



New Zealand Gazette

OF THURSDAY, 6 SEPTEMBER 2001

WELLINGTON: MONDAY, 10 SEPTEMBER 2001 — ISSUE NO. 121

MARLBOROUGH LINES LIMITED

INFORMATION FOR DISCLOSURE

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

MARLBOROUGH LINES LIMITED - LINES BUSINESS

Financial Statements Prepared In Accord With The Electricity (Information Disclosure) Regulations 1999 And Amendment Regulations 2000

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 31 March 2001

	Notes	2001 \$000	2000 \$000
Operating revenue			
Revenue from line/access charges		18,477	17,855
Revenue from "Other" business for services carried out by the line business (transfer payment)		458	682
Interest on cash, bank balances and short term investments		430	173
AC loss-rental rebates		620	227
Property Rentals		53	147
Surplus on disposal of fixed assets		3	398
Other operating revenue		45	224
Total operating revenue		20,086	19,706
Operating expenditure			
Payment for transmission charges		3,264	3,287
Transfer payments to the "Other" business for:			
Asset maintenance		998	1,225
Consumer disconnection/reconnection services		-	-
Meter data		-	-
Consumer-based load control services		11	11
Royalty and patent expenses		-	-
Avoided transmission charges on account of own generation		-	-
Other goods and services		447	652
Total transfer payment to the "Other" business		1,456	1,888
Expense to entities that are not related parties for:			
Asset maintenance		424	420
Consumer disconnection/reconnection services		-	-
Meter data		-	-
Consumer-based load control services		-	-
Royalty and patent expenses		-	-
Total of specified expenses to non-related parties		424	420
Employee salaries, wages and redundancies		1,497	1,631
Consumer billing and information system expense		163	128
Depreciation on:			
System fixed assets		1,000	929
Other assets		293	290
Total depreciation		1,292	1,219
Amortisation of:			
Goodwill		-	-
Other intangibles		-	-
Total amortisation of intangibles		-	-
Corporate and administration		437	447
Human resource expenses		187	178
Marketing/advertising		189	78
Merger and acquisition expenses		-	272
Takeover defence expenses		-	-
Research and development expenses		-	48

STATEMENT OF FINANCIAL PERFORMANCE (continued)

For the Year Ended 31 March 2001

	Notes	2001 \$000	2000 \$000
Consultancy and legal expenses		169	192
Donations		17	19
Directors' fees		97	90
Auditors' fees:			
Audit fees paid to principal auditors		39	37
Audit fees paid to other auditors		-	4
Fees paid for other services provided by principal and other auditors		9	24
Total auditors' fees		48	65
Costs of offering credit:			
Bad debts written off		34	-
Increase in estimated doubtful debts		-	-
Total cost of offering credit		34	-
Local authority rates expense		59	71
AC loss-rentals rebates expense		-	-
Discount to consumers		6,000	5,111
Subvention payments		-	-
Unusual expenses		-	-
Rental Expense and Operating Leases		7	22
Other expenditure		1,088	1,100
Total operating expenditure		16,428	16,266
Operating surplus before interest and income tax		3,658	3,440
Interest expense			
Interest expense on borrowings		-	-
Financing charges related to finance leases		-	-
Other interest expense		51	-
Total interest expense		51	-
Operating surplus before income tax		3,607	3,440
Income tax		1,219	1,172
Net surplus after tax		2,388	2,268

STATEMENT OF MOVEMENTS IN EQUITY

For the Year Ended 31 March 2001

	2001 \$000	2000 \$000
Equity At Beginning Of Year	21,648	14,878
Net Surplus For Year	2,388	2,268
Less Dividend	(100)	(100)
Total Recognised Revenues And Expenses For The Period	2,288	2,168
Change In Equity Due To Removal Of Non Lines Assets	(572)	110
Change In Equity Due To Sale Of Metering Assets	-	4,492
Equity At End Of Year	23,364	21,648

