



# New Zealand Gazette

OF THURSDAY, 23 AUGUST 2001

---

WELLINGTON: TUESDAY, 28 AUGUST 2001 — ISSUE NO. 104

---

## UNITEDNETWORKS LIMITED

### INFORMATION FOR DISCLOSURE

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

<b>CONTENTS</b>
-----------------

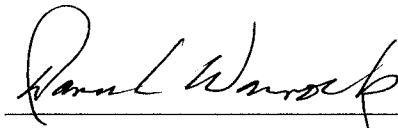
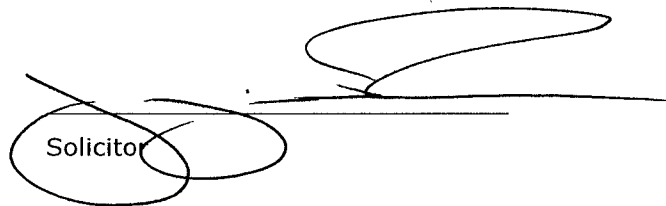
- FORM 8: STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION  
SUPPLIED TO SECRETARY
- FORM 1: AUDITORS' REPORT
- FORM 2: AUDITORS' OPINION OF PERFORMANCE MEASURES
- FORM 3: AUDITORS' OPINION IN RELATION TO VALUATION
- FORM 5: CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND  
STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower
- FORM 7: CERTIFICATION OF VALUATION REPORT OF LINE OWNERS
- 1. INTRODUCTION AND INTERPRETATION**
- 2. FINANCIAL STATEMENTS: REGULATIONS 6 - 9**
- 2.1 STATEMENT OF FINANCIAL PERFORMANCE.
- 2.2 STATEMENT OF FINANCIAL POSITION
- 2.3 STATEMENT OF MOVEMENTS IN EQUITY
- 2.4 STATEMENT OF CASH FLOWS
- 2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
- 3. PERFORMANCE MEASURES AND STATISTICS: REGULATIONS 15 - 22**
- 3.1 FINANCIAL PERFORMANCE AND EFFICIENCY MEASURES
- 3.2 DERIVATION OF FINANCIAL PERFORMANCE MEASURES
- 3.3 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS
- 3.4 RELIABILITY PERFORMANCE MEASURES
- 3.5 ANNUAL VALUATION RECONCILIATION REPORT

**FORM 8: STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND  
INFORMATION SUPPLIED TO SECRETARY**

I, Daniel Wayne Warnock, of Auckland, being a Director of UnitedNetworks Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Declared at Takapuna this 17th day of August 2001.

  
Daniel Wayne Warnock  
Solicitor

**FORM 1: AUDITORS' REPORT**

To the readers of the financial statements of UnitedNetworks Limited.

We have audited the accompanying financial statements of UnitedNetworks Limited. The financial statements provide information about the past financial performance of UnitedNetworks Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out in section 2.5 (1).

**Directors' Responsibilities**

The Electricity (Information Disclosure) Regulations 1999, read with 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 UnitedNetworks Limited as at 31 March 2001, and results of operations and cash flows for the year then ended.

**Auditors' Responsibilities**

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

**Basis of Opinion**

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

- the significant estimates and judgments made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to UnitedNetworks Limited's 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. 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.

In addition to our capacity as auditors and taxation advisors, our firm carries out consultancy assignments for UnitedNetworks Limited.

**Unqualified Opinion**

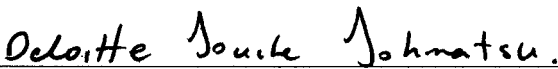
We have obtained all the information and explanations we have required.

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

In our opinion the financial statements of UnitedNetworks Limited in Section 2:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of:
  - the financial position 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, read with Electricity (Information Disclosure) Amendment Regulations 2000

Our audit was completed on 17<sup>th</sup> August 2001 and our opinion is expressed as at that date.

  
Deloitte Touche Tohmatsu  
Chartered Accountants  
Auckland  
New Zealand

**FORM 2: AUDITORS' 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 time-weighted averages calculations in regulation 33 (if they apply); and
- d) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- e) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, -

that were prepared by UnitedNetworks Limited and dated 31<sup>st</sup> March 2001 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000.

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, read with Electricity (Information Disclosure) Amendment Regulations 2000.

Delo. He Touche Tohmatsu.

