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THE POWER COMPANY LIMITED

INFORMATION FOR DISCLOSURE

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

<p>THE POWER COMPANY LIMITED LINE BUSINESS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002</p>

Prepared for the Purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2002 Information Disclosure package issued by The Power Company Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

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

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

The financial information presented is for the line business as described within the Electricity (Information Disclosure) Regulations 1999. There are also additional activities of the Company that are not required to be reported under the Regulations.

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2002

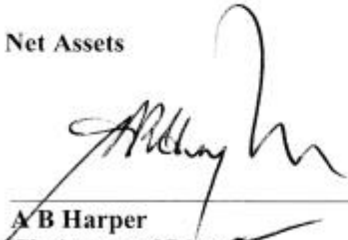
	Note	31 March 2002 \$000	31 March 2001 \$000
Operating Revenue	1	23,301	24,207
Operating Expenses	2	21,147	18,009
Net Surplus Before Taxation		2,154	6,198
Taxation Expense		1,033	2,093
Net Surplus After Taxation		1,121	4,105

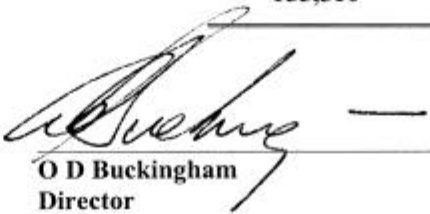
THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2002

	Note	31 March 2002 \$000	31 March 2001 \$000
Total Equity at Beginning of Year		165,423	39,866
Net Surplus/(Deficit) for the Year		1,121	4,105
Movement in Revaluation Reserve		(10,931)	121,420
Total Recognised Revenues and Expenses for the Period		(9,810)	125,525
Add Contributions from Owners During the Year:			
- Funds Released from Other Business		-	32
		-	32
Deduct Distributions to Owners During the Year:			
- Dividend		(103)	-
		(103)	-
Equity at End of Year	3	155,510	165,423

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2002

	Note	31 March 2002 \$000	31 March 2001 \$000
Equity	3	155,510	165,423
<i>Represented By:</i>			
Current Assets			
Cash and Short Term Deposits		-	70
Receivables and Prepayments	4	1,639	437
Inventories		305	171
Total Current Assets		1,944	678
Non-Current Assets			
Property, Plant and Equipment	5	159,933	179,262
Capital Work in Progress		4,059	5,786
Total Non-Current Assets		163,992	185,048
Total Assets		165,936	185,726
Current Liabilities			
Bank Overdraft		1,413	-
Accounts Payable and Provisions	6	3,677	3,693
Provision for Taxation		237	513
Total Current Liabilities		5,327	4,206
Non Current Liabilities			
Term Loan		5,099	3,427
Provision for Deferred Tax		-	12,670
Total Non Current Liabilities		5,099	16,097
Total Liabilities		10,426	20,303
Net Assets		155,510	165,423


A B Harper
 Chairman of Directors


O D Buckingham
 Director

For and on behalf of the
 Board of Directors

7 August 2002

THE POWER COMPANY LIMITED LINE BUSINESS
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2002

	Note	31 March 2002 \$000	31 March 2001 \$000
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash was Provided From:			
Receipts from Customers		21,506	24,118
Sundry Income		574	280
Interest Received		45	77
		<hr/> 22,125	<hr/> 24,475
Cash was Applied To:			
Payments to Suppliers		12,288	12,295
Payments to Employees		936	887
Taxes Paid		1,800	2,032
Interest Paid		452	280
		<hr/> 15,476	<hr/> 15,494
Net Cash From Operating Activities	7	<hr/> 6,649	<hr/> 8,981
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash was Provided From:			
Sale of Property, Plant and Equipment		15	74
		<hr/> 15	<hr/> 74
Cash was Applied To:			
Purchase of Property, Plant and Equipment		9,716	8,769
		<hr/> 9,716	<hr/> 8,769
Net Cash Used in Investing Activities		<hr/> (9,701)	<hr/> (8,695)
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash was Provided From:			
Capital Contribution		-	32
Term Loan		1,672	-
		<hr/> 1,672	<hr/> 32
Cash was Applied To:			
Payment of Dividends		103	118
Repayment of Term Loan		-	989
		<hr/> 103	<hr/> 1,107
Net Cash From (Used in) Financing Activities		<hr/> 1,569	<hr/> (1,075)
Net Increase/(Decrease) In Cash Held		<hr/> (1,483)	<hr/> (789)
Add Opening Cash Brought Forward		70	859
Closing Cash Carried Forward		<hr/> (1,413)	<hr/> 70

THE POWER COMPANY LIMITED LINE BUSINESS STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2002

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Power Company Limited is wholly owned by a Consumer Trust and is registered under the Companies Act 1993.

