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BULLER ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

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

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND
STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower
FOR THE YEAR ENDING 31 MARCH 2002**

WE, William Henry Martin Sawyers and Coraleen Patricia White, directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Buller Electricity 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 performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Buller Electricity Limited 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 2001.

For and on behalf of Directors



W H M SAWYERS
Director

Date: 30th July 2002



C P WHITE
Director

Date: 30th July 2002

Buller Electricity Limited
Line Business Financial Statements

Statement of Financial Performance
for the year ended 31 March 2002

| | Note | 2002 \$ | 2001 \$ |
|--|------|----------------|------------------|
| Total Operating Revenue | | 4,679,934 | 4,754,282 |
| Total Operating Expenditure | | 3,846,320 | 3,332,379 |
| Operating Surplus before Interest Expense and Income Tax | | 833,614 | 1,421,903 |
| Interest Expense | | 0 | 0 |
| Operating Surplus before Income Tax | | 833,614 | 1,421,903 |
| Income Tax | 2 | 194,548 | 396,205 |
| Net Surplus after Tax | | <u>639,066</u> | <u>1,025,698</u> |

Statement of Movements in Equity
for the year ended 31 March 2002

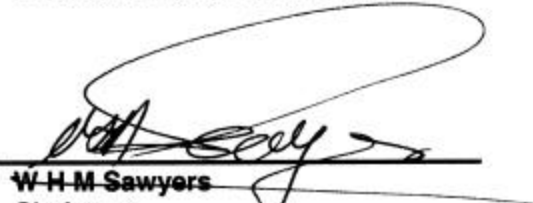
| | Note | 2002 \$ | 2001 \$ |
|---|------|-------------------|-------------------|
| Equity as at 1 April 2001 | | 16,711,051 | 15,437,535 |
| Net Surplus after Tax for the Year | | 639,066 | 1,025,698 |
| Revaluation Reserve Movements | 3 | (98,491) | (198,382) |
| Total Recognised Revenues and Expenses for the Year | | <u>540,575</u> | <u>827,316</u> |
| Reallocation of Equity | | 0 | 686,200 |
| Dividend | | <u>(240,000)</u> | <u>(240,000)</u> |
| Equity as at 31 March 2002 | | <u>17,011,626</u> | <u>16,711,051</u> |

Buller Electricity Limited **Line Business Financial Statements**

Statement of Financial Position as at 31 March 2002

| | Note | 2002 \$ | 2001 \$ |
|-----------------------------|------|-------------------|-------------------|
| Equity | | | |
| Share Capital | | 4,964,358 | 4,964,358 |
| Reserves | 3 | 8,984,834 | 9,083,325 |
| Retained Earnings | | 3,062,434 | 2,663,368 |
| Total Equity | | 17,011,626 | 16,711,051 |
| Represented by: | | | |
| Current Assets | | | |
| Cash at Bank and on Hand | | 66,356 | 20,657 |
| Term Deposits | | 3,796,069 | 3,368,000 |
| Receivables and Prepayments | | 562,071 | 488,378 |
| Tax Refund Due | | 36,495 | 0 |
| Other | | 3,685 | 4,707 |
| | | 4,464,676 | 3,881,742 |
| Current Liabilities | | | |
| Creditors | | 560,228 | 249,185 |
| Provision for Dividend | | 240,000 | 240,000 |
| Taxation Payable | | 0 | 19,301 |
| | | 800,228 | 508,486 |
| Net Current Assets | | 3,664,448 | 3,373,256 |
| Non Current Assets | | | |
| Fixed Assets | 4 | 13,344,680 | 13,335,297 |
| Long Term Investments | | 2,498 | 2,498 |
| | | 13,347,178 | 13,337,795 |
| Net Assets | | 17,011,626 | 16,711,051 |

For and on Behalf of the Board


W H M Sawyers
 Chairman
 30 July 2002


C P White
 Director
 30 July 2002

Buller Electricity Limited **Line Business Financial Statements**

Statement of Cashflows for the year ended 31 March 2002

| | Note | 2002 \$ | 2001 \$ |
|---|------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| Cash was provided from: | | | |
| Receipts from customers | | 4,468,376 | 4,570,098 |
| Interest received | | 225,986 | 194,719 |
| Taxation Refund | | 0 | 0 |
| Net GST | | 0 | 0 |
| | | <u>4,694,362</u> | <u>4,764,817</u> |
| Cash was disbursed to: | | | |
| Payment to Employees | | 430,702 | 343,821 |
| Payments to Suppliers | | 2,984,264 | 2,700,685 |
| Income Tax Paid | | 120,544 | 200,000 |
| | | <u>3,535,510</u> | <u>3,244,506</u> |
| Net cash inflow from operating activities | 10 | <u>1,158,852</u> | <u>1,520,311</u> |
| Cash Flows from Investing Activities | | | |
| Cash was provided from: | | | |
| Sale of Fixed Assets | | 0 | 9,069 |
| Sale of Investments | | 0 | 0 |
| | | <u>0</u> | <u>9,069</u> |
| Cash was applied to: | | | |
| Purchase of fixed assets | | 445,084 | 364,473 |
| | | <u>445,084</u> | <u>364,473</u> |
| Net cash flows from investing activities | | <u>(445,084)</u> | <u>(355,404)</u> |
| Cash Flow from Financing Activities | | | |
| Cash was provided from: | | | |
| Increase in term liabilities | | | |
| Cash was applied to: | | | |
| Dividend Paid | | 240,000 | 42,000 |
| | | <u>240,000</u> | <u>42,000</u> |
| Net cash outflow from financing activities | | <u>(240,000)</u> | <u>(42,000)</u> |
| Net increase in cash held | | 473,768 | 1,122,907 |
| Add opening cash brought forward | | 3,388,657 | 2,265,750 |
| Ending Cash and Term Deposits carried forward | | <u>3,862,425</u> | <u>3,388,657</u> |
| Cash Balances in the Statement of Financial Position | | | |
| Cash at Bank and on Hand | | 66,356 | 20,657 |
| Term Deposits | | 3,796,069 | 3,368,000 |
| | | <u>3,862,425</u> | <u>3,388,657</u> |