Deloitte Touche Tohmatsu  
Chartered Accountants  
Auckland  
New Zealand

17<sup>th</sup> August 2001

**FORM 3: AUDITORS' OPINION IN RELATION TO VALUATION**

We have examined the valuation report of UnitedNetworks Limited and dated 16<sup>th</sup> 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 \$1037 million, have been made in accordance with the ODV Handbook issued in October 2000.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Chartered Accountants

Auckland

New Zealand

17<sup>th</sup> August 2001

**FORM 5: CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE  
MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER  
THAN TRANSPower**

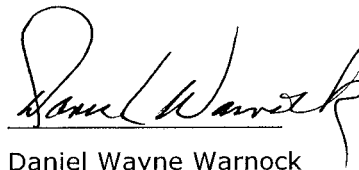
We, Philip Michael Smith and Daniel Wayne Warnock, directors of UnitedNetworks Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- a) The attached audited financial statements of UnitedNetworks Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000 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 UnitedNetworks Limited, and having been prepared for the purposes of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2001.



Philip Michael Smith



Daniel Wayne Warnock

17<sup>th</sup> August 2001

17<sup>th</sup> August 2001

**FORM 7: CERTIFICATION OF VALUATION REPORT OF LINE OWNERS**

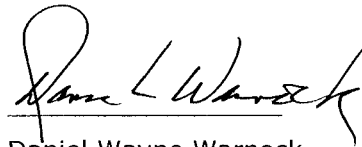
We, Philip Michael Smith and Daniel Wayne Warnock, directors of UnitedNetworks Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) the attached valuation report of UnitedNetworks Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000, complies with the requirements of that regulation; and
- (b) the replacement cost of the line business system fixed assets of UnitedNetworks Limited is \$1,959.9 million; and
- (c) the depreciated replacement cost of the line business system fixed assets of UnitedNetworks Limited is \$1,072.7 million; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of UnitedNetworks Limited is \$1,037.7 million; and
- (e) the optimised deprival valuation of the line business system fixed assets of UnitedNetworks Limited is \$1,037 million; and
- (f) the values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook issued on October 2000.

These valuations are as at 31 March 2001.



Philip Michael Smith



Daniel Wayne Warnock

17<sup>th</sup> August 2001

17<sup>th</sup> August 2001



**1. INTRODUCTION AND INTERPRETATION**

- 1.1 This document contains certain material required to be disclosed by UnitedNetworks Limited under Regulations 6 to 9, 15 to 22, and 33 of the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000.
- 1.2 The information in this document was prepared by UnitedNetworks Limited after making all reasonable enquiry, and to the best of its knowledge the information complies with all relevant requirements of the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000.
- 1.3 The information in this document is not intended by UnitedNetworks Limited to constitute an offer of services to the public.
- 1.4 The information is available on request at:
- 44 Taharoto Road  
Takapuna  
Auckland
- And on the Internet at:
- <http://www.unitednetworks.co.nz>
- 1.5 In this document, words and expressions have the meaning given to them in the Regulations or the Act, unless otherwise specified.
- 1.6 For the purpose of this disclosure:
- “UnitedNetworks” means the Lines Business of UnitedNetworks Limited.
- “The company” means UnitedNetworks Limited.
- “Lines Business” means the Electricity Lines Business of UnitedNetworks.
- “Other Business” means any part of UnitedNetworks, which is not the Lines Business.

<b>2. FINANCIAL STATEMENTS: Regulations 6 - 9</b>
---

**2.1 STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 31 March 2001**

	Notes	2001 (\$000)	2000 (\$000)
Operating revenue	2	<b>389,112</b>	390,072
Operating expenditure	3	<b>218,750</b>	226,146
<b>Operating surplus before interest and income tax</b>		<b>170,362</b>	163,926
Interest expense	4	<b>64,200</b>	69,167
<b>Operating surplus before income tax</b>		<b>106,162</b>	94,759
Income tax	5	<b>26,712</b>	26,328
<b>Net surplus after tax</b>		<b>79,450</b>	68,431