The Line Business reports on the network assets of The Power Company Limited, along with the joint venture interests in PowerNet Limited.

Purpose of the Financial Statements

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 ("the regulations") as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

These financial statements 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 in accordance with Section 6 of the Regulations.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost bases with the exception of certain items for which specific accounting policies are identified.

Specific Accounting Policies

(a) *Principles of Consolidation*

The interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses after the elimination of all significant inter-company transactions.

(b) *Avoidable Cost Allocation Methodology*

The Avoidable Cost Allocation Methodology has been used to separate "Other" activities from The Power Company Limited and PowerNet Limited. Other activities or non Line Business activity has been excluded from these accounts.

(c) *Property, Plant and Equipment*

The network system assets were revalued as at 31 March 2001 to depreciated replacement cost (DRC) as assessed by independent valuers KPMG and Kerslake & Partners. During the year under review the Commerce Commission undertook a recalibration audit of the valuation. As a result, the value of these assets has reduced by \$24,060,000. Subsequent additions are recorded at cost.

All other assets are recorded at cost less accumulated depreciation.

(d) *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 in maintaining the service performance and operation of the Company.

(e) *Depreciation*

Property, Plant and Equipment is depreciated on the basis of valuation cost price less estimated residual value over the period of their estimated useful life.

Rates used are:

Buildings	10% SL - 4% DV
Furniture, Fittings & EDP Equipment	10% DV - 60% DV
Motor Vehicles	20% DV - 31.2% DV
Network Assets	1% SL - 39.6% DV

(f) *Receivables*

Receivables are stated in their estimated realisable value after writing off bad debts for the period and making allowance for doubtful debts. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

(g) *Inventories*

Inventories are stated at the lower of cost or net realisable value on a weighted average cost price.

(h) *Income Tax*

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences between accounting and tax rules, and timing differences between accounting and tax rules that are not expected to crystallise in future periods.

The Company uses the liability method of accounting for deferred taxation and applies this on a partial basis.

Future tax benefits attributable to tax losses or timing differences are only recognised where there is virtual certainty of realisation.

(i) *Work In Progress*

The cost of work in progress includes the cost of direct material and direct labour used in putting replacement and new systems in their present location and condition.

(j) *Goods And Services Tax*

These accounts have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are GST inclusive.

(k) *Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

(l) *Employee Entitlements*

Provision is made in respect of the Company's liability for annual and long service leave. Leave has been calculated on an actual entitlement basis at current rates of pay.

Changes in Accounting Policies

The Company has changed the method of accounting for deferred taxation from the comprehensive method to the partial method as it is considered unlikely that the majority of timing differences will reverse in future, and accordingly an income tax liability is not expected to crystallise. The effect of this change is a write back to the taxation expense of \$554,000 for deferred taxation liability provided in previous years, and reversal of a deferred taxation liability of \$12,179,000 relating to the revaluation of fixed assets at 31 March 2001.

There have been no other changes in accounting policies during the year ended 31 March 2002.