Buller Electricity Limited Line Business Financial Statements

Notes to and forming part of the Financial Statements for the year ended 31 March 2002

1 STATEMENT OF ACCOUNTING POLICIES

Buller Electricity Limited is a public company registered under the Companies Act 1993. These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Amendment Regulations 2001.

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these statements.

Specific Accounting Policies

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

- a) Revenue**
Fixed and variable line charges are recognised as actual amounts invoiced during the period. Contributions received from customers towards the cost of reticulating subdivisions and constructing line extensions are recognised as revenue in the year received.
- b) Receivables**
Receivables are stated at their estimated realisable value after providing for doubtful debts. All known bad debts have been written off during the year.
- c) Investments**
Investments are recorded at the lower of cost or net realisable value.
- d) Fixed Assets**
The System Fixed Assets were revalued as at 31 March 2001 under the comprehensive audit carried out by the Commerce Commission during 2002 on an optimised depreciated replacement cost basis by independent valuers resulting in a reduction in value of \$98,491. Additions to the System Fixed Assets since revaluation are stated at cost less depreciation.

Assets constructed by the company are capitalised at direct cost.

Land and buildings were revalued by Coast Valuations Limited an independent registered valuer as at 31 March 2001 in accordance with the New Zealand Institute of Valuers Asset Valuation Standards at net current value.

All other fixed assets are recorded at cost less accumulated depreciation.

- e) Depreciation**
Depreciation is provided on a straight line basis so as to write off the cost of the fixed assets to their expected residual value over their estimated useful lives as follows:

| | |
|---------------------|---------------|
| Buildings | 40 – 50 years |
| Distribution System | 3 – 60 years |
| Other | 3 – 10 years |

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

Buller Electricity Limited

Line Business Financial Statements

f) Employee Entitlements

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees. Allowance is also made for the present value of future staff retirement and gratuity benefits.

g) Goods and Services Tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and creditors which include GST.

h) Income Tax

Income tax expense is recognised on the surplus before taxation adjusted for permanent differences between taxable and accounting income. Deferred tax is calculated using the partial basis under the liability method. This basis is applied by considering the cumulative income tax effect of all timing differences, but recognising in the financial statements, as deferred tax, the income tax effect only to the extent that it can be foreseen to crystallise in the future. Deferred tax assets are only recognised to the extent that there is virtual certainty of realisation.

i) Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and bank balances, investments, receivables and trade creditors. These instruments are carried at their estimated fair value.

j) Statement of Cash Flows

The following are the definitions of the terms used in the Statements of Cash Flows.

- (i) Cash means all cash balances, bank accounts and demand deposits which the company invests as part of its day to day cash management.
- (ii) Operating activities include cash received from all revenue sources of the company and records all cash payments made by the company for the supply of goods and services.
- (iii) Investing activities are those activities relating to the ownership of shares in investment companies and disposal/acquisition of fixed assets.
- (iv) Financing activities are those activities which change the debt and equity structure of the company.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies and all policies have been applied on a basis consistent with those used in previous years.

Buller Electricity Limited

Line Business Financial Statements

| | 2002 \$ | 2001 \$ |
|--|------------|------------|
| 2 INCOME TAX | | |
| Operating Surplus before Income Tax | 833,614 | 1,421,903 |
| Prima Facie Taxation at 33% | 275,093 | 469,228 |
| Plus tax loss not previously applied | 0 | (7,587) |
| Plus Tax effect of permanent differences | (30,867) | (14,373) |
| Less Tax effect of timing differences not Recognised | (49,678) | (34,823) |
| Less Prior Year Adjustment | 0 | (16,240) |
| Total Income Tax Expense (Benefit) | 194,548 | 396,205 |
| The income tax expense comprises: | | |
| - current taxation | 194,548 | 396,205 |
| | 194,548 | 396,205 |

A deferred tax liability of \$1,576,364 has not been recognised (2001 \$1,446,976). This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

3 RESERVES

| | | |
|--|-----------|-----------|
| Share Premium Reserve | 255,796 | 255,795 |
| Revaluation Reserve Land and Buildings | 51,093 | 51,093 |
| Revaluation Distribution System | 8,643,987 | 8,742,387 |
| Revaluation other Assets | 33,958 | 34,050 |
| | 8,984,834 | 9,083,325 |

The Reserves have reduced by \$98,491 when the distribution assets were revalued as at 31 March 2001 under the comprehensive audit carried out by the Commerce Commission in 2002 resulting in a 0.75% reduction in value.