*The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.*

**2.2 STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2001**

	Notes	2001 (\$000)	2000 (\$000)
<b>CURRENT ASSETS</b>			
Cash and bank balances		-	-
Short-term investments		-	-
Inventories		653	637
Accounts receivable		37,711	40,531
Other current assets not listed above		6,240	6,182
<b>Total current assets</b>		<b>44,604</b>	<b>47,350</b>
<b>FIXED ASSETS</b>			
System fixed assets		1,037,001	1,005,300
Consumer billing and information system assets		11,041	2,444
Motor vehicles		88	503
Office equipment		6,980	9,187
Land and buildings		7,870	6,261
Capital works under construction		28,260	30,244
Other fixed assets not listed above		302	5,118
<b>Total fixed assets</b>	10	<b>1,091,542</b>	<b>1,059,057</b>
<b>OTHER TANGIBLE ASSETS not listed above</b>	11	<b>20,622</b>	<b>10,061</b>
<b>TOTAL TANGIBLE ASSETS</b>		<b>1,156,768</b>	<b>1,116,468</b>
<b>INTANGIBLE ASSETS</b>			
Goodwill	12	1,556	1,643
Other intangibles not listed above	13	505,846	518,784
<b>Total intangible assets</b>		<b>507,402</b>	<b>520,427</b>
<b>TOTAL ASSETS</b>		<b>1,664,170</b>	<b>1,636,895</b>
<b>CURRENT LIABILITIES</b>			
Bank overdraft		735	3,098
Short-term borrowings	14	-	6,600
Payables and accruals	9	49,966	41,936
Provision for dividends payable	15	24,228	17,027
Provision for income tax		-	-
Other current liabilities not listed above		-	-
<b>Total current liabilities</b>		<b>74,929</b>	<b>68,661</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables and accruals		-	-
Borrowings	14	839,299	873,000
Deferred tax	5	45,570	28,225
Other non-current liabilities not listed above	21	112,819	114,478
<b>Total non-current liabilities</b>		<b>997,688</b>	<b>1,015,703</b>
<b>EQUITY</b>			
Shareholders' equity			
Share capital	6	116,459	116,459
Retained earnings	8	90,583	45,233
Reserves	7	384,511	390,839
<b>Total shareholders' equity</b>		<b>591,553</b>	<b>552,531</b>
Minority interests in subsidiaries		-	-
<b>Total equity</b>		<b>591,553</b>	<b>552,531</b>
Capital notes		-	-
<b>Total capital funds</b>		<b>591,553</b>	<b>552,531</b>
<b>Total equity and liabilities</b>		<b>1,664,170</b>	<b>1,636,895</b>

*The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.*

**2.3 STATEMENT OF MOVEMENTS IN EQUITY**  
**For the year ended 31 March 2001**

	<b>Notes</b>	<b>2001 (\$000)</b>	<b>2000 (\$000)</b>
Equity at start of period		<b>552,531</b>	597,600
Net surplus for the period		<b>79,450</b>	68,431
Tax credit on supplementary dividend paid to foreign shareholders		<b>6,538</b>	7,170
Revaluation of Distribution System	7	<b>6,654</b>	(13,392)
Movement due to disposal of subsidiary		-	(67,852)
Distributions to owners during the period	15	<b>(47,082)</b>	(32,256)
Supplementary dividend paid		<b>(6,538)</b>	(7,170)
<b>Equity at end of period</b>		<b>591,553</b>	552,531

*The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.*

**2.4 STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2001**

	<b>Notes</b>	<b>2001 (\$000)</b>	<b>2000 (\$000)</b>
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers		<b>391,359</b>	385,157
Interest received		<b>362</b>	897
		<b>391,721</b>	386,054
<i>Cash was applied to:</i>			
Payments to suppliers & employees		<b>(155,200)</b>	(169,702)
Interest paid		<b>(65,174)</b>	(70,017)
Income taxes paid		<b>(18,202)</b>	(8,373)
		<b>(238,576)</b>	(248,092)
<b>Net cash flow from operating activities</b>	16	<b>153,145</b>	137,962
<b>Cash flows from investing activities</b>			
<i>Cash was provided from:</i>			
Proceeds from the sale of fixed assets		<b>1,981</b>	1,077
Proceeds from investments		<b>306</b>	-
Proceeds from		<b>2,287</b>	1,077
<i>Cash was applied to:</i>			
Purchases of investments		-	(135)
Purchases of fixed assets		<b>(71,092)</b>	(60,890)
		<b>(71,092)</b>	(61,025)
<b>Net cash flow from investing activities</b>		<b>(68,805)</b>	(59,948)
<b>Cash flows from financing activities</b>			
<i>Cash was provided from:</i>			
Borrowings		-	-
Related party advances		-	82,618
		-	82,618
<i>Cash was applied to:</i>			
Settlement of borrowings		<b>(33,791)</b>	(112,625)
Related party advances		<b>(1,767)</b>	
Dividends paid		<b>(46,419)</b>	(45,937)
Effect of sale of subsidiary		-	(12,266)
Purchase back of shares		-	(31,412)
		<b>(81,977)</b>	(202,240)
<b>Cash flow from financing activities</b>		<b>(81,977)</b>	(119,622)
<b>Net increase (decrease) in cash held</b>		<b>2,363</b>	(41,608)
Opening cash balances		<b>(3,098)</b>	38,510
<b>Closing cash balances</b>		<b>(735)</b>	(3,098)