THE POWER COMPANY LIMITED LINE BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

1. Operating Revenue

	31 March 2002 \$000	31 March 2001 \$000
<i>Operating Revenue Comprises:</i>		
Line Charges	21,189	22,622
Interest on Investments	45	77
Transpower Rebate	1,493	1,228
Other Revenue	574	280
Total Operating Revenue	23,301	24,207

2. Operating Expenses

	31 March 2002 \$000	31 March 2001 \$000
<i>Operating Expenses Include:</i>		
Auditors Remuneration:		
- Statutory Audit	28	24
- Other	-	-
Bad Debts Written Off	5	4
Depreciation	7,542	4,661
Directors' Fees	96	100
Interest Expense	452	280
Lease Costs	-	-
Loss on Disposal of Fixed Assets	105	48

3. Equity

	31 March 2002 \$000	31 March 2001 \$000
Capital Reserve	28,847	28,847
Asset Revaluation Reserve (see below)	110,489	121,420
Retained Earnings	16,174	15,156
Total Equity	155,510	165,423
<i>Asset Revaluation Reserve</i>		
Opening Balance	121,420	-
Revaluation in the Year	(24,060)	133,599
Reversal/(Impact) of Deferred tax effect of revaluation	12,179	(12,179)
Other movements	950	-
Closing Balance	110,489	121,420

4. Receivables and Prepayments

	31 March 2002 \$000	31 March 2001 \$000
Trade Debtors	1,294	296
Other Debtors	258	80
Prepayments	87	61
Total Receivables and Prepayments	1,639	437

5. Property, Plant and Equipment

	Cost or Valuation \$000	Accumulated Depreciation \$000	31.3.2002 \$000	31.3.2001 \$000
System Fixed Assets	166,725	7,885	158,840	176,870
Customer Billing & Information System Assets	23	19	4	6
Motor Vehicles	36	25	11	27
Office Equipment	1,322	897	425	255
Land & Buildings	491	151	340	1,882
Plant & Equipment	624	311	313	222
Total Property, Plant and Equipment	169,221	9,288	159,933	179,262

Directors consider book value to be an indication of the fair value of Land and Buildings.

6. Accounts Payable and Provisions

	31 March 2002 \$000	31 March 2001 \$000
Accounts Payable and Accruals	3,548	3,571
Provision for Employee Entitlements	129	122
Total Accounts Payable and Provisions	3,677	3,693

7. Reconciliation of Net Surplus After Taxation with Cashflow from Operating Activities

	31 March 2002 \$000	31 March 2001 \$000
Net Surplus After Tax	1,121	4,105
Add Non Cash Items		
Depreciation and Loss on Sale	7,647	4,709
Movement in Deferred Tax	(492)	17
	8,276	8,831
Plus/(Less) Movement in Working Capital Items:		
(Increase)/Decrease in Accounts Receivable	(1,176)	44
Increase in Prepayments	(26)	2
(Increase)/Decrease in Stock	(133)	36
Increase/(Decrease) in Provision for Tax	(276)	100
Increase/(Decrease) in Accounts Payable and Provisions	(16)	(32)
Net Cash From Operating Activities	6,649	8,981

8. Commitments**Capital Commitments***Easement Agreements*

The Power Company Limited has signed easement agreements for the purpose of constructing a line on private property. Compensation values have been agreed with the terms of payment being 50% payment on the signing of the agreement and the remaining 50% payable upon registration of easement on land title. The commitment outstanding at 31 March 2002 is \$14,900 (2001 \$3,000).

GIS Mapping Project

PowerNet Limited had commitments relating to the GIS Mapping Project. The Power Company Limited's share of these commitments as at 31 March 2002 is Nil (2001 \$6,000).

Operating Lease Commitments are as follows:

	31 March 2002 \$000	31 March 2001 \$000
➤ Less than one year	70	70
➤ Greater than one year and not later than two years	5	42
➤ Later than two years and no later than five years	6	11
➤ Later than five years	-	-

9. Financial Instruments**Off Balance Sheet Financial Instruments**

The Line Business does not have any off balance sheet financial instruments, with the exception of the guarantees referred to in Note 8 and interest rate swaps.

Credit Risk

Financial instruments which potentially subject the Line Business to credit use principally consist of bank balances and accounts receivable. Bank deposits are placed with high credit - quality financial institutions. The Line Business performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk at balance date are:

	31 March 2002 \$000	31 March 2001 \$000
Receivables	1,552	376

The above exposures are net of any recognised provision for losses on these financial instruments.

No collateral is held on the bank balances and accounts receivable.

Concentrations of Credit Risk

The Line Business is exposed to a Concentration of Credit Risk by one significant energy retailer. This entity is considered to be a high credit quality entity.

