



New Zealand Gazette

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NORTHPOWER LIMITED

INFORMATION FOR DISCLOSURE

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



**Certification of Financial Statements, Performance Measures, and Statistics Disclosed
by Line Owners other than Transpower**

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Northpower 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 Northpower 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 as at 31 March 2001.

Dated this 23rd day of August 2001.

A handwritten signature in black ink, appearing to be "W. Moyes", written over a horizontal line.

Director

A handwritten signature in black ink, appearing to be "J. Ward", written over a horizontal line.

Director



Audit New Zealand

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF NORTHPOWER LIMITED FOR THE YEAR ENDED 31 MARCH 2001

We have audited the financial statements of Northpower Limited on pages 1 to 8 and 11 to 13. The financial statements provide information about the past financial performance of Northpower Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages 1 and 2.

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 Northpower Limited as at 31 March 2001 and the results of its operations and cash flows for the year then ended.

Auditor's Responsibilities

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

The Controller and Auditor-General has appointed Karen MacKenzie, of Audit New Zealand, to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. 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 Northpower Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Northpower Limited.

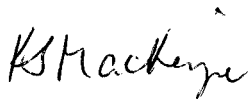
Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by Northpower Limited as far as appears from our examination of those records; and
- the financial statements of Northpower Limited on pages 1 to 8 and 11 to 13:
 - comply with generally accepted accounting practice; and
 - give a true and fair view of the financial position of Northpower Limited as at 31 March 2001 and the results of its operations and cash flows for the year then ended; and
 - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 17 August 2001 and our unqualified opinion is expressed as at that date.



Karen MacKenzie
Audit New Zealand
On behalf of the Controller and Auditor-General
Whangarei, New Zealand



NORTHPOWER LTD**STATEMENT OF ACCOUNTING POLICIES**

For The Year Ended 31 March 2001

Reporting Entity

Northpower Ltd is a company formed under the Energy Companies Act 1992 and registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the Financial Reporting Act 1993 for the sole purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of results, cashflows and financial position under the historical cost method, as modified by the revaluation of land, buildings and the distribution system assets, have been followed in the preparation of these financial statements.

Particular Accounting Policies

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

- (i) **Sales**
Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Lines Company for goods and services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.
- (ii) **Investments**
Investments are stated at cost.
- (iii) **Properties Intended For Sale**
Properties intended for sale are classified as current assets if sale is expected within 1 year. Such properties are shown at carrying value unless this exceeds net realisable value.
- (iv) **Cost of Fixed Assets**
All fixed assets are initially recorded at cost.

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of production overhead. Costs cease to be capitalised as soon as the asset is ready for productive use.

Land and buildings have been revalued to net current value based on a valuation conducted by Coutts Milburn Ltd, Registered Valuers of Whangarei, as at 31 March 2001.

Distribution system assets have been revalued to Depreciated Replacement Cost (DRC) as at 31 March 2001, based on a valuation conducted by PriceWaterhouseCoopers, Registered Valuers, as at 31 March 2001.

Land and buildings, and distribution system assets, are revalued by independent registered valuers on a three-yearly basis.

Additions between revaluations are recorded at cost.

- (v) **Depreciation**
Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:-

Distribution system:	
Lines/transformers substations	45-70 years
Communication/SCADA	15 years
Distribution switchgear	35-55 years
Buildings	50 years
Motor vehicles	5-10 years
Plant and equipment	3-20 years

(v) **Inventories**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is principally determined on a weighted average basis.

The cost of work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

(vii) **Debtors**

Debtors are stated at estimated realisable value after providing against debts where collection is doubtful.

(viii) **Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation.

Future taxation benefits attributable to losses carried forward, or timing differences, are recognised in the financial statements only where there is virtual certainty of realisation.

(ix) **Research and Development Costs**

Research and development costs are normally expensed in the period incurred except that development costs are deferred where future benefits are expected to exceed these costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

(x) **Financial Instruments**

Northpower is party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, accounts receivable, creditors, and short term deposits. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

Northpower has limited its exposure to credit risk in respect of its investments by only investing in institutions with a high credit rating, and limiting the amount that can be invested in any one institution. Northpower believes this policy reduces the risk of any loss which could arise from its investing activities.