STATEMENT OF FINANCIAL POSITION

as at 31 March 2001

	Notes	2001 \$000	2000 \$000
Current assets			
Cash and bank balances		5,658	6,350
Short-term investments		-	-
Inventories	4	1,431	1,291
Accounts receivable	3	2,740	1,594
Other current assets		-	-
Total current assets		9,829	9,235
Fixed assets			
System fixed assets		11,655	10,994
Consumer billing and information system assets		125	161
Motor vehicles		123	137
Office equipment		185	84
Land and buildings		2,634	3,182
Capital works under construction		158	189
Other fixed assets		15	169
Total fixed assets	6,7	14,896	14,916
Other tangible assets		-	-
Total tangible assets		24,725	24,151
Intangible assets			
Goodwill		-	-
Other intangibles		-	-
Total intangible assets		-	-
Total assets		24,725	24,151
Current liabilities			
Bank overdraft		-	-
Short-term borrowings		-	-
Payables and accruals	5	1,271	2,610
Provision for dividends payable		100	100
Provision for income tax		19	(188)
Other current liabilities		-	-
Total current liabilities		1,389	2,522
Non-current liabilities			
Payables and accruals	5	42	43
Borrowings		-	-
Deferred tax		(69)	(62)
Other non-current liabilities		-	-
Total non-current liabilities		(28)	(19)
Equity			
Shareholders' equity			
Share capital	2	8,736	8,736
Retained earnings		14,627	12,912
Reserves		-	-
Total Shareholders' equity		23,364	21,648
Minority interests in subsidiaries		-	-
Total equity		23,364	21,648
Capital notes		-	-
Total capital funds		23,364	21,648
Total equity and liabilities		24,725	24,151

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2001

	2001 \$000	2000 \$000
Cash Flows from Operating Activities		
Cash Was Provided From:		
Receipts from customers	18,507	12,673
Cash was applied to:		
Payments to Suppliers, Employees and Customers	(16,617)	(9,141)
Income Tax Paid	(1,020)	(871)
Net Cash Flows from Operating Activities	870	2,661
Cash Flows from Investing Activities		
Cash was provided from:		
Interest Received	430	173
Proceeds From Sale of Fixed Assets	7	4,889
	437	5,062
Cash was Applied To:		
Interest Paid	(51)	-
Purchase of Fixed Assets	(1,848)	(1,130)
Net Cash Flows from Investing Activities	(1,462)	3,932
Cash Flows from Financing Activities		
Cash Was Applied to:		
Payment of Dividend	(100)	-
Settlement of Internal/Term Debt	-	(2,000)
Net Cash Flows from Financing Activities	(100)	(2,000)
Net Increase(Decrease) in Cash Held	(692)	4,592
Cash at Beginning of Year	6,350	1,758
Cash at End of Year	5,658	6,350
Reconciliation of Operating Surplus after Taxation with Cash Flows from Operating Activities		
Operating Surplus after Taxation	2,388	2,268
Less Net Interest (Revenue) / Expense	(379)	(173)
Non Cash Items		
Depreciation	1,292	1,219
Change in Future Income Tax Benefits	(7)	(62)
Change in Non Current Employee Entitlements	(1)	(54)
(Profit) / Loss on Sale of Fixed Assets	(3)	136
	3,289	3,334
Movements in Working Capital Items		
(Increase) / Decrease in Accounts Receivable	(1,146)	(1,201)
(Increase) / Decrease in Inventories	(140)	(99)
Increase / (Decrease) in Accounts Payable	(1,339)	329
Increase / (Decrease) in Taxation Payable	207	298
	(2,419)	(673)
Net Cash Flows from Operating Activities	870	2,661

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

MARLBOROUGH LINES LTD - LINES BUSINESS**NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended 31 March 2001****1. STATEMENT OF ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with, and for the sole purpose of, the requirements of regulation 6 of Electricity (Information Disclosure) Regulations 1999 and amendments to those regulations.

Accordingly these financial statements are for the Line Business Activities of Marlborough Lines Limited. Contracting, investments, etc, with their associated revenue and costs, have been removed from these Financial Statements in accordance with the Regulations. These accounts are not comparable with the consolidated financial statements prepared and published with the Company's Annual Report. These accounts cannot and should not be used to assess the actual performance of the Company as they are prepared for the sole purpose of meeting the requirements of the regulations. The contracting and other business activities which are removed from these accounts are required to function separately and produce commercial rates of return but will continue to be a core part of Marlborough Lines activities.