Foreign Exchange Risk

The Line Business is not exposed to any foreign exchange risk.

Interest Rate Risk

The Line Business is exposed to normal fluctuations in market interest rates except for borrowing for which interest rates are hedged by way of an interest rate swap. At 31 March 2002 the quantity of interest rate swaps was \$4,000,000 (2001 Nil).

Fair Values

The estimated fair value of the Line Business' financial instruments are represented by the carrying values with the exception of interest rate swaps. The fair value of the interest rate swaps at 31 March 2002 is \$6,000 (2001 Nil).

10. Related Parties

The Power Company Limited "Line Business" consists of line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited. The Power Company Limited "Other Business" consists of other or non-line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited.

All related party transactions between The Power Company Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

During the year related party transactions took place between The Power Company Limited Line Business and The Power Company Limited Other Business. All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

The Power Company Limited Line Business purchased from PowerNet Limited Other Business:

	31 March 2002	31 March 2001
	\$000	\$000
Construction of:		
➤ Subtransmission assets	837	1,379
➤ Zone substations	4,865	3,240
➤ Distribution lines and cables	1,817	390
➤ Medium voltage switchgear	196	188
➤ Distribution transformers	1,416	1,041
➤ Distribution substations	-	-
➤ Low voltage lines and cables	154	83
➤ Other system fixed assets	-	59

The above amounts represent the capital works programme undertaken by PowerNet Limited on behalf of The Power Company Limited.

Maintenance of assets	-	-
Consumer connections and disconnections	-	-

PowerNet Limited's Line Business purchased from The Power Company Limited Other Business:

	31 March 2002	31 March 2001
	\$000	\$000
Rent	19	32

The value of transactions owing at balance date were as follows:

The Power Company Limited Line Business owes PowerNet Limited Other Business \$662,000 (2001 \$1,120,000).

PowerNet Limited's Line Business owes The Power Company Limited Other Business \$1,000 (2001 \$3,000).

The Southland Electric Power Supply Consumer Trust, which owns 100% of the shares in The Power Company Limited, is a related party. During the year expenses are paid out on behalf of the Trust, at 31 March 2002 these totalled \$122,000 (2001 \$80,000). A dividend of \$103,000 (2001 \$144,000) was paid during the year.

No related party debts have been written off or forgiven during 2002 or 2001.

11. Annual Valuation Reconciliation Report

	31 March 2002	31 March 2001
	\$000	\$000
System fixed assets at ODV – end of the previous financial year	172,264	143,941
Less recalibration of system fixed assets	(22,351)	-
Revised system fixed assets – end of the previous financial year	149,913	143,941
Add system fixed assets acquired during the year at ODV	10,024	4,031
Less system fixed assets disposed of during the year at ODV	(268)	(1,945)
Less depreciation on system fixed assets at ODV	(7,247)	(4,605)
Add revaluations of system fixed assets	-	30,842
System fixed assets at ODV – end of the financial year	152,422	172,264

12. Disclosure of Information

Disclosure of information to be disclosed in the Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999, Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	31 March 2002 \$000	31 March 2001 \$000
Current Assets		
(a) Cash and bank balances	-	70
(b) Short-term investments	-	-
(c) Inventories	305	171
(d) Accounts receivable	1,552	376
(e) Other current assets not listed in (a) to (d)	87	61
Total Current Assets	1,944	678
Fixed Assets		
(a) System fixed assets	158,840	176,870
(b) Consumer billing and information system assets	4	6
(c) Motor vehicles	11	27
(d) Office equipment	425	255
(e) Land and buildings	340	1,882
(f) Capital works under construction	4,059	5,786
(g) Other fixed assets not listed in (a) to (g)	313	222
Total Fixed Assets	163,992	185,048
Other tangible assets not listed above	-	-
Total Tangible Assets	165,936	185,726
Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
Total Intangible Assets	-	-
TOTAL ASSETS	165,936	185,726
Current Liabilities		
(a) Bank overdraft	1,413	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	3,677	3,693
(d) Provision for dividends payable	-	-
(e) Provision for income tax	237	513
(f) Other current liabilities not listed in (a) to (e) above	-	-
Total Current Liabilities	5,327	4,206
Non-Current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	5,099	3,427
(c) Deferred tax	-	12,670
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
Total Non-Current Liabilities	5,099	16,097
Equity		
(a) Shareholders' equity:		
(i) Share capital	28,847	28,847
(ii) Retained earnings	16,174	15,156
(iii) Reserves	110,489	121,420
Total Shareholders' equity	155,510	165,423
(b) Minority interests in subsidiaries	-	-
Total Equity	155,510	165,423
(c) Capital notes	-	-
Total Capital Funds	155,510	165,423
TOTAL EQUITY AND LIABILITIES	165,936	185,726