*The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.*

## **2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **For the year ended 31 March 2001**

These notes refer to the numbered notes to the statements in Sections 2.1 to 2.4 and are to be read in conjunction with the statements.

## **1 STATEMENT OF ACCOUNTING POLICIES**

### ***Special purpose financial statements***

These financial statements are made pursuant to UnitedNetworks' obligations under the Electricity (Information Disclosure) Regulations 1999, read with Electricity (Information Disclosure) Amendment Regulations 2000. They are in addition to UnitedNetworks' financial statements published pursuant to UnitedNetworks' obligations under the Companies Act 1993 and the Financial Reporting Act 1993.

The Lines Business is treated as the core business and corporate activities are accounted for through the Line and Other Business financial statements. UnitedNetworks has adopted the avoidable cost allocation methodology stipulated in the Electricity Information Disclosure Handbook issued on 30<sup>th</sup> June 2000.

### ***General accounting policies***

The general accounting principles as recommended by the Institute of Chartered Accountants of New Zealand for the measurement and reporting of financial performance, financial position, movements in equity and cash flows under the historical cost method have been followed by the company with the exception of System Fixed Assets, which have been revalued to their Optimised Deprival Value (ODV) in accordance with the treatment outlined in the Electricity Information Disclosure Handbook. This is more fully explained within the particular accounting policy for Fixed Assets.

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

### ***Consolidation***

On 20 December 1999, the investment in Horizon Energy Distribution Limited (HEDL) was sold to the Bay of Plenty Electricity Consumers Trust. The Statement of Financial Performance, Statement of Movements in Equity, Statement of Cash Flows and the Reconciliation of Operating Surplus for the year-end 31 March 2000 contain the pro-rated results of HEDL to the date of sale.

### ***Income tax***

These financial statements adopt the liability method of accounting whereby the income tax expense shown in the statement of financial performance is the estimated total liability relating to the income for the period. Deferred taxation is accounted for in respect of items relating to the statement of financial performance, following the liability method, on the comprehensive basis. Where the revalued assets are intended to be held long term, the deferred taxation liability relating to the revaluation, arising from depreciation claimed for taxation purposes, is not expected to crystallise in the foreseeable future. Accordingly, the taxation liability, which would arise if the revalued assets were disposed of at valuation, has not been recognised.

The taxation effect of the timing difference not recognised is disclosed in note 5.

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)*****Fixed assets***

All fixed assets are initially recorded at cost. The cost of assets constructed by UnitedNetworks includes the cost of all material used in construction, direct labour on the project and financing costs that are directly attributable to the project. Costs cease to be capitalised as soon as the asset is ready for use.

The System Fixed Assets have been revalued as at 31 March 2001. The methodology adopts a three-step process. Firstly, an asset based valuation – the Optimised Depreciated Replacement Cost (ODRC) value is determined. Secondly, the Economic Value (EV) is established through a process of sustainability checking. Finally, the Optimised Deprival Value (ODV) – is determined as the minimum of the ODRC and the EV. The company engaged independent valuers to undertake the ODV valuation, which appears in the statement of financial position and the notes thereto.

***Financial instruments***

The company has financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations in interest rates and foreign exchange rates.

Financial instruments entered into as hedges of an underlying exposure are accounted for on the same basis as the underlying exposure. Financial instruments entered into with no underlying exposure are accounted for on a mark to market basis.

***Depreciation***

Depreciation of fixed assets, other than freehold land, has been charged at rates calculated to allocate on a straight-line basis the assets' cost or valuation, less estimated residual value, over their estimated useful lives as follows:

(i)	Freehold buildings	50 – 100 years
(ii)	Reticulation system	15 – 70 years
(iii)	Plant, vehicles and equipment	2 – 10 years

***Goodwill***

Goodwill on acquisition of businesses is amortised on a straight line basis over the period of expected benefit or 20 years, whichever is the lesser.