(xi) **GST**

These Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are GST inclusive.

(xii) **Employee Entitlements**

Provision is made in respect of the group's liability for annual leave, long service leave and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while the other provisions have been calculated on an actuarial basis at current rates of pay.

Changes in Accounting Policies:

There have been no changes in accounting policies. The policies have been applied on a basis consistent with previous years.

NORTHPOWER LIMITED

STATEMENT OF FINANCIAL PERFORMANCE - LINE BUSINESS

For the Year Ended 31 March 2001

	Notes	2001 \$000's	2000 \$000's
Operating Revenue	1	26,860	28,843
Operating Surplus Before Taxation	2	6,955	6,924
Taxation Expense	4	(2,231)	909
Net Surplus After Taxation		\$4,724	\$7,833

STATEMENT OF MOVEMENTS IN EQUITY - LINE BUSINESS

For the Year Ended 31 March 2001

		2001 \$000's	2000 \$000's
Opening Equity		105,763	34,186
Net Surplus for Period		4,724	7,833
Revaluation of Assets	7	8,288	68,744
Dividends		(3,000)	(5,000)
Closing Equity		\$115,775	\$105,763

The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

STATEMENT OF FINANCIAL POSITION - LINE BUSINESS

As At 31 March 2001

	Notes	2001 \$000's	2000 \$000's
EQUITY:			
Share Capital	6	27,739	12,460
Asset Revaluation Reserve	7	82,061	73,773
Retained Earnings	8	5,975	19,530
TOTAL EQUITY		\$115,775	\$105,763
NON CURRENT LIABILITIES			
Employee Entitlements		104	160
		\$104	\$160
CURRENT LIABILITIES			
Bank Overdraft		304	-
Sundry Creditors		1,682	2,398
Tax Payable		-	726
GST Payable		43	
Provision for Dividend		3,000	5,000
Employee Entitlements		177	159
TOTAL CURRENT LIABILITIES		\$5,206	\$8,283
		\$121,085	\$114,206
NON CURRENT ASSETS			
Term Receivables	15	771	1,136
Fixed Assets	5	116,855	108,282
		\$117,626	\$109,418
CURRENT ASSETS			
Cash and Bank		-	3,755
Accounts Receivable		2,883	719
Inventory		233	198
Tax Refund Due		343	-
GST Refund		-	116
TOTAL CURRENT ASSETS		\$3,459	\$4,788
		\$121,085	\$114,206

 DIRECTOR

 DIRECTOR

The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

STATEMENT OF CASH FLOWS - LINE BUSINESS

For the Year Ended 31 March 2001

	Notes	2001 \$000's	2000 \$000's
Cash Flows from Operating Activities -			
Cash was provided from:			
Receipts from Customers		24,568	30,662
Interest Received		128	191
Tax Refund		-	-
Cash was distributed to:			
Payments to Suppliers		(14,911)	(28,417)
Payments to Employees		(1,831)	(1,608)
Interest Paid		(4)	(1)
Income Tax Paid		(3,300)	(430)
Net Cash Inflow from Operating Activities	9	<u><u>\$4,650</u></u>	<u><u>\$397</u></u>
Cash Flows from Investing Activities -			
Cash was provided from:			
Term Receivable		365	312
Sale of Investment Securities		-	-
Sale of Assets		-	6,921
Cash was applied to:			
Purchase of Fixed Assets		(4,074)	(4,143)
Net Cash Inflow from Investing Activities		<u><u>(\$3,709)</u></u>	<u><u>\$3,090</u></u>
Cash Flows from Financing Activities -			
Cash was applied to:			
Dividends		(5,000)	-
Repay Shareholders		-	-
Net Cash Outflow from Financing Activities		<u><u>(5,000)</u></u>	<u><u>\$0</u></u>
Net Increase (Decrease) in Cash Held		(4,059)	3,487
Add Opening Cash Brought Forward		3,755	268
Ending Cash Carried Forward		<u><u>(\$304)</u></u>	<u><u>\$3,755</u></u>