	31 March 2002 \$000	31 March 2001 \$000
Operating Revenue		
(a) Revenue from line/access charges (net of discounts)	21,189	22,622
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	45	77
(d) AC loss-rental rebates	1,493	1,228
(e) Other revenue not listed in (a) to (d)	574	280
Total Operating Revenue	23,301	24,207
	31 March 2002 \$000	31 March 2001 \$000
Operating Expenditure		
(a) Payment for transmission charges	7,166	7,751
(b) Transfer payments to the "Other" business for:	-	-
(i) Asset maintenance	-	-
(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) above	19	32
Total transfer payment to the "Other" business	19	32
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	3,711	3,406
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
Total of specified expenses to non-related parties (sum of (i) to (v))	3,711	3,406
(d) Employee salaries, wages and redundancies	937	887
(e) Consumer billing and information system expense	130	114
(f) Depreciation on:		
(i) System fixed assets:	7,247	4,471
(ii) Other assets not listed in (i)	295	190
Total depreciation	7,542	4,661
(g) Amortisation of:		
(i) Goodwill:	-	-
(ii) Other intangibles:	-	-
Total Amortisation of intangibles	-	-
(h) Corporate and administration:	468	233
(i) Human resource expenses:	(39)	77
(j) Marketing/advertising:	88	84
(k) Merger and acquisition expenses:	26	-
(l) Takeover defence expenses:	-	-

	31 March 2002 \$000	31 March 2001 \$000
(m) Research and development expenses:	35	4
(n) Consultancy and legal expenses:	105	60
(o) Donations:	-	-
(p) Directors' fees:	96	100
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	28	25
(ii) Audit fees paid to other auditors:	-	-
(iii) Fees paid for other services provided by principal and other auditors:	-	-
Total Auditors' fees:	28	25
(r) Costs of offering credit:		
(i) Bad debts written off:	5	4
(ii) Increase in estimated doubtful debts:	-	-
Total cost of offering credit:	5	4
(s) Local authority rates expense:	21	6
(t) AC loss-rentals (distribution to retailers/customers) expense:	-	-
(u) Rebates to consumers due to ownership interest:	-	-
(v) Subvention payments:	84	72
(w) Unusual expenses:	-	-
(x) Other expenditure not listed in (a) to (w)	273	213
Total operating expenditure	20,695	17,729
Operating surplus before interest and income tax	2,606	6,478
Interest expense		
(a) Interest expense on borrowings	452	280
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
Total interest expense	452	280
Operating surplus before income tax	2,154	6,198
Income tax	1,033	2,093
Net surplus after tax	1,121	4,105

<p align="center">THE POWER COMPANY LIMITED LINE BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES</p>
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PURSUANT TO REGULATION 15 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000

FINANCIAL MEASURES

	2002	2001	2000	1999
Return on Funds	1.64%	4.03%	2.30%	4.01%
Return on Funds (excluding discount)	2.89%			
Return on Equity	0.78%	2.74%	1.47%	2.24%
Return on Equity (excluding discount)	1.69%			
Return on Investment	(12.42%)	24.70%	1.23%	47.70%
Return on Investment (excluding revaluation and discount)	2.25%	2.70%		

EFFICIENCY PERFORMANCE MEASURES

	2002	2001	2000	1999
Direct Line Costs per Kilometre	\$644	\$595	\$551	\$570
Indirect Line Costs per Electricity Customer	\$33*	\$25	\$53	\$55

* Industry levies have added \$4 to the indirect line costs per electricity customer.