***Identifiable intangibles***

Identifiable intangibles arising from acquisition of reticulation assets is amortised on a straight line basis over the period of expected benefit, which has been assessed as 40 years.

***Accounts receivable***

Accounts receivable are stated at their estimated net realisable value.

***Inventory***

Inventory is stated at the lower of cost and net realisable value. In arriving at net realisable value an allowance is made for deterioration and obsolescence.

***Revenue recognition***

Income from line charges includes an estimated amount for accrued sales for charges not billed at balance date.

***Distributions from UnitedNetworks Shareholders Society Inc (UNSS)***

As with 2000, the distributions received from UNSS are treated as a distribution from a trust, being a return of dividends previously paid to the trust, of which the company is the beneficiary. Under the avoidable cost allocation methodology these distributions have been identified as dividends and allocated to the Other Business.

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)*****Statement of cash flows***

The following are the definitions of the terms used in the statement of cash flows:

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and investments that can include securities not falling within the definition of cash.
- Financing activities are those that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activations.
- Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

***Leases***

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased assets, are included in the determination of the surplus in equal instalments over the lease term.

***Changes in accounting policies***

There were no changes in accounting policies during the period.

	<b>2001</b> <b>(\$000)</b>	2000 (\$000)
<b>2 OPERATING REVENUE</b>		
Revenue from line/access charges	<b>360,588</b>	370,376
Revenue from "other" business for services carried out by the company	-	-
Interest on cash, bank balances, and short-term investments	<b>362</b>	836
AC loss-rental rebates	<b>15,892</b>	7,084
Other operating revenue not listed above	<b>12,270</b>	11,776
<b>Total operating revenue</b>	<b>389,112</b>	390,072



**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

	2001 (\$000)	2000 (\$000)
<b>3 OPERATING EXPENDITURE</b>		
Payment for transmission charges	<b>98,847</b>	105,277
Transfer payments to the "other" business for:		
Asset maintenance	<b>24,934</b>	22,556
Consumer disconnection/reconnection services	-	-
Meter data	-	-
Consumer-based load control services	-	-
Royalty and patent expenses	-	-
Avoided transmission charges on account of own generation	-	-
Other goods and services not listed above	<b>12</b>	-
<b>Total transfer payment to the "other" business</b>	<b>24,946</b>	22,556
Expense to entities that are not related parties for:		
Asset maintenance	<b>6,084</b>	6,584
Consumer disconnection/reconnection services	-	-
Meter data	-	-
Consumer-based load control services	-	-
Royalty and patent expenses	-	-
<b>Total of specified expenses to non-related parties</b>	<b>6,084</b>	6,584
Employee salaries, wages, and redundancies	<b>15,134</b>	12,488
Consumer billing and information system expense	<b>129</b>	580
Depreciation on:		
System fixed assets	<b>37,658</b>	37,545
Other assets not above	<b>5,239</b>	4,930
<b>Total depreciation</b>	<b>42,897</b>	42,475
Amortisation of:		
Goodwill	<b>87</b>	88
Other intangibles	<b>13,389</b>	13,387
<b>Total amortisation of intangibles</b>	<b>13,476</b>	13,475
Corporate and administration	<b>6,597</b>	7,450
Human resource expenses	<b>420</b>	352
Marketing/advertising	<b>922</b>	727
Merger and acquisition expenses	<b>(152)</b>	1,750
Takeover defence expenses	-	-
Research and development expenses	<b>117</b>	81
Consultancy and legal expenses	<b>3,430</b>	5,419
Donations	<b>(3)</b>	29
Directors' fees	<b>188</b>	280
Auditors' fees:		
Audit fees paid to principal auditors	<b>197</b>	170
Audit fees paid to other auditors	-	31
Fees paid for other services provided by principal and other auditors	<b>248</b>	697
<b>Total auditors' fees</b>	<b>445</b>	898
Cost of offering credit:		
Bad debts written off	<b>61</b>	43
Increase in estimated doubtful debts	<b>20</b>	36
<b>Total cost of offering credit</b>	<b>81</b>	79
Local authority rates expense	<b>462</b>	513
AC loss-rental rebates (distribution to retailers/customers)	-	-
Rebates to consumers due to ownership interest	-	-
Subvention payments	<b>4,706</b>	3,600
Unusual expenses	-	-
Other expenditure not listed above	<b>24</b>	1,533
<b>Total operating expenditure</b>	<b>218,750</b>	226,146