The accompanying Notes and Accounting Policies form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2001

	Line Business	
	2001	2000
	\$000's	\$000's
1. Operating Revenue		
Line Charges	23,815	26,388
Loss Rental Rebate	1,562	712
Line Contributions	1,342	1,516
Interest Received	128	191
Sundry Income	13	36
	<u><u>\$26,860</u></u>	<u><u>\$28,843</u></u>
2. Operating Surplus Before Tax After Charging:		
Bad Debts Written Off	-	-
Depreciation	3,789	3,906
Directors' Fees	76	76
Interest	4	1
Rental and Operating Lease Costs	3	6
Research and Development	7	15
Donations	-	-
Gain (Loss) on Sale of Assets	-	-
3. Auditors' Remuneration		
Auditing Financial Statements	15	12
Other Services	3	1
4. Taxation		
Operating Surplus Before Taxation	6,955	6,924
Prima Facie Taxation @ 33%	2,298	2,285
Plus Tax Effect of Permanent Differences:-		
Permanent Differences	1,191	546
Timing differences not recognised	(1,258)	(419)
Prior Period Adjustment	-	(45)
Deferred Tax Adjustment	-	(3,276)
Tax on Profits for Year	<u><u>\$2,231</u></u>	<u><u>(\$909)</u></u>
The Taxation Charge is Represented by:-		
Current Taxation	2,231	2,367
Deferred Taxation	-	(3,276)
	<u><u>\$2,231</u></u>	<u><u>(\$909)</u></u>
Movements in Provision for Deferred Taxation:		
Opening Balance	-	(3,276)
Prior Period Adjustment	-	-
Current Movement in Timing Differences	-	3,276
	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Imputation Credit Account:		
Opening Balance	3,674	3,244
Imputation Credits Attached to Dividends Paid	(2,463)	-
Income Tax Payments During Year	2,468	430
	<u><u>\$3,679</u></u>	<u><u>\$3,674</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2001 \$000's	2000 \$000's
5. Fixed Assets		
System Assets - At Valuation	109,077	104,661
Less Accumulated Depreciation	-	(3,215)
	<u>\$109,077</u>	<u>\$101,446</u>
Centralised Load Equipment - At Valuation	2,143	1,396
Less Accumulated Depreciation	-	(70)
	<u>\$2,143</u>	<u>\$1,326</u>
Computer Equipment - At Cost	1,016	1,016
Less Accumulated Depreciation	(635)	(532)
	<u>\$381</u>	<u>\$484</u>
Office Equipment - At Cost	978	928
Less Accumulated Depreciation	(442)	(412)
	<u>\$536</u>	<u>\$516</u>
Motor Vehicles - At Cost	251	265
Less Accumulated Depreciation	(172)	(193)
	<u>\$79</u>	<u>\$72</u>
Buildings - At Valuation	3,543	3,589
Less Accumulated Depreciation	(9)	(212)
	<u>\$3,534</u>	<u>\$3,377</u>
Land - At Valuation	<u>\$1,105</u>	<u>\$1,061</u>
Total Fixed Assets	<u>\$116,855</u>	<u>\$108,282</u>
6. Share Capital:		
Authorised, issued and paid up capital	12,460	12,460
Share Repurchase Adjustment	15,279	-
Total Issued and Paid Up Capital	<u>\$27,739</u>	<u>\$12,460</u>
7. Asset Revaluation Reserve:		
Opening Balance	73,773	5,250
Revaluation	8,288	68,744
Transfer to Retained Earnings	-	(221)
Closing Balance	<u>\$82,061</u>	<u>\$73,773</u>
8. Retained Earnings:		
Opening Balance	19,530	16,476
Net Surplus After Taxation	4,724	7,833
Transfer from Asset Revaluation	-	221
Total Available for Appropriation	<u>24,254</u>	<u>24,530</u>
Dividends	(3,000)	(5,000)
Share Repurchase Adjustment	(15,279)	-
Closing Balance	<u>\$5,975</u>	<u>\$19,530</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2001	2000
	\$000's	\$000's
9. Reconciliation of Net Surplus After Taxation with Cash Inflow from Operating Activities:		
Net Surplus After Taxation	4,724	7,833
Add (less) Non Cash Items:		
Depreciation	3,789	3,906
Movements Deferred Tax	-	(3,276)
Movements in Working Capital		
Increase (Decrease) in Creditors	(595)	(13,240)
(Increase) Decrease in Taxation Refund	(1,069)	1,937
(Increase) Decrease in Accounts Receivable	(2,164)	2,010
(Increase) Decrease in Inventory	(35)	1,227
Net Cash Flow from Operating Activities	<u>\$4,650</u>	<u>\$397</u>