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

1.1 Goods And Services Tax (GST)

The statements of financial performance and 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 payables which include GST.

1.2 Income Tax

Income tax expense recognises the current obligations and all amounts arising from differences between the accounting results and assessable income for the period. This is the liability method applied on a comprehensive basis.

1.3 Receivables

Receivables are stated at the amount they are expected to realise. An estimate for doubtful debts is made and bad debts are written off during the year in which they are identified.

1.4 Inventories

Inventories are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with chargeable overheads.

1.5 Fixed Assets And Depreciation

All fixed assets are recorded at cost. The cost of assets constructed by the company includes all materials used in construction, direct labour and direct overheads. Capital contributions are credited against the cost of the reticulation assets. Where commitments arise offshore for capital purchases the exchange rates are fixed forward to minimise foreign currency risk. All costs and exchange variations are included in the capitalised cost of the asset.

Depreciation rates used are in accord with the determinations issued from time to time by the Inland Revenue Department. These rates are as follows:

Buildings (concrete)	1 % on cost price
Buildings (wooden)	2 - 3.6 % on cost price
Reticulation system (global)	5 % on cost price
Reticulation system (from 1.4.87)	5 - 18 % on diminishing value
Substation equipment	7.5 - 39.6 % on diminishing value
Plant	10 - 62.5 % on diminishing value
Motor vehicles, office, communications	20 - 25 % on diminishing value

	2001 \$000	2000 \$000
1.6 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 made for the present value of future staff retirement gratuity benefits. The calculations provide also for the probability of the employees completing the appropriate period of service.		
1.7 Financial Instruments		
Financial instruments carried in the statement of financial position include cash and bank balances, receivables, trade creditors and borrowings. These instruments are generally carried at their estimated fair value. For example receivables are carried net of estimated doubtful debts.		
2. SHARE CAPITAL		
2.1 Marlborough Lines shares are held by the trustees to the Marlborough Electric Power Trust.		
2.2 Share Capital		
Issued and Paid up Capital ordinary \$1.00 shares	8,736	8,736
3. ACCOUNTS RECEIVABLE		
The balance of Accounts Receivable comprises:		
Network and other trade debtors, inc GST	2,740	1,594
4. INVENTORIES		
Reticulation stock	1,431	1,291
Some inventories are subject to retention of title clauses.		
5. CREDITORS AND ACCRUALS		
5.1 In current liabilities the balance of payables and accruals comprises:		
Trade Creditors and Accruals	1,157	2,567
Employee Entitlements	114	43
5.2 In non-current liabilities the balance of payables and accruals comprises employee entitlements, recognising the Company's liability for retirement gratuities.		
6. FIXED ASSETS		
6.1 Valuation		
The latest Government valuations for land and improvements dated September 1999 show the following values.		
Land	1,587	
Improvements	3,417	
6.2 Schedule 1 Part 8		
Annual Valuation Reconciliation Report Year ending 31 March 2001	\$000	
System fixed assets at ODV at 31 March 2000	69,291	
Add system fixed assets acquired during the Year at ODV	2,341	
Less system fixed assets disposed of during the year at ODV	-	
Less depreciation on system fixed assets at ODV	2,662	
Add revaluations of system fixed assets	815	
Equals system fixed assets at ODV at 31 March 2001	<u>69,786</u>	

6.3 Table Of Fixed Assets**as at 31 March 2001**

	cost	accumulated deprec- iation	2001 \$000 net book value
Land	377		377
Buildings	2,954	(697)	2,257
Reticulation System	22,143	(10,488)	11,655
Plant and Equipment	1,881	(1,556)	325
Motor Vehicles	302	(179)	123
Capital Works under Construction			158
Totals	27,658	(12,920)	14,896

as at 31 March 2000

Land	479		479
Buildings	3,758	(1,055)	2,703
Reticulation System	20,399	(9,405)	10,994
Plant and Equipment	1,687	(1,273)	414
Motor Vehicles	284	(147)	137
Capital Works under Construction	189		189
Totals	26,796	(11,880)	14,916

Capital work under construction includes transfer payments and purchases from outside organisations as well as from "Other".