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

	<b>2001</b>	<b>2000</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>4</b>		
<b>Operating surplus before interest and income tax</b>	<b>170,362</b>	163,926
<b>INTEREST EXPENSE</b>		
Interest expense on borrowings	<b>64,200</b>	69,167
Financing charges related to finance leases	-	-
Other interest expense not listed above	-	-
<b>Total interest expense</b>	<b>64,200</b>	69,167
<b>Operating surplus before income tax</b>	<b>106,162</b>	94,759
<b>Income tax</b>	<b>26,712</b>	26,328
<b>Net surplus after tax</b>	<b>79,450</b>	68,431
<b>5</b>		
<b>TAXATION</b>		
Surplus from operations before taxation	<b>106,163</b>	94,759
Taxation at 33%	<b>35,034</b>	31,270
Permanent differences	<b>2,032</b>	2,978
Net benefit of tax losses transferred from group companies	<b>(10,354)</b>	(7,920)
<b>Current period taxation charge</b>	<b>26,712</b>	26,328
<b>The taxation charge is represented by</b>		
Current taxation	<b>9,367</b>	7,867
Deferred taxation	<b>17,345</b>	18,461
	<b>26,712</b>	26,328
<b>Deferred taxation reconciliation</b>		
Opening balance	<b>28,225</b>	10,768
Opening balance transferred on sale of subsidiary	-	(1,004)
Current period tax charge movement	<b>17,345</b>	18,461
<b>Closing balance</b>	<b>45,570</b>	28,225
<b>Imputation credit account</b>		
Opening balance	-	2,255
Imputation credits attached to dividends received	<b>2,383</b>	5,072
Opening balance transferred on sale of subsidiary	-	(2,140)
Correction to prior year balance	-	2,315
Taxation paid – current period	<b>20,032</b>	8,373
Imputation credits attached to dividends paid	<b>(22,415)</b>	(15,875)
<b>Imputations credits available to shareholders</b>	-	-
In respect of the valuation, there is a deferred tax liability for tax depreciation recovered amounting to approximately \$44.4 million (2000: \$35.9 million), which would crystallise if all the revalued assets were disposed of for their carrying value. This liability has not been recognised in the financial statements.		
<b>6</b>		
<b>SHARE CAPITAL</b>		
Opening balance	<b>116,459</b>	129,351
Effect of sale of subsidiary	-	(12,892)
Movement in shares	-	-
<b>Ending balance</b>	<b>116,459</b>	116,459
Shares issued by UnitedNetworks	<b>151,469,342</b>	151,469,342

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

	2001	2000		
	(\$000)	(\$000)		
<b>7 RESERVES</b>				
<b>Revaluation reserve</b>				
Opening balance	324,161	384,991		
Transfer arising from disposal of fixed assets	-	(47,438)		
Revaluation in respect of additions during the period	(1,803)	(1,030)		
Revaluation to ODV	8,457	(12,362)		
Transfer to retained earnings	(12,982)	-		
<b>Closing balance</b>	317,833	324,161		
<b>Other reserves</b>				
Opening balance	66,678	66,678		
<b>Closing balance</b>	66,678	66,678		
<b>Total reserves</b>	384,511	390,839		
<b>8 RETAINED EARNINGS</b>				
Opening balance	45,233	16,580		
Effect of sale of subsidiary	-	(7,522)		
Transfer from revaluation reserve	12,982	-		
Dividends	(47,082)	(32,256)		
Transferred from statement of financial performance	79,450	68,431		
<b>Closing balance</b>	90,583	45,233		
<b>9 ACCOUNTS PAYABLE</b>				
Trade and other creditors	43,230	32,013		
Employee entitlements	208	401		
Expenditure provision	-	2,020		
Interest payable	6,528	7,502		
	49,966	41,936		
<b>10 FIXED ASSETS</b>	At cost (\$000)	At valuation (\$000)	Accum deprn (\$000)	Net carrying value (\$000)
<b>2001</b>				
Freehold land	119		-	119
Freehold buildings	9,598		1,847	7,751
Distribution system		1,037,001		1,037,001
Plant, vehicles and equipment	43,498		25,087	18,411
Capital work in progress	28,260		-	28,260
	81,475	1,037,001	26,934	1,091,542
<b>2000</b>				
Freehold land	98	-	-	98
Freehold buildings	7,419	-	1,256	6,163
Distribution system		1,005,300		1,005,300
Plant, vehicles and equipment	32,247	-	14,995	17,252
Capital work in progress	30,244	-	-	30,244
	70,008	1,005,300	16,251	1,059,057