10. Financial Instruments:

Financial Instruments which potentially subject the company to credit risk principally consist of cash bank balances, short term deposit, and accounts receivable. Northpower does not generally require collateral from customers.

Northpower places its cash and short term deposits with high credit quality financial institutions (A1 or better), and limits the amount of credit exposure to any one institution, in accordance with Company policy.

The fair value of all financial instruments is approximated by the carrying value recorded in the Statement of Financial Position.

11. Segment Information:

Northpower Ltd operates predominantly in the electricity network industry within the Northland area. Therefore, there is no segmental information.

12. Contingent Liabilities:

There are no contingent liabilities (2000 \$Nil)

13. Commitments:

2001	2000
Nil	Nil

14. Related Parties:

The Northpower Electric Power Trust is the sole shareholder.

Northpower's Contracting Division provided the following services to the Network Division:-

	2000	2000
	\$000'S	\$000's
(i) Maintenance of Assets	2,370	2,509
(ii) Consumer disconnections/reconnections	20	10
(iii) Other Services	771	878
Construction of New Assets:-		
(a) Subtransmission Assets	1,095	156
(b) Zone Substations	682	0
(c) Distribution Lines and Cables	830	433
(d) Medium Voltage Switchgear	126	22
(e) Distribution Transformers	984	115
(f) Low Voltage Reticulation	402	134

Network Maintenance and Capital Works are charged in accordance with a Fixed Term Contract.

15. Term Receivables:

The Term Receivables are repaid in annual amounts expiring in 2003.

DISCLOSURE OF FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES PURSUANT TO REGULATION 15 AND PART 3 OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999.

1. Financial Performance Measures	2001	2000	1999	1998
(a) Return on Funds	5.7%	5.7%	3.6%	2.0%
(b) Return on Equity	3.9%	6.7%	2.2%	2.1%
(c) Return on Investment	0.5%	6.6%	2.2%	8.9%

2. Efficiency Performance Measures	2001	2000	1999	1998
(a) Direct line cost per kilometre	\$965	\$1,057	\$1,034	\$1,139
(b) Indirect line cost per electricity customer	\$34	\$43	\$57	\$83

DISCLOSURE OF RECONCILIATION OF ODV VALUATION PURSUANT TO REGULATION 16A OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	2001	2000
	\$000's	\$000's
ODV Valuation 1 April	114,366	113,903
Additions for Year	4,074	4,134
Disposals for Year	-	-
Annual Depreciation	(3,645)	(3,671)
Revaluations	(3,861)	-
ODV Valuation 31 March	110,934	114,366

DISCLOSURE OF ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS PURSUANT
TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