4 FIXED ASSETS

System Fixed Assets

| | | |
|-----------------------------------|------------|------------|
| Adjusted ODV Valuation at 31/3/01 | 13,120,880 | 13,219,371 |
| Plus Additions 2002 | 355,358 | 0 |
| Less Depreciation 2002 | (293,965) | 0 |
| Net Book Value 31/3/02 | 13,182,273 | 13,219,371 |

Buildings

| | | |
|--------------------------------------|--------|--------|
| Net Book Value at Valuation 31/03/01 | 33,004 | 27,500 |
| Accumulated Depreciation | 0 | 0 |
| Net Book Value 31/3/02 | 33,004 | 27,500 |

Customer Billing and IS

| | | |
|--------------------------|-----------|----------|
| Cost | 191,373 | 116,112 |
| Accumulated Depreciation | (118,875) | (98,336) |
| Net Book Value | 72,498 | 17,776 |

Buller Electricity Limited Line Business Financial Statements

| | 2002 \$ | 2001 \$ |
|-----------------------------|-------------------|-------------------|
| Office Equipment | | |
| Cost | 76,679 | 79,599 |
| Accumulated Depreciation | (46,400) | (40,415) |
| Net Book Value | 30,279 | 39,184 |
| Motor Vehicles | | |
| Cost | 38,973 | 38,973 |
| Accumulated Depreciation | (21,312) | (16,051) |
| Net Book Value | 17,661 | 22,922 |
| Other | | |
| Cost | 67,905 | 48,042 |
| Depreciation | (58,940) | (39,498) |
| Net Book Value | 8,965 | 8,544 |
| Total Net Book Value | 13,344,680 | 13,335,297 |

The System Fixed Assets were revalued as at 31 March 2001 by A C Consulting Group Limited under the comprehensive audit carried out by the Commerce Commission to a value of \$13,120,880 on an optimised depreciated replacement cost basis. Land and Buildings were revalued by Coast Valuation Limited on 31 March 2001.

5 SEGMENTAL REPORTING

Buller Electricity operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand and are therefore within one geographical segment for reporting purposes.

6 RELATED PARTIES

The related parties of Buller Electricity Limited are the Buller Electric Power Trust, Buller Energy Limited and Buller Communications Limited.

(i) The company is 100% owned by the Buller Electric Power Trust. During the year the company:

- paid the Trust \$240,000 as a dividend relating to the previous years provision
- provision has been made in the accounts for payment of a dividend of \$240,000

(ii) Buller Electricity Limited purchased line construction services at cost from its contracting division for the period 1 April 2001 to 31 March 2002. Buller Electricity Limited purchased maintenance services at cost plus a margin from its contracting division for the period 1 April 2001 to 31 March 2002. At year end there were no outstanding balances for related parties and no debts were written off or forgiven during the year.

| | 2002 \$ | 2001 \$ |
|---|------------|------------|
| Construction of subtransmission assets | 12,992 | 32,020 |
| Construction of zone substations | 0 | 0 |
| Construction of distribution lines and cables | 122,745 | 85,116 |
| Construction of medium voltage switchgear | 24,071 | 64,128 |
| Construction of distribution transformers | 26,511 | 108,216 |
| Construction of distribution substations | 16,316 | 46,308 |
| Construction of low voltage reticulation | 14,355 | 24,545 |
| Construction of other system fixed assets | 138,368 | 4,140 |
| Maintenance of assets | 808,171 | 412,907 |
| Consumer connections and disconnections | 1,441 | 1,925 |
| Other Services | 5,953 | 1,337 |

Buller Electricity Limited

Line Business Financial Statements

Financial Instruments

(a) Credit Risk

- i) In the normal course of business the company incurs credit risks being cash, bank deposits and debtors transactions with electricity retailers and financial institutions.
- ii) The company has a credit evaluation policy and requires a bond or a guarantee from customers.
- iii) The company has concentrations of credit risk in accounts receivable balances. Of total electricity line charges receivable, 100% are due from TrustPower Limited, Meridian Energy Limited and Genesis Power Limited.
- iv) The company has a policy that minimises its credit risk to financial institutions by limiting the amount of cash and short term investments placed with any one financial institution at any one time.

(b) Interest Rate Risk

- i) The exposure to interest rate risk arises from the level of short term deposits held. At balance date 81% of short term deposits reprice within six months, and 19% reprice between six months and one year.
- ii) Deposit interest rates range from 4.74% pa – 5.94% pa at balance date.

(c) Fair Values

The directors consider that the carrying amount of financial instruments in the statement of financial position is equal to their fair value.

8 Commitments

There are no capital commitments at balance date.