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

	<b>2001</b>	2000
	<b>(\$000)</b>	(\$000)
<b>11 OTHER TANGIBLE ASSETS</b>		
Taxation receivable	<b>19,116</b>	8,450
Lease	<b>1,506</b>	1,611
	<b>20,622</b>	10,061
<b>Leases comprise</b>		
Gross amount	<b>4,733</b>	4,927
Unearned interest	<b>3,159</b>	3,261
Net amount	<b>1,574</b>	1,666
Long term	<b>1,506</b>	1,611
Current	<b>68</b>	55
Interest rate	<b>8.00%</b>	8.00%
Term	<b>40 years</b>	40 years
Relating to floodlighting and high tension reticulation systems and other electrical works at the North Harbour Stadium		
<b>12 GOODWILL</b>		
Opening balance	<b>1,643</b>	1,731
Amortised during the period	<b>(87)</b>	(88)
<b>Closing balance</b>	<b>1,556</b>	1,643
<b>13 IDENTIFIABLE INTANGIBLES</b>		
Opening balance	<b>518,784</b>	531,523
Adjustment to opening balance	<b>451</b>	648
Amortised during the period	<b>(13,389)</b>	(13,387)
<b>Closing balance</b>	<b>505,846</b>	518,784
<b>14 BORROWINGS</b>		
Borrowings are made up as follows:		
Bank loans – current	-	6,600
– non-current	<b>719,800</b>	873,000
Commercial paper	<b>119,499</b>	-
	<b>839,299</b>	879,600
The borrowing repayment terms are:		
Payable within 1 year		6,600
Payable between 1 and 2 years	<b>588,122</b>	100,000
Payable between 2 and 3 years	<b>251,177</b>	773,000
Payable between 3 and 4 years		-
Payable between 4 and 5 years		-
	<b>839,299</b>	879,600

All borrowings are unsecured with all bank loans being subject to negative pledge arrangements.

Included in the borrowings payable within 1 year are bridging loans of \$465.6 million which will be refinanced in the long term capital market.

Commercial paper outstanding of \$119.5 million has been classified in the Balance Sheet as long term on the expectation that it will be continuously reissued for the foreseeable future.

Interest rates for all loans are floating based on the bank bill rate plus a margin. Interest rate risk is managed by fixed cover as per note 19.

The weighted average interest rate on all borrowings is 7.06% (2000: 7.00%).

The company has not utilised \$73.5 million under various bank facilities at balance date.

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

	<b>2001</b>	2000
	<b>(\$000)</b>	(\$000)
<b>15 DIVIDEND</b>		
Dividend paid	<b>22,854</b>	15,229
Dividend proposed	<b>24,228</b>	17,027
	<b>47,082</b>	32,256
<b>16 RECONCILIATION OF OPERATING SURPLUS AFTER TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Reported surplus after taxation	<b>79,450</b>	68,431
Add non-cash items:		
Depreciation	<b>42,897</b>	42,475
Amortisation of goodwill and intangibles	<b>13,476</b>	13,475
Increase (decrease) in deferred tax payable	<b>17,345</b>	17,457
Decrease (increase) in tax refund due	<b>(10,666)</b>	(8,055)
Deferred tax reversed on reticulation assets	-	-
Add (less) movements in working capital items:		
Decrease (increase) in accounts receivable and other debtors	<b>2,774</b>	(209)
Decrease (increase) in current portion of lease	<b>(13)</b>	7
Decrease (increase) in inventory	<b>(16)</b>	425
Increase (decrease) in accounts and sundry payables	<b>1,430</b>	(9,004)
Add (less) items classified as investing activities:		
Loss (profit) on sale of assets	<b>(70)</b>	20
Movements relating to sale/purchase of subsidiary		5,770
Supplementary dividend paid	<b>6,538</b>	7,170
<b>Net cash flow from operating activities</b>	<b>153,145</b>	137,962

**17 FINANCIAL INSTRUMENTS**

The company has a comprehensive treasury policy to manage the risks of financial instruments which is approved by the board of directors.