1. Energy Delivery Efficiency Performance Measures	2001	2000	1999	1998
(a) Load Factor	74.85%	73.18%	70.59%	73.18%
(b) Loss Ratio	*3.50%	3.33%	3.62%	3.64%
(c) Capacity Utilisation	32.59%	33.47%	34.78%	35.61%
* Estimated				
2. Statistics				
(a) System length, broken down by voltage:				
- 33 kV	208.0 km	202.6 km	202.6 km	202.6 km
- 11 kV	3143.0 km	3366.0 km	3163.3 km	3143.4 km
- 400V	1933.0 km	1708.9 km	1704.2 km	1698.5 km
- Total	5284.0 km	5277.5 km	5070.1 km	5044.5 km
(b) Circuit length of overhead lines, broken down by voltage:				
- 33 kV	195.0 km	190.0 km	190.0 km	190.0 km
- 11 kV	3065.0 km	3292.0 km	3113.8 km	3094.6 km
- 400V	1697.0 km	1510.5 km	1509.8 km	1508.1 km
- Total	4957.0 km	4992.5 km	4813.6 km	4792.7 km
(c) Circuit length of underground cables broken down by voltage:				
- 33 kV	13.0 km	12.6 km	12.6 km	12.6 km
- 11 kV	78.0 km	74.0 km	49.5 km	48.7 km
- 400V	236.0 km	198.4 km	194.4 km	190.4 km
- Total	327.0 km	285.0 km	256.5 km	251.7 km
(d) Transformer capacity	393,000 kVA	386,198 kVA	376,189 kVA	360,620 kVA
(e) Maximum demand	128,094 kW	129,256 kW	130,840 kW	128,298 kW
(f) Total electricity supplied from the system - kWh	828,011,990	801,003,409	779,779,003	792,983,840
(g) Total electricity conveyed through the system for other retailers				
- Meridian Energy	330,171,947	662,501,457	*807,406,700	*821,319,247
- Trust Power	193,856,714	99,212,506		
- Mercury Energy	6,652,475	3,436,319	*1,427,301	*529,204
- TransAlta	269,077,267	61,455,480	*281,231	
- Genesis	32,259,752	1,475,776		
- Energy Waikato	6,213,760	371,670		
- Mighty River	232,208	140,776		
- Empower	676,579	22,917		
- Contact Energy	746,956	372		
*Restated to include losses				
(h) Total Customers	45,589	44,674	44,158	43,371

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6
OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

	2001 \$000's	2000 \$000's
1. Current Assets		
(a) Cash and Bank Balances	-	3,755
(b) Short Term Investments	-	-
(c) Inventories	233	198
(d) Accounts Receivable	2,883	719
(e) Other Current Assets Not Listed in (a) to (d)	343	116
(f) Total Current Assets	<u>3,459</u>	<u>4,788</u>
2. Fixed Assets		
(a) System Fixed Assets	111,220	102,772
(b) Customer Billing and Information system Assets	381	484
(c) Motor Vehicles	79	72
(d) Office Equipment	536	516
(e) Land and Buildings	4,639	4,438
(f) Capital Works Under Construction:	-	-
(i) Subtransmission assets (transfer payments)	-	-
(ii) Zone substations (transfer payments)	-	-
(iii) Distribution lines and cables (transfer payments)	-	-
(iv) Medium voltage switchgear (transfer payments)	-	-
(v) Distribution transformers (transfer payments)	-	-
(vi) Distribution substations (transfer payments)	-	-
(vii) Low voltage lines and cables (transfer payments)	-	-
(viii) Other system fixed assets (transfer payments)	-	-
(g) Other Fixed Assets Not Listed in (a) to (f)	-	-
(h) Total Fixed Assets	<u>116,855</u>	<u>108,282</u>
3. Other Tangible Assets Not Listed Above	771	1,136
4. Total Tangible Assets	<u>121,085</u>	<u>114,206</u>
5. Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a)	-	-
(c) Total Intangible Assets	-	-
6. Total Assets	<u>121,085</u>	<u>114,206</u>
7. Current Liabilities		
(a) Bank Overdraft	304	-
(b) Short Term Borrowings	-	-
(c) Payables and Accruals	1,902	2,557
(d) Provision for Dividend Payable	3,000	5,000
(e) Provision for Income Tax	-	726
(f) Other Current Liabilities Not Listed in (a) to (e)	-	-
(g) Total Current Liabilities	<u>5,206</u>	<u>8,283</u>
8. Non-current Liabilities		
(a) Payables and Accruals	104	160
(b) Borrowings	-	-
(c) Deferred Tax	-	-
(d) Other Non-current Liabilities Not Listed in (a) to (c)	-	-
(e) Total Non-current Liabilities (sum of (a) to (d))	<u>104</u>	<u>160</u>