7. CAPITAL CONTRIBUTIONS

Customer contributions credited against the cost of reticulation Network assets	46	66
Accumulated value of such contributions	2,252	2,206

8. CAPITAL COMMITMENTS

Capital expenditure committed to but not recognised in the financial statements.	248	453
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9. FINANCIAL INSTRUMENTS**9.1 Credit Risk**

Credit risk is the risk that an outside party will not be able to meet its obligations to the company. Financial instruments which potentially subject the company to concentrations of credit risk consist principally of cash deposits, short term deposits and trade receivables. The maximum credit risk is the book value of these financial instruments however, the company considers the risk of non-recovery of these amounts to be minimal.

The Company places its cash deposits with high credit quality financial institutions.

Credit risk exists in respect to accounts receivable. The Company is able to impose bond requirements on retailers trading across its network through the use of system agreements.

9.2 Interest Rate Risk

Interest Rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The company's short term deposits are at fixed interest rates and mature within one year.

9.3 Currency Risk

Currency risk is the risk that amounts payable in foreign currencies will change due to movements in exchange rates. The company enters into foreign currency forward exchange contracts in order to manage its exposure to fluctuations in foreign currency exchange rates on the purchase of specific plant and equipment items from overseas suppliers.

Total cover under forward exchange contracts	nil	nil
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9.4 Fair Values

The carrying amount of cash, short term deposits and trade receivables reflect their fair values.

10 RELATED PARTIES

Transactions with these related parties are for the period 1 April 2000 to 31 March 2001.

No related party debt has been written off or forgiven.

10.1 Parties Associated With Directors

The company contracted with parties associated with certain directors of Marlborough Lines Limited. These transactions involve the provision of legal and consulting services. All transactions were at commercial rates.

PJ Radich (Radich Dwyer Hardy-Jones Clark)

Owed by the company as at 31 March - to be paid as a normal monthly account

2001 \$000	2000 \$000
26	22
0	1

10.2 Contracting Division Of Marlborough Lines

The contracting division of Marlborough Lines Limited has provided the following services at commercial rates:

Construction of subtransmission assets	20	3
Construction of zone substations	40	21
Construction of distribution lines and cables	81	35
Construction of medium voltage switchgear	35	15
Construction of distribution substations	12	20
Construction of low voltage reticulation	90	128
Maintenance of assets	998	1,225
Consumer Connections & Disconnections	-	-
Other services	461	663

The Contracting Division of Marlborough Lines Limited has paid for the following:

Other services	458	682
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At year end there were no outstanding balances

10.3 Shareholders

The Trustees of the Marlborough Electric Power Trust hold all of the Company's shares. The company may from time to time advance funds of a short term nature to the Marlborough Electric Power Trust. The company dividend is also paid to the same trust.

Dividends paid to the trust	100	150
Secretarial costs charged to the trust	7	7
Amounts owed by the trust to the company as at 31 March - to be paid as a normal monthly account	-	18

MARLBOROUGH LINES LIMITED
PERFORMANCE MEASURES FOR THE LINES BUSINESS

Prepared In Accordance With The Electricity (Information Disclosure) Regulations 1999 And Electricity (Information Disclosure) Amendment Regulations 2000

REGULATION 15 FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

	2001	2000	1999	1998
1. Financial Performance Measures				
(a) Return on Funds	2.12%	2.28%	0.33%	3.44%
(b) Return on Equity	0.91%	0.90%	-0.08%	1.66%
(c) Return on Investment	1.75%	0.69%	0.23%	8.70%
2. Efficiency Performance Measures				
(a) Direct Line Costs per Kilometre	\$974	\$964	\$910	\$954
(b) Indirect Line costs per Consumer	\$91	\$104	\$86	\$83