(2001Nil)

9 Contingent Liabilities

There is a contingent liability for discrepancies that may arise on the reconciliation of energy transported versus energy charged by the various energy retailers. The potential or maximum liability is not able to be estimated. The same contingent liability existed in 2001.

| | 2002 \$ | 2001 \$ |
|--|------------------|------------------|
| 10 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES | | |
| Reported Net Surplus after tax | 639,066 | 1,025,698 |
| Add (Less) Non Cash Items: | | |
| Depreciation | 337,210 | 342,931 |
| Add (Less) Movements in Working Capital Items: | | |
| Decrease (Increase) in Tax Receivable | (55,796) | 60,434 |
| Decrease (Increase) in Receivables | (73,693) | (69,342) |
| (Decrease) Increase in Creditors | 296,461 | (157,516) |
| Decrease (Increase) in other Current Assets | 1,022 | (2,621) |
| Other business Working Capital Movements included in Operating Cash Flows | 14,582 | 254,768 |
| | <u>1,158,852</u> | <u>85,723</u> |
| Add (Less) Movements in Non-current Items: | | |
| Net Loss (Gain) on Disposal of Assets | <u>0</u> | <u>65,959</u> |
| | 0 | 65,959 |
| Net Cash Inflows from Operating Activities | <u>1,158,852</u> | <u>1,520,311</u> |

Buller Electricity Limited

Line Business Financial Statements

11 Disclosure of Information to be Disclosed in 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 and 2001.

Statement of Financial Position Disclosure (Schedule 1, Part 2)

| | | |
|--|-------------------|-------------------|
| 1 Current Assets | | |
| (a) Cash & Bank balances | 66,356 | 20,657 |
| (b) Short term investments | 3,796,069 | 3,368,000 |
| (c) Inventories | 0 | 0 |
| (d) Accounts receivable | 562,071 | 488,378 |
| (e) Other current assets not listed in (a) to (d) | 40,180 | 4,707 |
| (f) Total current assets | 4,464,676 | 3,881,742 |
| 2 Fixed Assets | | |
| (a) System fixed assets | 13,182,273 | 13,219,371 |
| (b) Customer billing and information system assets | 72,498 | 17,776 |
| (c) Motor Vehicles | 17,661 | 22,922 |
| (d) Office Equipment | 30,279 | 39,184 |
| (e) Land and Buildings | 33,004 | 27,500 |
| (f) Capital works under construction | 0 | 0 |
| (g) Other fixed assets not listed in (a) to (f) | 8,965 | 8,544 |
| (h) Total fixed assets | 13,344,680 | 13,335,297 |
| 3 Other tangible assets not listed above | 2,498 | 2,498 |
| 4 Total tangible assets | 17,811,854 | 17,219,537 |
| 5 Intangible assets | | |
| (a) Goodwill | 0 | 0 |
| (b) Other intangible not listed in (a) | 0 | 0 |
| (c) Total intangible assets | 0 | 0 |
| 6 Total Assets | 17,811,854 | 17,219,537 |
| 7 Current Liabilities | | |
| (a) Bank Overdraft | 0 | 0 |
| (b) Short term borrowings | 0 | 0 |
| (c) Payables and accruals | 560,228 | 249,185 |
| (d) Provision for dividend payable | 240,000 | 240,000 |
| (e) Provision for income tax | 0 | 19,301 |
| (f) Other Current Liabilities not listed in (a) to (e) | 0 | 0 |
| (g) Total Current Liabilities | 800,228 | 508,486 |
| 8 Non-current Liabilities | | |
| (a) Payables and accruals | 0 | 0 |
| (b) Borrowings | 0 | 0 |
| (c) Deferred tax | 0 | 0 |
| (d) Other Non-current Liabilities not listed in (a) to (e) | 0 | 0 |
| (e) Total Non-current Liabilities | 0 | 0 |
| 9 Equity | | |
| (a) Shareholders equity | | |
| (i) Share Capital | 4,964,358 | 4,964,358 |
| (ii) Retained Earnings | 3,062,434 | 2,663,368 |
| (iii) Reserves | 8,984,834 | 9,083,325 |
| (iv) Total Shareholders equity | 17,011,626 | 16,711,051 |
| (b) Minority interests in subsidiaries | 0 | 0 |
| (c) Total Equity | 17,011,626 | 16,711,051 |
| (d) Capital Notes | 0 | 0 |
| (e) Total capital funds | 17,011,626 | 16,711,051 |
| 10 Total equity and liabilities | 17,811,854 | 17,219,537 |