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

Continued

	2001 \$000's	2000 \$000's
9. Equity		
(a) Shareholders' Equity:-		
(i) Share capital	27,739	12,460
(ii) Retained earnings	5,975	19,530
(iii) Reserves	82,061	73,773
(iv) Total Shareholders' Equity (sum of (i) to (iii))	115,775	105,763
(b) Minority Interests in Subsidiaries	-	-
(c) Total Equity (sum of (a) and (b))	115,775	105,763
(d) Capital Notes	-	-
(e) Total Capital Funds (sum of (c) and (d))	115,775	105,763
10. Total Equity and Liabilities (Total Assets)	121,085	114,206
11. Operating Revenue		
(a) Revenue from line/access charges	24,437	26,388
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Interest on Cash, Bank Balances and Short Term Investments	128	191
(d) AC Loss-Rental Rebates	1,562	712
(e) Other Operating Revenue Not Listed in (a) to (d)	1,355	1,552
(f) Total Operating Revenue	27,482	28,843
12. Operating Expenditure		
(a) Payment for Transmission Charges	9,445	10,502
(b) Transfer Payments to the "other" business for:-		
(i) Asset maintenance	2,370	2,509
(ii) Consumer disconnection/reconnection services	20	10
(iii) Meter data	-	21
(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)	771	845
(viii) Total transfer payment to the 'Other' business (sum of (i) to (vii))	3,161	3,385
(c) Expense to Entities That Are Not Related Parties for:-		
(i) Asset maintenance	320	455
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	320	455
(d) Employee Salaries, Wages and Redundancies	1,831	1,948
(e) Consumer Billing and Information System Expense	251	217
(f) Depreciation On:-		
(i) System fixed assets	3,509	3,595
(ii) Other assets not listed in (i)	280	311
(iii) Total depreciation (sum of (i) and (ii))	3,789	3,906

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

Continued

	2001 \$000's	2000 \$000's
12. Operating Expenditure continued		
(g) Amortisation of:-		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles (sum of (i) and (ii))	-	-
(h) Corporation and Administration	706	1,003
(i) Human Resources Expenses	-	-
(j) Marketing/Advertising	153	109
(k) Merger and Acquisition Expenses	-	-
(l) Takeover Defence Expenses	-	-
(m) Research and Development Expenses	7	10
(n) Consultancy and Legal Expenses	108	145
(o) Donations	-	-
(p) Directors' Fees	76	76
(q) Auditors' Fees		
(i) Audit fees paid to principal auditors	15	12
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by principal and other auditors	3	1
(iv) Total auditors' fees (sum of (i) to (iii))	18	13
(r) Cost of Offering Credit		
(i) Bad debts written off	-	-
(ii) Increase in estimated doubtful debts	-	-
(iii) Total cost of offering credit (sum of (i) to (ii))	-	-
(s) Local Authority Rates Expense	36	-
(t) AC Loss-Rental Rebates (Distribution to Retailers/Customers) expense	622	-
(u) Rebates to Consumers Due to Ownership Interest	-	-
(v) Subvention Payments	-	-
(w) Unusual Expenses	-	-
(x) Other Expenditure Not Listed in (a) to (w)	-	149
13. Total Operating Expenditure (sum of 12 (a) to 12 (x))	20,523	21,918
14. Operating Surplus Before Interest and Income Tax	6,959	6,925
15. Interest Expense		
(a) Interest expense on borrowings	4	1
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total Interest Expense (sum of (a) to (c))	4	1
16. Operating Surplus Before Income Tax (14 - 15 (d))	6,955	6,924
17. Income Tax	(2,231)	909
18. Net Surplus After Tax (16 - 17)	4,724	7,833