REGULATION 21 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

	2001	2000	1999	1998
1. Energy Delivery Efficiency Performance Measures				
(a) Load Factor	62.6%	58.2%	57.1%	61.7%
(b) Loss Ratio	5.9%	7.3%	5.9%	6.9%
(c) Capacity Utilisation	26.5%	26.0%	26.8%	28.5%
2. Statistics				
(a) System Length Break Down in Kilometres				kms
33kV	259	259	259	259
11kV	2,176	2,110	2,089	2,078
6.6kV	51	51	51	51
LV	732	492	479	472
Total	3,218	2,911	2,877	2,860
(b) Circuit length of overhead system in kilometres				kms
33kV	257	257	257	257
11kV	1,997	2,040	2,022	2,014
6.6kV	51	51	51	51
LV	530	401	399	399
Total	2,835	2,748	2,730	2,721
(c) Circuit Length of Underground System in Kilometres				kms
33kV	2	2	2	2
11kV	179	70	66	64
6.6kV	.	0	0	0
LV	202	91	80	73
Total	383	163	147	139
(d) Transformer Capacity in kVA	211,863	204,045	200,560	192,355
(e) Maximum demand in kW	56,224	52,976	53,685	54,545
(f) Total Electricity supplied from the System in kWh	290,043,148	270,664,287	268,712,552	276,622,366
note the above energy volumes have been derived from estimates of metered volumes. Marlborough Lines cannot assure readers as to the accuracy of this information				
(g) Total Electricity Conveyed through the System on behalf of each generator and retailer in kWh				
Retailer A	-		272,138,278	287,048,837
Retailer B	245,998,574	251,171,415		
Retailer C	39,939,715	20,388,502		
Retailer D	9,794,061	9,201,115		
Retailer E	10,392,034	5,812,149	583,706	
Retailer F	1,966,857	792,451		
Retailer G	.	3,113,634	1,683,757	
Retailer H	.		2,154,135	
Retailer I	.		9,021,740	9,462,620
Total	308,091,241	290,479,266	285,581,616	296,511,457
note these volumes have been restated to include losses. The annual totals above are the actual volumes metered at Grid Exit and Embedded Generation points, readers may rely on these totals but not on their allocation over the individual retailers.				
(h) Total Consumers ^c	20,805	20,572	20,025	19,804

REGULATION 22 RELIABILITY PERFORMANCE MEASURES

		targets					
		2003/06	2002	2001	2000	1999	1998
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1.- 3. Number of interruptions and interruption Targets by class							
Class - Description		number of interruptions					
A - Transpower Planned				-	-	-	-
(a)	B - ML Ltd Planned	143	150	145	117	156	155
(b)	C - ML Ltd Unplanned	197	228	302	125	133	155
D - Transpower Unplanned				-	-	1	2
E - ECNZ Unplanned				-	-	-	-
F - Other Generation				-	-	-	-
G - Other				-	-	-	-
Total				447	242	290	312
<hr/>							
4. Percentage of Class C interruptions not restored within-							
(a)	Three hours			29.5%	22.4%	23.3%	
(b)	24 hours			1.6%	2.4%	1.5%	
5. Faults (Class C) per 100 kilometres							
Total number of faults per 100 km		number of faults/100 km					
33 kV		2.4	3.1	3.9	0.8	2.7	1.5
11kV		8.7	10.5	13.4	5.8	6.0	2.3
6.6kV		-	-	-	2.0	-	5.9
Total		7.9	9.5	12.2	5.2	5.5	6.5
<hr/>							
6. Faults (Class C) per 100 kilometres underground							
33 kV				-	-	-	-
11kV				-	4.3	3.0	3.1
Total				-	4.2	2.9	1.5
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7. Faults (Class C) per 100 km overhead							
33 kV				3.9	0.8	2.7	2.3
11kV				14.6	5.8	6.1	7.3
6.6kV				-	2.0	-	-
Total				13.1	5.2	5.6	6.6
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		targets		2000	1999	1998
		2003-06	2002			
8.	SAIDI - total customer minutes			171.6	246.0	283.0
9.- 11.	SAIDI per interruption class					
	Class - Description					customer minutes
	A - Transpower Planned			-	-	-
(a)	B - ML Ltd Planned	74.0	54.0	69.1	72.0	92.0
(b)	C - ML Ltd Unplanned	123.5	71.8	102.5	172.0	135.0
	D - Transpower Unplanned			-	2.0	56.0
	E - ECNZ Unplanned			-	-	-
	F - Other Generation			-	-	-
	G - Other			-	-	-
12.	SAIFI - total interruptions ^ε			1.5	2.3	4.1
13.- 15.	SAIFI per interruption class ^ε					
	Class - Description					customer minutes
	A - Transpower Planned			-	-	-
(a)	B - ML Ltd Planned	0.4	0.3	0.3	0.4	0.5
(b)	C - ML Ltd Unplanned	1.9	1.1	1.2	1.8	1.6
	D - Transpower Unplanned			-	-	2.0
	E - ECNZ Unplanned			-	-	-
	F - Other Generation			-	-	-
	G - Other			-	-	-
16.	CAIDI - customer minutes ^ε			113.6	109.0	69.9
17.- 19.	CAIDI per interruption class ^ε					
	Class - Description					customer minutes
	A - Transpower Planned			-	-	-
(a)	B - ML Ltd Planned	176.4	172.4	227.7	174.2	200.0
(b)	C - ML Ltd Unplanned	64.2	62.6	84.9	93.4	3.9
	D - Transpower Unplanned			-	320.0	27.8
	E - ECNZ Unplanned			-	-	-
	F - Other Generation			-	-	-
	G - Other			-	-	-