Buller Electricity Limited **Line Business Financial Statements**

Statement of Financial Performance Disclosure (Schedule 1, Part 2)

| | 2002 \$ | 2001 \$ |
|--|------------------|------------------|
| 11 Operating revenue | | |
| (a) Revenue from line/access charges | 4,095,582 | 4,102,425 |
| (b) Revenue from "Other" business (transfer payment) | 0 | 0 |
| (c) Income from interest on bank & short term investments | 225,986 | 194,719 |
| (d) AC loss rental rebates | 237,321 | 309,915 |
| (e) Other operating revenue not listed in (a) to (d) | 121,045 | 147,223 |
| (f) Total operating revenue | 4,679,934 | 4,754,282 |
| 12 Operating expenditure | | |
| (a) Transmission Charges | 1,670,883 | 1,566,767 |
| (b) Transfer payments to "Other" business | | |
| (i) Asset maintenance | 808,171 | 412,907 |
| (ii) Consumer disconnections and reconnections | 1,441 | 1,925 |
| (iii) Meter data | 0 | 0 |
| (iv) Consumer based load control | 5,953 | 1,337 |
| (v) Royalty and patent expenses | 0 | 0 |
| (vi) Avoided transmission charges for own generation | 0 | 0 |
| (vii) Other goods & services not listed in (i) to (vi) above | 0 | 0 |
| (viii) Total transfer payment to the "Other" business | 815,565 | 416,169 |
| (c) Payments to non-related entities | | |
| (i) Asset maintenance | 0 | 0 |
| (ii) Consumer disconnections and reconnections | 0 | 0 |
| (iii) Meter data | 0 | 0 |
| (iv) Consumer based load control | 0 | 0 |
| (v) Royalty and patent expenses | 0 | 0 |
| (vi) Total of specified expenses to non-related parties | 0 | 0 |
| (d) Employee salaries, wages and redundancies | 430,702 | 343,821 |
| (e) Consumer billing and information system expense | 25,849 | 19,211 |
| (f) Depreciation on | | |
| (i) System fixed assets | 293,965 | 290,736 |
| (ii) Other assets not listed in (i) | 43,245 | 52,195 |
| (iii) Total depreciation expense | 337,210 | 342,931 |
| (g) Amortisation of | | |
| (i) Goodwill | 0 | 0 |
| (ii) Other intangibles | 0 | 0 |
| (iii) Total amortisation of intangibles | 0 | 0 |
| (h) Corporate and administration | 138,880 | 195,959 |
| (i) Human resource expense | 22,495 | 29,491 |
| (j) Marketing and advertising | 20,082 | 4,463 |
| (k) Merger and acquisition expenses | 0 | 0 |
| (l) Takeover defence expenses | 0 | 0 |
| (m) Research and development expenses | 0 | 0 |
| (n) Consultancy and legal expenses | 185,478 | 200,012 |
| (o) Donations | 32,500 | 35,555 |
| (p) Directors fees | 64,000 | 62,750 |
| (q) Audit fees | | |
| (i) Audit fees paid to principal auditors | 18,200 | 26,057 |
| (ii) Audit fees paid to other auditors | 0 | 0 |
| (iii) Fees paid for other services provided by auditors | 36,334 | 0 |
| (iv) Total auditors fees | 54,534 | 26,057 |
| (r) Costs of offering credits | | |
| (i) Bad debts written off | 0 | 0 |
| (ii) Increase in estimated doubtful debts | 0 | 0 |
| (iii) Total costs of offering credit | 0 | 0 |

Buller Electricity Limited

Line Business Financial Statements

| | 2002 | 2001 |
|---|-------------------|------------------|
| | \$ | \$ |
| (s) Local authority rates | 5,315 | 5,751 |
| (t) AC loss-rental (distribution of) expense | 0 | 0 |
| (u) Rebates to customers due to ownership interest | 0 | 0 |
| (v) Subvention payments | 0 | 0 |
| (w) Unusual expenses | 0 | 0 |
| (x) Other expenditure not listed in (a) to (w) | 42,827 | 83,442 |
| 13 Total operating expenditure | 3,846,320 | 3,332,379 |
| 14 Operating surplus before interest and income tax | 833,614 | 1,421,903 |
| 15 Interest | | |
| (a) Interest expenses on borrowings | 0 | 0 |
| (b) Financing charges related to finance leases | 0 | 0 |
| (c) Other interest expense | 0 | 0 |
| (d) Total interest expense | 0 | 0 |
| 16 Operating surplus before income tax | 833,614 | 1,421,903 |
| 17 Income Tax | 194,548 | 396,205 |
| 18 Net surplus after tax | 639,066 | 1,025,698 |
| 19 Annual Valuation Reconciliation Report at 31 March 2002 | | |
| System Fixed Assets at ODV – end of the previous financial year | 13,219,371 | |
| Add System Fixed Assets acquired during the year at ODV | 355,358 | |
| Less System Fixed Assets disposed of during the year at ODV | 0 | |
| Less Depreciation on System Fixed Assets at ODV | (293,965) | |
| Add or (Less) Revaluations of System Fixed Assets | (98,491) | |
| Equals System Fixed Assets at ODV – end of financial year | 13,182,273 | |

12 PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under regulation 15 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

| | 2002 | 2001 | 2000 | 1999 |
|--|---------|---------|---------|---------|
| 1 Financial Performance Measures | | | | |
| (a) Return on Funds | 4.53% | 9.20% | 0.75% | 5.47% |
| (b) Return on Equity | 3.79% | 6.38% | 1.53% | 3.63% |
| (c) Return on Investment | 2.89% | 5.19% | 0.77% | 96.46% |
| 2 Efficiency Performance Measures | | | | |
| (a) Direct line costs per kilometre | \$2,094 | \$1,179 | \$1,886 | \$1,565 |
| System Length | 595.03 | 592.93 | 578.50 | 574.27 |
| (b) Indirect line costs per electricity customer | \$144 | \$154 | \$163 | \$127 |
| Total consumers | 4,108 | 4,258 | 4,241 | 4,243 |