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22 OF THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
1. Total Number of Interruptions				
Class A - Planned - by Transpower	0	1	0	0
Class B - Planned - by Line Owners	209	271	372	628
Class C - Unplanned - by Line Owners	312	267	420	358
Class D - Unplanned - by Transpower	2	3	9	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	0	0
Total	<u>523</u>	<u>542</u>	<u>801</u>	<u>986</u>
2. Interruption Targets for 2001/2002				
Class B - Planned - by Line Owners	220			
Class C - Unplanned - by Line Owners	250			
3. Average Interruption Targets for Next 5 Yrs				
Class B - Planned - by Line Owners	200			
Class C - Unplanned - by Line Owners	200			
4. Proportion of Class C Interruptions not restored within	3 Hrs 15.7%	13.5%	10%	
	24 Hrs 0%	0%	0%	
5. (a) Total No. of Faults per 100 circuit kilometres of prescribed voltage electric line	11 kV 9.51	7.84	12.71	10.72
	33 kV 6.73	2.46	13.79	10.37
	Total 9.34	7.54	12.77	10.70
(b) Target for 2001/2002 Year	11 kV 7.70			
	33 kV 1.60			
	Total 7.32			
(c) Average Target for 2001/2002 to 2005/2006 years	11 kV <5			
	33 kV <2			
	Total <5			
6. Total No. of Faults per 100 circuit kilometres of underground prescribed voltage electric line	11 kV 2.56	2.70	8.00	6.12
	33 kV 0.00	0.00	0.00	0.00
	Total 2.20	2.30	6.35	5.85
7. Total No. of Faults per 100 circuit kilometres of overhead prescribed voltage electric line	11 kV 9.69	7.96	12.78	10.79
	33 kV 7.18	2.63	14.74	11.56
	Total 9.54	7.67	12.89	10.84
8. The SAIDI for the total No. of Interruptions	182.52	131.21	288.25	240.51
9. SAIDI Targets for 2001/02				
Class B - Planned - by Line Owners	35			
Class C - Unplanned - by Line Owners	107			
10. Average SAIDI Target for 2001/2 to 2005/6 Yrs				
Class B - Planned - by Line Owners	30			
Class C - Unplanned - by Line Owners	90			

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22 OF THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

Continued

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
11. SAIDI For Total No. of Interruptions within each Interruption Class				
Class A - Planned - by Transpower	0	20.55	0	0
Class B - Planned - by Line Owners	29.5	31.73	58.22	115.36
Class C - Unplanned - by Line Owners	129.63	77.24	158.48	125.16
Class D - Unplanned - by Transpower	23.39	1.69	71.55	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	0	0
12. SAIFI for the Total No. of Interruptions	3.49	2.38	6.04	4.03
13. SAIFI Targets for 2001/02				
Class B - Planned - by Line Owners	0.35			
Class C - Unplanned - by Line Owners	2.8			
14. Av. SAIFI target for 2001/02 and 2005/06 Yrs				
Class B - Planned - by Line Owners	0.3			
Class C - Unplanned - by Line Owners	2.5			
15. SAIFI for the Total No. of Interruptions within Each Interruption Class				
Class A - Planned - by Transpower	0.00	0.07	0	0
Class B - Planned - by Line Owners	0.22	0.23	0.46	0.97
Class C - Unplanned - by Line Owners	3.05	1.85	4.28	3.06
Class D - Unplanned - by Transpower	0.22	0.24	1.30	0
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	0	0	0
16. CAIDI for the Total No. of Interruptions	52.4	55.1	47.7	59.7
17. CAIDI Targets for 2001/02				
Class B - Planned - by Line Owners	125			
Class C - Unplanned - by Line Owners	40			
18. Av. CAIDI Target for 2001/2 to 2005/6 Yrs				
Class B - Planned - by Line Owners	125			
Class C - Unplanned - by Line Owners	39			
19. CAIDI for the Total No. of Interruptions within each Interruption Class				
Class A - Planned - by Transpower	0.0	283.0	0	0
Class B - Planned - by Line Owners	134.9	139.0	126.8	119.0
Class C - Unplanned - by Line Owners	42.6	41.8	37.0	40.9
Class D - Unplanned - by Transpower	105.3	7.2	55.1	0
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	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
Operating surplus before interest and income tax from financial statements	6,959				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	6,959				
Interest on cash, bank balances, and short-term investments (ISTI)	128				
OSBIT minus (ISTI)	6,831	a	6,831		6,831
Net surplus after tax from financial statements	4,724				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,724	n		4,724	
Amortisation of goodwill and amortisation of other intangibles	0				
Subvention payment	0	g	add	add	add
Depreciation of SFA at BV (x)	3,508	s	add	add	add
Depreciation of SFA at ODV (y)	3,645				
ODV depreciation adjustment	-136	d	add	add	add
Subvention payment tax adjustment	0	s*			
Interest tax shield	-41	q	deduct	deduct	deduct
Revaluations	3,861	r	add		add
Income tax	2,231	p	deduct		deduct
Numerator			OSBIT ^{ROF} = a + g + s + d	NSAT ^{ROE} = n + g + s - s* + d	OSBIT ^{ROI} = a + g - q + r + s + d - p - s*
Fixed assets at end of previous financial year (FA ₀)	108,282				
Fixed assets at end of current financial year (FA ₁)	116,855				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-1,524				
Adjusted net working capital at end of current financial year (ANWC ₁)	1,214				
Average total funds employed (ATFE)	112,414 (or regulation 33 time-weighted average)	c	112,414		112,414
Total equity at end of previous financial year (TE ₀)	105,763				
Total equity at end of current financial year (TE ₁)	115,775				
Average total equity	110,769 (or regulation 33 time-weighted average)	k		110,769	
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