ε denotes data is, or is based on, an estimate - the methodology by which the estimate was calculated is publicly available

MARLBOROUGH LINES LIMITED - LINES BUSINESS
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURED FROM FINANCIAL STATEMENTS								
Derivation Table		Input and Calculations		Symbol in formula		ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements		3,658						
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)		3,658						
Interest on cash, bank balances, and short-term investments (ISTI)		430		a		3,228		3,228
Net surplus after tax from financial statements		2,388					2,388	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)		2,388		n				
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)		1,000						
Depreciation of SFA at ODV (y)		2,662						
ODV depreciation adjustment		-1,662		d		add	add	add
Subvention payment tax adjustment		0		s ¹		deduct	deduct	deduct
Interest tax shield		-125		q				
Revaluations		815		r				
Income tax		1,219		p				
Numerator						1,566		1,287
						OSBIIT ^{adj} = a + g + s + d		OSBIIT ^{adj} = a + g - q + r + s + d - p - s ¹
Fixed assets at end of previous financial year (FA ₀)		14,916					726	1,287
Fixed assets at end of current financial year (FA ₁)		14,896						
Adjusted net working capital at end of previous financial year (ANWC ₀)		275						
Adjusted net working capital at end of current financial year (ANWC ₁)		2,901						
Average total funds employed (ATFE)		16,494		c		16,494		16,494
Total equity at end of previous financial year (TE ₀)		21,648						
Total equity at end of current financial year (TE ₁)		23,364						
WUC at end of previous financial year (WUC ₀)		22,506		k			22,506	
WUC at end of current financial year (WUC ₁)		189						
Revaluations		158						
Average total works under construction		174		e		deduct	deduct	deduct
Half of revaluations		815		r				
Average total intangible asset		408		r/2				
Subvention payment at end of previous financial year (S ₀)		0					add	
Subvention payment at end of current financial year (S ₁)		0		m				
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	
System fixed assets at end of previous financial year at book value (SFA _{book,0})		10,994						
System fixed assets at end of current financial year at book value (SFA _{book,1})		13,135						
Average value of system fixed assets at book value		12,064		f		deduct	deduct	deduct
System Fixed assets at year beginning at ODV value (SFA _{odv,0})		69,291						
System Fixed assets at end of current financial year at ODV value (SFA _{odv,1})		69,786						
Average value of system fixed assets at ODV value		69,538		h		add	add	add
Denominator						69,538		69,538
						73,794	79,806	73,386
						ATFE ^{adj} = c - e - f + h		ATFE ^{adj} = c - e - f + h
Financial Performance Measure:						2.12	0.91	1.75
						ROF = OSBIIT ^{adj} /ATFE ^{adj} x 100		ROE = NSAT ^{adj} /ATE ^{adj} x 100
						ROI = OSBIIT ^{adj} /ATFE ^{adj} x 100		

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



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CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Marlborough Lines Limited and dated 28 August 2001, which report contains valuations of system fixed assets as at 31 March 2001.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$69,785,623, have been made in accordance with the ODV Handbook.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants
Auckland

3 September 2001.



AUDIT REPORT

To the readers of the attached financial statements of Marlborough Lines Limited.