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS
SCHEDULE 1 – PART 7

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	2,606,168				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	2,606,168				
Interest on cash, bank balances, and short-term investments (ISTI)	45,266				
OSBIIT minus ISTI	2,560,902	a	2,560,902		2,560,902
Net surplus after tax from financial statements	1,121,177			1,121,177	
Net surplus after tax adjusted pursuant to Regulation 18 (NSAT)	1,121,177	n			
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	0
Subvention payment	83,872	s	add 83,872	add 83,872	83,872
Depreciation of SFA at BV (x)	7,246,670				
Depreciation of SFA at ODV (y)	7,246,670				
ODV depreciation adjustment	0	d	add 0	add 0	0
Subvention payment tax adjustment	27,678	s*t		deduct 27,678	deduct 27,678
Interest tax shield	(14,938)	q			deduct (14,938)
Revaluations	(23,109,464)	r			add (23,109,464)
Income tax	1,032,605	p			deduct 1,032,605
Numerator			OSBIIT ^{Adj} = a+g+s+d	NSAT ^{Adj} = n+g+s*t+d	OSBIIT ^{Adj} = a+g-q+t+s+d-p-s*t
			2,644,774	1,177,371	(21,510,035)
Fixed assets at end of previous financial year (FA ₀)	185,048,123				
Fixed assets at end of current financial year (FA ₁)	163,992,054				
Adjusted net working capital at end of previous financial year (ANWC ₀)	(3,084,877)				
Adjusted net working capital at end of current financial year (ANWC ₁)	(1,732,130)				
Average total funds employed (ATFE)	172,111,585 (or regulation 33 time-weighted average)	c	172,111,585		172,111,585
Total equity at end of previous financial year (TE ₀)	165,422,736				
Total equity at end of current financial year (TE ₁)	155,510,265				
Average total equity	160,466,500 (or regulation 33 time-weighted average)	k		160,466,500	
WUC at end of previous financial year (WUC ₀)	5,785,989				
WUC at end of current financial year (WUC ₁)	4,058,995				
Average total works under construction	4,922,492 (or regulation 33 time-weighted average)	e	deduct 4,922,492	deduct 4,922,492	deduct 4,922,492
Revaluations	(23,109,464)	r			
Half of revaluations	(11,554,732)	r/2			deduct (11,554,732)

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Intangible assets at end of previous financial year (I_{A_0})	0				
Intangible assets at end of current financial year (I_{A_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)	72,366				
Subvention payment at end of current financial year (S_1)	83,872				
Subvention payment tax adjustment at end of previous financial year	23,881				
Subvention payment tax adjustment at end of current financial year	27,678				
Average subvention payment and related tax adjustment	52,340	v		add	52,340
System fixed assets at end of previous financial year at BV (SFA_{B_0})	176,870,312				
System fixed assets at end of current financial year at BV (SFA_{B_1})	158,840,104				
Average value of system fixed assets at BV	167,855,208 (or regulation 33 time-weighted average)	f	deduct	deduct	deduct
System Fixed assets at year beginning at ODV value (SFA_{ODV_0})	172,263,765				
System Fixed assets at end of current financial year at ODV value (SFA_{ODV_1})	152,422,245				
Average value of system fixed assets at ODV value	162,343,005 (or regulation 33 time-weighted average)	h	add	add	add
Denominator					
Financial Performance Measure					
			ATFE ^{Adj} = c-e-f+h ROF-OSBIT ^{Adj} /ATFE ^{Adj} x 100	Ave TE ^{Adj} = k-e-m+v-f+h ROE-NSAT ^{Adj} /ATE ^{Adj} x 100	ATFE ^{Adj} = c-e- $\frac{1}{2}$ r-f+h ROF-OSBIT ^{Adj} /ATFE ^{Adj} x 100

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

THE POWER COMPANY LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

PURSUANT TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES YEARS ENDING 31 MARCH 1999, 2000, 2001 AND 2002

	2002	2001	2000	1999
(c) Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	60.7%	66.5%	65%	65%
(f) Loss Ratio (Transmission losses over energy entering the system)	8.5%	8.5%	8.5%	8.4%
(g) Capacity Utilisation (Maximum demand over total transformer capacity)	38.4%	34.8%	34%	35%

The loss ratio for the 2002 year of 10.1% and 2001 year of 11.1% is derived from electricity supplied information provided by other parties. The Power Company Limited is unable to audit this information and has little confidence in its accuracy and has therefore estimated losses for these years at 8.5%.