Buller Electricity Limited

Line Business Performance Measures

Disclosure of energy delivery efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

| | 2002 | 2001 | 2000 | 1999 |
|--|---------------|---------------|---------------|---------------|
| 1 Energy Delivery efficiency performance measures: | | | | |
| (a) Load Factor ($=a/b \times 100$) | 67.98% | 70.17% | 70.81% | 65.39% |
| a = kWh of electricity entering system | | | | |
| b = Maximum demand | | | | |
| c = Total number of hours in year | | | | |
| (b) Loss Ratio ($=a/b \times 100$) | 3.52% | 2.53% | 2.86% | 3.40% |
| a = losses in electricity in kWh | | | | |
| b = kWh of electricity entering system | | | | |
| (c) Capacity Utilisation ($=a/b \times 100$) | 56.25% | 55.05% | 56.08% | 59.2% |
| a = Maximum demand | | | | |
| b = Transformer Capacity | | | | |
| 2 Statistics | | | | |
| (a) System Length | | | | |
| Circuit Kilometres 33kV | 111.49 | 111.49 | 111.49 | 111.31 |
| Circuit Kilometres 11kV | 354.80 | 350.50 | 336.27 | 332.82 |
| Circuit Kilometres 400V | 128.74 | 130.94 | 130.74 | 130.14 |
| Total | <u>595.03</u> | <u>592.93</u> | <u>578.50</u> | <u>574.27</u> |
| (b) System Length Overhead | | | | |
| Circuit Kilometres 33kV | 111.31 | 111.31 | 111.31 | 111.31 |
| Circuit Kilometres 11kV | 350.10 | 346.10 | 333.01 | 330.11 |
| Circuit Kilometres 400V | 117.25 | 119.45 | 119.25 | 119.25 |
| Total Overhead | <u>578.66</u> | <u>576.86</u> | <u>563.57</u> | <u>560.67</u> |
| (c) System Length Underground | | | | |
| Circuit Kilometres 33kV | 0.18 | 0.18 | 0.18 | 0 |
| Circuit Kilometres 11kV | 4.70 | 4.40 | 3.26 | 2.71 |
| Circuit Kilometres 400V | 11.49 | 11.49 | 11.49 | 10.89 |
| Total Underground | <u>16.37</u> | <u>16.07</u> | <u>14.93</u> | <u>13.60</u> |
| (d) Transformer Capacity (In Kilovolt Amperes) | 27,820 | 27,380 | 26,875 | 26,640 |
| (e) Maximum Demand | 15,648 | 15,072 | 15,072 | 15,818 |

Buller Electricity Limited **Line Business Performance Measures**

| | | 2002 | 2001 | 2000 | 1999 |
|-----|--|-------------------|-------------------|-------------------|------------|
| (f) | Total electricity supplied from the system after losses (in Kilowatt Hours) | 93,180,424 | 90,304,332 | 91,068,243 | 90,609,887 |
| (g) | Electricity conveyed for each retailer including losses. | 89,897,259 | 92,646,248 | 93,745,841 | 87,519,601 |
| | Retailer 1 | 49,654,881 | 48,750,538 | 50,522,001 | |
| | Retailer 2 | 33,742,055 | 38,518,486 | 40,926,034 | |
| | Retailer 3 | 4,199,511 | 3,327,295 | 1,451,263 | |
| | Retailer 4 | 2,295,022 | 2,049,929 | 846,543 | |
| | Retailer 5 | 5,790 | | | |
| | | <u>89,897,259</u> | <u>92,646,248</u> | <u>93,745,841</u> | |
| (h) | Total Customers | 4,108 | 4,258 | 4,241 | 4,243 |

Buller Electricity Limited

Line Business Performance Measures

Disclosure of reliability performance measures under regulation 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

