,989</b>	3,780
	<u>13,460</u>	<u>13,680</u>

**Note 7 : Commitments**

As 31 March 2002, capital expenditure contracted for was \$2,576,001 (2001 : \$2,531,000).

**Note 8 : Contingent Liabilities**

There were no contingent liabilities as at 31 March 2002 (2001 : 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)**

	2002 \$000	2001 \$000
<b>The Line Business:</b>		
<b>Purchased the following services from <i>DELTA</i> Utility Services Ltd:</b>		
Asset maintenance	6,851	6,924
Network management, operation and other	3,867	3,206
<b>Total</b>	<b>10,718</b>	<b>10,130</b>
<b>Network capital work and development</b>		
distribution substations	883	675
low voltage reticulation	1,596	1,404
distribution lines and cables	1,641	1,508
transformers	573	193
zone substations	-	-
plant and equipment	474	131
<b>Total</b>	<b>5,167</b>	<b>3,910</b>

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, \$2,293,815 was owed to *DELTA* Utility Services Ltd (2001 : \$2,519,203). Of this, \$1,519,826 was due and payable on 20 April, while \$773,989 relating to capital work in progress was 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 \$7.556 million interest (2001 : \$7.605 million) and as at 31 March 2002 \$114.0 million of loan monies were outstanding (2001 : \$110.8 million).

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

Purchase of subvention expense	\$1.57 million (2001 : \$2.06 million)
Dividends provided	\$7.67 million (2001 : \$6.0 million)

As at 31 March 2002, \$1.2 million was outstanding (2001 : \$1.6 million).

Tax losses of \$2.45 million (tax effect \$0.8 million) were purchased from the Council and other companies in the Dunedin City Council group to reduce group tax payable in the 2002 year.

**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 2002.

  
.....  
Raymond Stuart Polson

  
.....  
Ross Douglas Liddell

...11 November.....2002



**Audit New Zealand**

**AUDITOR'S REPORT  
TO THE READERS OF THE FINANCIAL STATEMENTS  
OF DUNEDIN ELECTRICITY LIMITED**

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 2002. 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 which give a true and fair view of the financial position of Dunedin Electricity Limited as at 31 March 2002 and the results of its operations and cash flows for the year then ended.

**Auditor's Responsibilities**

It is the responsibility of the Audit Office to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Controller and Auditor-General has appointed B F 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 generally accepted auditing standards, including 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. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than 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:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of Dunedin Electricity Limited as at 31 March 2002 and the results of its operations and cash flows for the year then ended; and
  - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 18 December 2002 and our opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'B F Kearney', with a long horizontal line extending to the right.

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



<b>E PERFORMANCE MEASURES</b>
-------------------------------

	2002	2001	2000	Dunedin Area only 1999
<b>Financial performance measures and efficiency performance measures (Regulation 15)</b>				
1 Financial performance measures				
(a) Return on funds	15.3%	<sup>(i)</sup> 15.1%	13.2%	15.2%
(b) Return on equity	34.7%	<sup>(i)</sup> 37.3%	29.9%	9.1%
(c) Return on investment	7.1%	<sup>(i)</sup> 11.3%	10.7%	9.1%
Note <sup>(i)</sup> The performance measures for 2001 have been restated due to a correction to the 2001 revaluation as required by the ODV Handbook.				
2 Efficiency performance measures				
(a) Direct line costs per kilometre	\$2,217	\$2,148	\$2,325	\$3,314
(b) Indirect line costs per electricity consumer	\$24.65	\$19.95	\$15.66	\$21.08
<b>Delivery efficiency performance measures and statistics (Regulation 21)</b>				
1 Energy delivery efficiency performance measures				
(a) Load factor	53.9%	55.7%	56.5%	56.3%
(b) Loss ratio	*6.4%	*6.0%	6.1%	5.8%
* 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.				
(c) Capacity utilisation	36.2%	35.7%	35.0%	36.5%
2 Statistics				
(a) System length				
Circuit kilometres 33 kV	591	606	621	225
Circuit kilometres 11 kV	1,959	1,876	1,809	258
Circuit kilometres 6.6 kV	804	775	751	724
Circuit kilometres 400 V	1,385	1,373	1,132	729
Circuit kilometres 600 V DC	4	4	4	4
Total	4,743	4,634	4,317	1,940
(b) System length – overhead				
Circuit kilometres 33 kV	503	515	527	150
Circuit kilometres 11 kV	1,734	1,656	1,581	237
Circuit kilometres 6.6 kV	579	555	527	492
Circuit kilometres 400 V	980	979	791	630
Circuit kilometres 600 V DC	1	1	1	1
Total Overhead	3,797	3,706	3,426	1,510