We have audited the accompanying financial statements of Marlborough Lines Limited prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000. The financial statements provide information about the past financial performance of Marlborough Lines Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages 5 to 6.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 and Electricity (Information Disclosure) Amendment Regulations 2000 require the Directors to prepare financial statements, which give a true and fair view of the financial position of Marlborough Lines Limited as at 31 March 2001 and of the results of operations and cash flows for the year then ended.

Auditors' Responsibilities

Section 45(1) of the Energy Companies Act 1992 requires the Audit Office to audit the financial statements and the performance information presented by the Board. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and performance report presented by the Board and report its opinion to you.

The Controller and Auditor-General has appointed G R Mitchell of Deloitte Touche Tohmatsu 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 Marlborough Lines Limited 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 in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with or interests in Marlborough Lines Limited.

**Deloitte
Touche
Tohmatsu****Unqualified Opinion**


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

In our opinion proper accounting records have been kept by Marlborough Lines Limited as far as appears from our examination of those records.

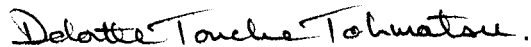
In our opinion, the financial statements of Marlborough Lines Limited on pages 1 to 8, prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 and Electricity (Information Disclosure) Amendment Regulations 2000:

- comply with generally accepted accounting practice; and
- give a true and fair view of the financial position of Marlborough Lines Limited as at 31 March 2001 and the results of its operations and cash flows for the year ended on that date; and
- comply with the Electricity (Information Disclosure) Regulations 1999 and Electricity (Information Disclosure) Amendment Regulations 2000.

Our audit was completed on 4 September 2001 and our unqualified opinion is expressed as at that date.



G. R. Mitchell
Deloitte Touche Tohmatsu, Wellington New Zealand
On behalf of the Controller and Auditor-General



**Deloitte
Touche
Tohmatsu**

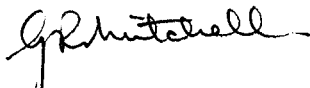
AUDITOR'S OPINION OF PERFORMANCE MEASURES

We have examined the attached information, being:

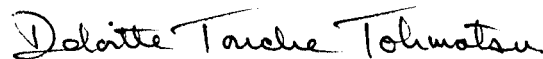
- (a) the derivation table specified in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (c) the financial performance measures specified in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures specified in clause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

that were prepared by Marlborough Lines Limited and dated 31 March 2001 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.



G. R. Mitchell
Deloitte Touche Tohmatsu
On behalf of the Controller and Auditor General
Wellington, New Zealand
4 September 2001

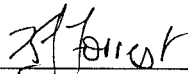


**Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners
Other Than Transpower**

We, Kenneth John Forrest and Geoffrey John Hoare, principals of Marlborough Lines Ltd certify that, having made all reasonable enquiry, to the best of our knowledge,—

- (a) the attached audited financial statements of Marlborough Lines 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 Marlborough Lines 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 2001.


Kenneth John Forrest
Managing Director

5 September 2001



Geoffrey John Hoare
Company Secretary

Certification of Valuation Report of Line Owners

We, Kenneth John Forrest and Geoffrey John Hoare, principals of Marlborough Lines Ltd certify that, having made all reasonable enquiry, to the best of our knowledge—

- (a) the attached valuation report of Marlborough Lines Ltd, 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 Marlborough Lines Ltd is \$140,402,934; and
- (c) the depreciated replacement cost of the line business system fixed assets of Marlborough Lines Ltd is \$75,071,259; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Marlborough Lines Ltd is \$73,376,035; and
- (e) the optimised deprival valuation of the line business system fixed assets of Marlborough Lines Ltd is \$69,785,623; and
- (f) the values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.


Kenneth John Forrest
Managing Director

5 September 2001



Geoffrey John Hoare
Company Secretary