| | 2002 | 2001 | 2000 | 1999 |
|---|-----------|-----------|-----------|------------|
| 1 Total Number of Interruptions | | | | |
| Class A - Planned by Transpower | 0 | 0 | 0 | 0 |
| Class B - Planned by Line Owners | 8 | 21 | 33 | 51 |
| Class C - Unplanned by Line Owners | 63 | 45 | 58 | 56 |
| Class D - Unplanned by Transpower | 0 | 0 | 1 | 0 |
| Class E - Unplanned by ECNZ | 0 | 0 | 0 | 0 |
| Class F - Unplanned by other generation | 0 | 0 | 0 | 0 |
| Class G - Any Other Loss of Supply | 0 | 0 | 1 | 0 |
| | <u>71</u> | <u>66</u> | <u>93</u> | <u>107</u> |
| 2 Interruption Targets for 2002/2003 | | | | |
| Class B - Planned by Line Owners | 30 | | | |
| Class C - Unplanned by Line Owners | 55 | | | |
| 3 Average Interruption Targets for 2003/2007 | | | | |
| Class B - Planned by Line Owners | 20 | | | |
| Class C - Unplanned by Line Owners | 38 | | | |
| 4 Proportion of Class C Interruptions not restored within: | | | | |
| 3 Hours | 17.46% | | | |
| 24 Hours | 0% | | | |
| 5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line | | | | |
| 11kV | 17 | 13 | 17 | 24.32 |
| 33kV | 4 | 1 | 2 | 6 |
| (b) Target for 2002/2003 year | | | | |
| 11kV | 23 | | | |
| 33kV | 4 | | | |
| (c) Average Target for 2003/2007 years | | | | |
| 11kV | 12 | | | |
| 33kV | 2 | | | |
| 6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line | | | | |
| 11kV | 0 | 23 | 67 | 0 |
| 7 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line | | | | |
| 11kV | 17 | 1 | 2 | 6 |
| 33kV | 4 | 12 | 16 | 14 |
| 8 The SAIDI for the total number of interruptions | 279.61 | 313.66 | 365.88 | 381.50 |
| 9 SAIDI targets for 2002/2003 | | | | |
| Class B - Planned by Line Owners | 259 | | | |
| Class C - Unplanned by Line Owners | 148 | | | |

Buller Electricity Limited

Line Business Performance Measures

| | 2002 | 2001 | 2000 | 1999 |
|---|--------|--------|--------|--------|
| 10 Average SAIDI targets for 2003/2007 years | | | | |
| Class B - Planned by Line Owners | 198 | | | |
| Class C - Unplanned by Line Owners | 120 | | | |
| 11 The SAIDI for the total number of interruptions within each interruption class | | | | |
| Class A - Planned by Transpower | 0 | 0 | 0 | 0 |
| Class B - Planned by Line Owners | 131.53 | 172.62 | 218.41 | 147.88 |
| Class C - Unplanned by Line Owners | 148.08 | 141.05 | 146.51 | 233.63 |
| Class D - Unplanned by Transpower | 0 | 0 | 0.32 | 0 |
| Class E - Unplanned by ECNZ | 0 | 0 | 0 | 0 |
| Class F - Unplanned by other generator | 0 | 0 | 0 | 0 |
| Class G - Any Other Loss of Supply | 0 | 0 | 0.64 | 0 |
| 12 The SAIFI for the total number of Interruptions | 1.77 | 2.14 | 3.11 | 3.30 |
| 13 SAIFI Targets for 2002/2003 | | | | |
| Class B - Planned by Line Owners | 0.72 | | | |
| Class C - Unplanned by Line Owners | 1.34 | | | |
| 14 Average SAIFI targets for 2003/2007 years | | | | |
| Class B - Planned by Line Owners | 0.65 | | | |
| Class C - Unplanned by Line Owners | 1.28 | | | |
| 15 The SAIFI for the total number of interruptions within each interruption class | | | | |
| Class A - Planned by Transpower | 0 | 0 | 0 | 0 |
| Class B - Planned by Line Owners | 0.43 | 0.71 | 0.95 | 0.91 |
| Class C - Unplanned by Line Owners | 1.34 | 1.43 | 2.15 | 2.39 |
| Class D - Unplanned by Transpower | 0 | 0 | 0.01 | 0 |
| Class E - Unplanned by ECNZ | 0 | 0 | 0 | 0 |
| Class F - Unplanned by other generator | 0 | 0 | 0 | 0 |
| Class G - Any Other Loss of Supply | 0 | 0 | 0 | 0 |
| 16 The CAIDI for the total number of interruption | 157.7 | 146.4 | 117.0 | 115.7 |
| 17 CAIDI targets for 2002/2003 | | | | |
| Class B - Planned by Line Owners | 360 | | | |
| Class C - Unplanned by Line Owners | 110 | | | |
| 18 Average CAIDI Target for 2003/2007 years | | | | |
| Class B - Planned by Line Owners | 304 | | | |
| Class C - Unplanned by Line Owners | 94 | | | |
| 19 The CAIDI for the total number of interruptions within each interruption class | | | | |
| Class A - Planned by Transpower | 0 | 0 | 0 | 0 |
| Class B - Planned by Line Owners | 305 | 242 | 230 | 163.14 |
| Class C - Unplanned by Line Owners | 110 | 99 | 68 | 97.68 |
| Class D - Unplanned by Transpower | 0 | 0 | 27 | 0 |
| Class E - Unplanned by ECNZ | 0 | 0 | 0 | 0 |
| Class F - Unplanned by other generator | 0 | 0 | 0 | 0 |
| Class G - Any Other Loss of Supply | 0 | 0 | 340 | 0 |