	2002	2001	2000	<b>Dunedin Area only</b> 1999
(c) System length – underground				
Circuit kilometres 33 kV	88	91	94	75
Circuit kilometres 11 kV	225	220	228	21
Circuit kilometres 6.6 kV	225	220	224	232
Circuit kilometres 400 V	405	393	341	99
Circuit kilometres 600 V DC	3	3	3	3
Total Underground	946	927	891	430
(d) Transformer capacity (kVA)	725,937	708,484	686,994	483,005
(e) Maximum demand (kW)	262,700	252,775	240,400	176,000
(f) Total electricity supplied before losses from the system (kWh)	1,240,262,196	1,233,772,778	1,189,988,182	868,118,559
(g) Electricity conveyed after losses for each retailer (kWh)				
Party 1	476,920,650	615,940,905	697,457,286	186,157,221
Party 2	415,684,154	306,147,867	273,715,848	405,984
Party 3	175,438,820	92,478,219	14,542,974	-
Party 4	36,562,064	67,595,773	94,060,324	45,531,776
Party 5	20,808,949	12,602,206	4,732,259	-
Party 6	21,637,496	26,558,721	20,487,802	-
Party 7	10,245,858	17,021,543	7,766,851	3,024,717
Party 8	2,882,468	2,835,344	2,752,518	-
Party 9	448,257	2,717,456	1,424,153	-
Party 10	321,492	229,913	-	-
Party 11	19,288	-	-	-
Party 12	-	15,419,780	1,014,934	-
Party 13	-	161,825	-	-
Party 14	-	-	-	539,173,937
Party 15	-	-	-	16,325,072
Party 16	-	-	-	4,106,375
Party 17	-	-	-	19,726,714
Party 18	-	-	-	3,128,907
(h) Total consumers	71,431	70,208	69,494	50,059

### Reliability performance measures (Regulation 22)

1 Total number of interruptions				
Class A – planned by Transpower	0	0	0	0
Class B – planned by line owners	228	209	136	93
Class C – unplanned by line owners	390	407	285	129
Class D – unplanned by Transpower	1	1	3	0
Class E – unplanned by embedded generation	0	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	200	200	120	100
Class C – unplanned by line owners	350	350	280	130

	2002	2001	2000	<b>Dunedin Area only</b> 1999
3 Average no of interruption targets for next 5 years				
Class B – planned by line owners	190	190	115	100
Class C – unplanned by line owners	350	350	280	130
4 Proportion of Class C interruptions not restored within				
3 hours	11.0%	10.8%	16.2%	17.8%
24 hours	0.0%	0.0%	0.7%	0.0%
5 (a) and (d) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
33 kV	2.2	1.2	2.9	4.9
11 kV	11.0	11.8	7.5	12.5
6.6 kV	5.1	4.9	2.8	7.1
Total	8.0	8.2	5.5	7.8
5 (b) and (d) Target number of faults per 100 circuit kilometres for next financial year				
33 kV	2.5	2.5	2.9	4.0
11 kV	10.0	10.0	8.0	15.9
6.6 kV	4.0	4.0	3.0	6.5
Total	7.2	7.2	8.1	8.0
5 (c) and (d) Average target number of faults per 100 circuit kilometres for next 5 years				
33 kV	2.5	2.5	2.9	4.0
11 kV	10.0	10.0	8.0	15.9
6.6 kV	4.0	4.0	3.0	6.8
Total	7.2	7.2	8.1	8.2
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
33 kV	0.0	0.0	1.1	1.3
11 kV	4.0	6.4	3.9	9.5
6.6 kV	1.8	2.3	1.8	3.0
Total	2.4	3.6	2.6	3.1
7 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
33 kV	2.6	1.4	3.2	6.7
11 kV	11.9	12.5	8.0	21.7
6.6 kV	6.4	5.9	3.2	9.0
Total	9.1	9.1	6.1	9.6
8 The SAIDI for the total number of interruptions (minutes)	88.7	82.4	208.1	50.9