STATISTICS

		66kV	33kV	11kV	400V	Total
System Length (km's)	1998/99	252	480	6,078	1,051	7,861
	1999/00	258	517	5,708	989	7,472
	2000/01	263	541	5,707	989	7,500
	2001/02	342	499	5,714	985	7,540
Overhead Lines (km's)	1998/99	252	479	6,032	949	7,712
	1999/00	258	516	5,661	886	7,321
	2000/01	263	539	5,658	886	7,346
	2001/02	342	497	5,661	879	7,379
Underground Cables (km's)	1998/99	0	1	45	102	148
	1999/00	0	1	47	103	151
	2000/01	0	2	49	104	155
	2001/02	0	2	53	106	161

	TX Capacity	Maximum Demand	Electricity Supplied*	Electricity Conveyed*	Total Customers
1998/99	283,332	98,076	491,438,251	511,952,648	30,204
1999/00	286,403	97,827	476,028,494	493,872,093	30,273
2000/01	291,963	101,631	525,979,285	591,686,187	31,005
2001/02	298,004	114,322	608,062,700	546,387,820	31,800

* Comparative figures for the 2000/01, 1999/00 and 1998/99 years for electricity supplied and conveyed are transposed when compared with the 2001/02 year.

Retailer	KWh (2001/02)	KWh ** (2000/01)	KWh (1999/00)
Retailer A	8,861,505	17,040,154	12,038,776
Retailer B	25,163,920	18,876,580	8,189,523
Retailer C	311,274,343	395,939,877	352,579,433
Retailer D	77,128,323	25,261,645	11,290,158
Retailer E	75,935,636	104,834,894	89,472,164
Retailer F	24,739,800	13,070,583	2,458,440
Electricity Invercargill Limited	23,284,293	16,662,454	
Total	546,387,820	591,686,187	476,028,494

The Electricity Supplied details are provided by other parties. The Power Company Limited is unable to audit this information and has little confidence in its accuracy.

** Comparative figures for the 2000/01 year are for the kWh of electricity conveyed through the network before losses.

THE POWER COMPANY LIMITED LINE BUSINESS RELIABILITY PERFORMANCE MEASURES

PURSUANT TO REGULATION 22 OF THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY
(INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000

RELIABILITY STATISTICS FOR YEARS ENDING 31 MARCH 1999, 2000, 2001 AND 2002

Class		A	B	C	D	E	F	G	TOTAL
Interruptions	1998/99	0	466	486	0	0	0	0	953
	1999/00	0	424	488	1	0	1	2	916
	2000/01	0	177	389	0	0	2	0	568
	2001/02	0	194	375	0	0	1	0	570
Predicted 2002/2003			180	371					551
5-Year Average Target			177	365					542
SAIDI	1998/99	0	60.9	276.5	17.3	0	0	0	354.7
	1999/00	0	73.9	339.6	51.3	0	1.1	0.6	446.4
	2000/01	0	16.0	130.0	0	0	0.5	0	146.5
	2001/02	0	20.0	117.8	0	0	1.3	0	139.0
Predicted 2002/2003			17.2	116.0					133.2
5-Year Average Target			16.9	114.1					131.0
SAIFI	1998/99	0	0.55	5.49	0.34	0	0	0	6.38
	1999/00	0	0.56	5.89	0.28	0	0.04	0.01	6.78
	2000/01	0	0.13	2.76	0	0	0.01	0	2.90
	2001/02	0	0.14	2.73	0	0	0.01	0	2.88
Predicted 2002/2003			0.13	2.64					2.77
5-Year Average Target			0.13	2.59					2.72
CAIDI	1998/99	0	110.6	50.4	51.0	0	0	0	55.6
	1999/00	0	131.9	57.7	180.9	0	30.0	44.4	68.8
	2000/01	0	120.5	47.1	0	0	80.0	0	50.5
	2001/02	0	146.8	43.1	0	0	161.0	0	48.3
Predicted 2002/2003			132.0	44.0					48.1
5-Year Average Target			132.0	44.0					48.1