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 | 833,614 | | | | |
| Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT) | 833,614 | | | | |
| Interest on cash, bank balances, and short-term investments (ISTI) | 225,986 | | | | |
| OSBIT minus (ISTI) | 607,628 | a | 607,628 | | 607,628 |
| Net surplus after tax from financial statements | 639,066 | | | | |
| Net surplus after tax adjusted pursuant to regulation 18 (NSAT) | 639,066 | n | | 639,066 | |
| Amortisation of goodwill and amortisation of other intangibles | 0 | g | add | add | add |
| Subvention payment | 0 | s | add | add | add |
| Depreciation of SFA at BV (x) | 293,965 | | | | |
| Depreciation of SFA at ODV (y) | 293,965 | d | add | add | add |
| ODV depreciation adjustment | 0 | s ¹ | deduct | deduct | deduct |
| Subvention payment tax adjustment | 0 | q | | | |
| Interest tax shield | -74,575 | r | | | |
| Revaluations | -98,491 | p | | | |
| Income tax | 194,548 | | | | |
| Numerator | | | OSBIT ^{ROF} = a + g + s + d | NSAT ^{ROE} = n + g + s - s ¹ + d | OSBIT ^{ROI} = a + g - q + r + s + d - p - s ¹ |
| | | | 607,628 | 639,066 | 389,164 |
| Fixed assets at end of previous financial year (FA ₀) | 13,335,297 | | | | |
| Fixed assets at end of current financial year (FA ₁) | 13,344,680 | | | | |
| Adjusted net working capital at end of previous financial year (ANWC ₀) | 170,601 | | | | |
| Adjusted net working capital at end of current financial year (ANWC ₁) | -4,723 | | | | |
| Average total funds employed (ATFE) | 13,422,928 (or regulation 33 time-weighted average) | c | 13,422,928 | | 13,422,928 |
| Total equity at end of previous financial year (TE ₀) | 16,711,051 | | | | |
| Total equity at end of current financial year (TE ₁) | 17,011,626 | | | | |
| Average total equity | 16,861,339 (or regulation 33 time-weighted average) | k | | 16,861,339 | |
| WUC at end of previous financial year (WUC ₀) | 0 | | | | |
| WUC at end of current financial year (WUC ₁) | 0 | | | | |
| Average total works under construction | 0 (or regulation 33 time-weighted average) | e | deduct | deduct | deduct |
| Revaluations | -98,491 | r | | | |
| | | | 0 | 0 | 0 |

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 |
|---|------------------------|-------------------|---|-------------------|---|
| Half of revaluations | -49,246 | r/2 | | | deduct -49,246 |
| 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 | m | | add 0 | |
| (or regulation 33 time-weighted average) | | | | | |
| Subvention payment at end of previous financial year (S_0) | 0 | | | | |
| Subvention payment at end of current financial year (S_1) | 0 | | | | |
| Subvention payment tax adjustment at end of previous financial year | 0 | | | | |
| Subvention payment tax adjustment at end of current financial year | 0 | | | | |
| Average subvention payment & related tax adjustment | 0 | v | | add 0 | |
| System fixed assets at end of previous financial year at book value ($SFA_{b,0}$) | 13,219,371 | | | | |
| System fixed assets at end of current financial year at book value ($SFA_{b,1}$) | 13,182,273 | | | | |
| Average value of system fixed assets at book value | 13,200,822 | f | deduct 13,200,822 | deduct 13,200,822 | deduct 13,200,822 |
| (or regulation 33 time-weighted average) | | | | | |
| System Fixed assets at year beginning at ODV value ($SFA_{odv,0}$) | 13,219,371 | | | | |
| System Fixed assets at end of current financial year at ODV value ($SFA_{odv,1}$) | 13,182,273 | | | | |
| Average value of system fixed assets at ODV value | 13,200,822 | h | add 13,200,822 | add 13,200,822 | add 13,200,822 |
| (or regulation 33 time-weighted average) | | | | | |
| Denominator | 13,422,928 | | $ATFE^{ADU} = c \cdot e \cdot f + h$ | 16,861,339 | 13,472,173 |
| Average $TE^{ADU} = k \cdot e \cdot m + v \cdot f + h$ | | | | | |
| Financial Performance Measure: | | | $ROF = OSBIT^{ADU}/ATFE^{ADU} \times 100$ | 3.79 | $ROI = OSBIT^{ADU}/ATFE^{ADU} \times 100$ |
| 2.89 | | | | | |

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



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF BULLER ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2002

We have audited the financial statements of Buller Electricity Limited on pages 1 to 12. The financial statements provide information about the past financial performance of Buller 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 5 and 6.

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 Buller Electricity Limited as at 31 March 2002 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 Bruce Loader of KPMG to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Buller Electricity Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.



We have carried out other assignments for Buller Electricity Limited in the areas of taxation and business advisory matters. Other than these assignments, we have no relationship with or interests in Buller 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 Buller Electricity Limited as far as appears from our examination of those records; and
- the financial statements of Buller Electricity Limited on pages 1 to 12 –
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Buller Electricity Limited's financial position as at 31 March 2002 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 30 July 2002 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Bruce Loader', with a long, sweeping horizontal line extending to the right.

Bruce Loader
KPMG
On behalf of the Controller and Auditor-General
Christchurch, New Zealand



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

We have examined the information on pages 10 to 18, 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 the 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 Buller Electricity Limited and dated 30 July 2002 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In my 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.

A handwritten signature in black ink, appearing to read 'Bruce Loader', with a long, sweeping horizontal line extending to the right.

Bruce Loader
KPMG
On behalf of the Controller and Auditor-General
Christchurch, New Zealand
30 July 2002