	2002	2001	2000	<b>Dunedin Area only</b> 1999
<b>9 SAIDI target for next financial year (minutes)</b>				
Class B – planned by line owners	15.0	10.0	10.0	3.0
Class C – unplanned by line owners	75.0	80.0	80.0	34.5
<b>10 Average SAIDI targets for next 5 years (minutes)</b>				
Class B – planned by line owners	15.0	10.0	10.0	3.0
Class C – unplanned by line owners	75.0	80.0	80.0	37.5
<b>11 The SAIDI for the total number of interruptions within each interruption class (minutes)</b>				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	13.8	16.7	18.9	2.7
Class C – unplanned by line owners	61.5	62.4	175.7	48.2
Class D – unplanned by Transpower	13.4	3.3	13.4	-
Class E – unplanned by embedded generation	-	-	-	-
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	-	-	-	-
<b>12 The SAIFI for the total number of interruptions</b>	1.85	1.40	2.19	1.09
<b>13 SAIFI target for next financial year</b>				
Class B – planned by line owners	0.13	0.07	0.07	0.04
Class C – unplanned by line owners	1.07	0.80	0.80	0.82
<b>14 Average SAIFI targets for next 5 years</b>				
Class B – planned by line owners	0.13	0.07	0.07	0.04
Class C – unplanned by line owners	1.07	0.80	0.80	0.82
<b>15 The SAIFI for the total number of interruptions within each interruption class</b>				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	0.17	0.11	0.12	0.33
Class C – unplanned by line owners	1.46	1.19	1.62	1.06
Class D – unplanned by Transpower	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	-	-	-	-
<b>16 The CAIDI for the total number of interruptions</b>	47.90	58.6	94.9	46.7
<b>17 CAIDI target for next financial year</b>				
Class B – planned by line owners	120.0	150.0	150.0	72.0
Class C – unplanned by line owners	70.0	100.0	100.0	42.2
<b>18 Average CAIDI targets for next 5 years</b>				
Class B – planned by line owners	120.0	150.0	150.0	72.0
Class C – unplanned by line owners	70.0	100.0	100.0	45.9

	2002	2001	2000	<b>Dunedin Area only</b>
				1999
19 The CAIDI for the total number of interruptions within each interruption class				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	81.7	158.6	159.9	78.6
Class C – unplanned by line owners	42.2	52.6	108.3	45.7
Class D – unplanned by Transpower	59.0	29.2	29.6	-
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	-	-	-	-