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	1998/99	3.17	3.13	7.49	7.02
	1999/00	2.33	6.20	7.84	7.44
	2000/01	1.52	2.60	6.52	5.99
	2001/02	2.31	1.15	6.27	5.68
UG per 100km	1998/99	0	0	4.40	4.26
	1999/00	0	0	8.50	8.25
	2000/01	0	0	8.13	7.82
	2001/02	0	0	1.93	1.86
Total per 100km	1998/99	3.17	3.13	7.47	7.00
	1999/00	2.33	6.18	7.85	7.45
	2000/01	1.52	2.59	6.54	6.00
	2001/02	2.31	1.14	6.24	5.65
Predicted 2002/2003		1.70	1.90	6.20	5.60
5-Year Average Target		1.70	1.90	6.10	5.52

Class C Interruptions Not Restored in	3 hours	2.7%
Class C Interruptions Not Restored in	24 hours	0%

THE POWER COMPANY LIMITED

CERTIFICATION OF FINANCIAL STATEMENTS PERFORMANCE MEASURES AND STATISTICS

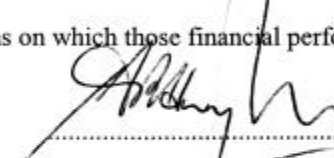
We, Alan Bertram Harper and Cameron Andrew McCulloch, Directors of The Power Company Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

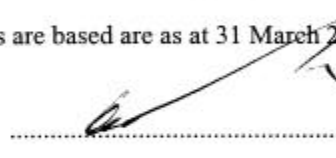
- a) The attached audited financial statements of The Power Company Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations; and
- b) The attached information being the derivation table, financial measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to The Power Company Limited and having been prepared for the purpose 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 2001.

Signed:

Dated:


7 August 2002


7 August 2002

CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

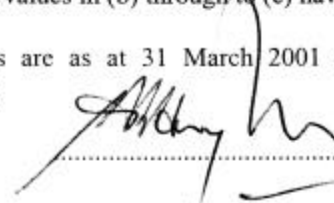
We, Alan Bertram Harper and Cameron Andrew McCulloch, Directors of The Power Company Limited, certify that, having made all reasonable inquiry, to the best of our knowledge:

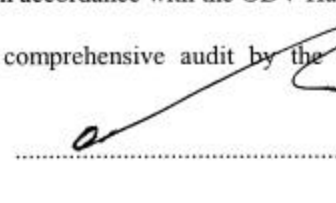
- (a) The attached valuation report of The Power Company Limited, prepared for the purposes of Regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that Regulation; and
- (b) The replacement cost of the line business system fixed assets of The Power Company Limited is \$289,282,245; and
- (c) The depreciated replacement cost of the line business system fixed assets of The Power Company Limited is \$155,763,658; and
- (d) The Optimised Depreciated Replacement Cost of the line business system fixed assets of The Power Company Limited is \$153,433,873; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of The Power Company Limited is \$149,913,073; and
- (f) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook.

These values are as at 31 March 2001 and followed a comprehensive audit by the Commerce Commission.

Signed:

Dated:


7 August 2002


7 August 2002



PricewaterhouseCoopers
Forsyth Barr House, The Octagon
PO Box 5848
Dunedin, New Zealand
Telephone +64 3 477 8784
Facsimile +64 3 477 1186

Auditors' Report

To the readers of the financial statements of The Power Company Limited – Lines Business

We have audited the accompanying financial statements of The Power Company Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of The Power Company Limited – Lines Business and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 The Power Company Limited – Lines Business as at 31 March 2002, and the results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

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 The Power Company Limited – Lines Business' circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary 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 in our capacities as auditors we have no relationship with or interests in The Power Company Limited.

Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been kept by The Power Company Limited as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of The Power Company Limited – Lines Business as at 31 March 2002 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 7 August 2002 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Dunedin



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Auditors' Opinion of Performance Measures

The Power Company Limited – Lines Business

We have examined the attached information, being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (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 The Power Company Limited – Lines Business and dated 7 August 2002 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999 (as amended).

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 (as amended).

PricewaterhouseCoopers
Dunedin
7 August 2002