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
Revaluations	-3,861	r			
Half of revaluations	-1,931	r/2			deduct -1,931
Intangible assets at end of previous financial year (IA_0)	0				
Intangible assets at end of current financial year (IA_1)	0				
Average total intangible asset (or regulation 33 time-weighted average)	0	m		add 0	
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_{bvt})	102,772				
System fixed assets at end of current financial year at book value (SFA_{bvt+1})	111,220	f	deduct 106,996	deduct 106,996	deduct 106,996
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	106,996				
System Fixed assets at year beginning at ODV value (SFA_{odvt})	114,366				
System Fixed assets at end of current financial year at ODV value (SFA_{odvt+1})	110,924				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	112,650	h	add 112,650	add 112,650	add 112,650
Denominator					
			$ATFE^{odv} = c - e - f + h$	$116,423$	$116,423$
			$ATFE^{odv} = c - e - f + h$	$Ave TE^{odv} = k - e - m + v - f + h$	$ATFE^{odv} = c - e - \frac{1}{2}f + h$
Financial Performance Measure:					
			$ROF = OSBIT^{odv}/ATE^{odv} \times 100$	$ROE = NSAT^{odv}/ATE^{odv} \times 100$	$ROI = OSBIT^{odv}/ATE^{odv} \times 100$
			5.7	3.9	0.5

t = maximum statutory income tax rate applying to corporate entities
 subscript '1' = end of the current financial year
 subscript '0' = end of the previous financial year

odv = optimised deprival valuation
 ROI = return on investment

bv = book value
 ROE = return on equity

ave = average
 ROF = return on funds



Certification of Valuation Report of Line Owners

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached valuation report of Northpower 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 Northpower Limited is \$216,937,800, and
- (c) The Depreciated Replacement cost of the line business system fixed assets of Northpower Limited is \$113,009,558, and
- (d) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Northpower Limited, is \$110,976,728, and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Northpower Limited is \$110,933,723, and
- (f) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.

Dated this 23rd day of August 2001.

A handwritten signature in black ink, appearing to be "W. Moyes", written over a horizontal line.

Director

A handwritten signature in black ink, appearing to be "J. Ward", written over a horizontal line.

Director



**AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES OF
NORTHPOWER LIMITED**

We have examined the information on pages 9, 16 and 17, 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 Northpower Limited and dated 17 August 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.

Karen MacKenzie
Audit New Zealand
On behalf of the Controller & Auditor-General
Whangarei, New Zealand
17 August 2001



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CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Northpower Limited and dated 18 July 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 \$110,933,723, have been made in accordance with the ODV Handbook.

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

PricewaterhouseCoopers
Chartered Accountants
Auckland
30 July 2001