**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	18,649							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	18,649							
Interest on cash, bank balances, and short-term investments (ISTI)	0							
OSBIT minus ISTI	18,649	a		18,649				18,649
Net surplus after tax from financial statements	4,788							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,788	n				4,788		
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add	0	add	0
Subvention payment	1,574	s	add	1,574	add	1,574	add	1,574
Depreciation of SFA at BV (x)	8,016							
Depreciation of SFA at ODV (y)	5,195							
ODV depreciation adjustment	2,821	d	add	2,821	add	2,821	add	2,821
Subvention payment tax adjustment	519	s*t			deduct	519	deduct	519
Interest tax shield	2,493	q					deduct	2,493
Revaluations	-2,937	r					add	-2,937
Income tax	6,305	p					deduct	6,305
<b>Numerator</b>				<b>23,044</b>		<b>8,664</b>		<b>10,789</b>
			OSBIT <sup>ADJ</sup> = a + g + s + d		NSAT <sup>ADJ</sup> = a + g + s - s*t + d		OSBIT <sup>ADJ</sup> = a + g - q + r + s + d - p - s*t	
Fixed assets at end of previous financial year (FA <sub>0</sub> )	198,869							
Fixed assets at end of current financial year (FA <sub>1</sub> )	242,383							
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	-2,218							
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	523							
Average total funds employed (ATFE)	219,779	e		219,779				219,779
	(or regulation 33 time-weighted average)							
Total equity at end of previous financial year (TE <sub>0</sub> )	74,508							
Total equity at end of current financial year (TE <sub>1</sub> )	110,697							
Average total equity	92,603	k				92,603		
	(or regulation 33 time-weighted average)							
WUC at end of previous financial year (WUC <sub>0</sub> )	1,460							
WUC at end of current financial year (WUC <sub>1</sub> )	2,943							
Average total works under construction	2,202	e	deduct	2,202	deduct	2,202	deduct	2,202
	(or regulation 33 time-weighted average)							
Revaluations	-2,937	r						
Half of revaluations	-1,469	r/2					deduct	-1,469
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0							
Intangible assets at end of current financial year (IA <sub>1</sub> )	0							
Average total intangible asset	0	m			add	0		
	(or regulation 33 time-weighted average)							
Subvention payment at end of previous financial year (S <sub>0</sub> )	2,055							
Subvention payment at end of current financial year (S <sub>1</sub> )	1,574							
Subvention payment tax adjustment at end of previous financial year	678							
Subvention payment tax adjustment at end of current financial year	519							
Average subvention payment and related tax adjustment	1,216	v			add	1,216		
System fixed assets at end of previous financial year at book value (SFA <sub>0,bv</sub> )	197,403							
System fixed assets at end of current financial year at book value (SFA <sub>0,bv,1</sub> )	239,440							
Average value of system fixed assets at book value	218,422	f	deduct	218,422	deduct	218,422	deduct	218,422
	(or regulation 33 time-weighted average)							
System fixed assets at year beginning at ODV value (SFA <sub>0,odv</sub> )	152,745							
System fixed assets at end of current financial year at ODV value (SFA <sub>0,odv,1</sub> )	150,850							
Average value of system fixed assets at ODV value	151,798	h	add	151,798	add	151,798	add	151,798
	(or regulation 33 time-weighted average)							
<b>Denominator</b>				<b>150,953</b>		<b>24,993</b>		<b>152,422</b>
			ATFE <sup>ADJ</sup> = e - f + h		Ave TE <sup>ADJ</sup> = k - e - m + v - f + h		ATFE <sup>ADJ</sup> = e - f + h - 1/2r	
<b>Financial Performance Measure:</b>				<b>15.3</b>		<b>34.7%</b>		<b>7.1</b>
			ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100		ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100		ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 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**

	2002 \$000
<b>System Fixed Assets at ODV-End of Previous Financial Year</b>	<b>153,360</b>
Less devaluation adjustment required by Commerce Commission	(615)
	<hr/>
System fixed assets at ODV at beginning of year	152,745
Add system fixed assets acquired during the year at ODV	6,237
Less system fixed assets disposed of during the year at ODV	-
Less depreciation of system fixed assets at ODV	(5,195)
Less devaluation adjustment required by Commerce Commission	(2,937)
	<hr/>
<b>System Fixed Assets at End of Current Financial Year at ODV</b>	<b>150,850</b>
	<hr/>



**Audit New Zealand**

**AUDITOR'S OPINION OF PERFORMANCE MEASURES**

We have examined the information on pages 15, 20 and 21, being –

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

that were prepared by Dunedin Electricity Limited and dated 11 November 2002 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 our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A handwritten signature in black ink, appearing to read 'B F Kearney', is written over a horizontal line. The signature is fluid and cursive.

B F Kearney  
Audit New Zealand  
On behalf of the Controller & Auditor-General  
Christchurch, New Zealand  
18 December 2002

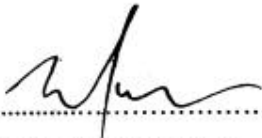


**I CERTIFICATION OF VALUATION REPORT OF LINE OWNER**

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 \$324,651,815; and
- (c) the depreciated replacement cost of the line business system fixed assets of Dunedin Electricity Limited is \$155,766,776; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Dunedin Electricity Limited is \$151,070,080; and
- (e) the optimised deprival valuation of the line business system fixed assets of Dunedin Electricity Limited is \$150,850,153; 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 2002.



Raymond Stuart Polson



Ross Douglas Liddell

...11 November.....2002