**Interest rate risk**

The company has long term borrowings which are used to fund ongoing activities. The company actively manages interest rate exposures in accordance with treasury policy. In this respect, at least 60% of all term debt must be fixed using interest rate swaps, forward rate agreements, options and similar derivative instruments.

The notional face value of outstanding derivative instruments at balance date are:

	<b>2001</b>	2000
	<b>(\$000)</b>	(\$000)
Interest rate swaps	<b>610,000</b>	860,000

At balance date, the weighted average interest rate for swaps is 6.81% (2000: 6.68%)

**Foreign exchange risk**

The company has, in this reporting period, conducted transactions in foreign currencies for the purposes of protecting the New Zealand dollar value of capital expenditure. At balance date the company has no significant exposure to foreign currency risk.

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)****FINANCIAL INSTRUMENTS (continued)*****Credit Risk***

In the normal course of its business, the company incurs credit risk from energy retailers, financial institutions and trade debtors. The company has a credit policy which is used to manage this exposure to credit risk.

As part of this policy, the company can only have exposures to financial institutions having at least a credit rating of A- long term and A- short term from Standard & Poors (or equivalent rating). In addition, limits on exposures to financial institutions have been set by the board of directors and are monitored on a regular basis. In this respect, the company minimises its credit risk by spreading such exposures across a range of institutions. The company does not anticipate non-performance by any of these financial institutions.

The company has a concentration of credit exposures to a few large energy retailers. To minimise this risk, the company performs credit evaluations on all energy retailers and other electricity customers and requires a bond or other form of security where deemed necessary.

***Fair values***

The estimated fair value of financial instruments at balance date is:

	2001		2000	
	Carrying amount (\$000)	Fair value (\$000)	Carrying amount (\$000)	Fair value (\$000)
Cash and bank overdraft			-	-
Bank loans	<b>719,800</b>	<b>719,800</b>	879,600	879,600
Commercial paper	<b>119,499</b>	<b>119,487</b>	-	-
Interest rate swaps mark to market gain / (loss)		<b>(22,493)</b>		23,737

The following methods and assumptions were used to estimate the fair value of each class of financial instrument where it is practical to estimate that value:

***Cash and short term deposits, short term loans***

The carrying amount of these items is equivalent to the fair value.

***Commercial paper***

The carrying amount of these items is equivalent to the fair value.

***Derivative instruments***

The fair value of interest rate swaps, forward rate agreements, interest rate options and other derivative instruments is estimated based on the quoted market prices for these instruments.

**18 SEGMENTAL REPORTING**

The predominant activity of UnitedNetworks is the ownership and operation of electricity distribution networks. All operations are conducted in New Zealand.

**19 CAPITAL COMMITMENTS**

At balance date, estimated capital expenditure contracted for but not provided was nil (2000: \$0.6 million).

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)****20 CONTINGENT LIABILITIES**

The company has provided guarantees in respect of Pacific Energy Limited liabilities to Electricity Corporation for entering into hedge contracts. The total guarantees are for a maximum amount of \$2.1 million (2000: \$2.1 million).

The company has other contingent liabilities totalling \$2.1 million (2000: \$2.0 million) consisting of:

- i) performance bonds to ensure completion of contract works; and
- ii) letters of credit to satisfy New Zealand Stock Exchange listing requirements; and
- iii) letters of credit to guarantee other payments

Contingent liabilities exist in relation to on-going disputes which are being defended.

**21 TRANSACTIONS BETWEEN RELATED PARTIES**

The principal related parties of UnitedNetworks are its holding company UtiliCorp NZ Limited. Deutsche Bank AG is a shareholder in the parent company of UtiliCorp NZ Limited and details of transactions with it have been disclosed as if Deutsche Bank AG were a related party.

	<b>2001 (\$000)</b>
Purchases from UtiliCorp NZ Limited and subsidiaries	\$1,890
Balance due to UtiliCorp NZ Limited	\$269
Balance due to UtiliCorp NZ Limited arising from transfer of tax losses	\$6,286
Advisory, financing and success fees paid to Deutsche Bank Limited	\$41
Interest payments to Deutsche Bank AG	\$10,566
Borrowings owing to Deutsche Bank AG	\$549,685
Interest and other balances due to Deutsche Bank AG	\$3,121

**Holding company**

The company is a subsidiary of UtiliCorp NZ Limited. The ultimate holding company is UtiliCorp United Inc, which is incorporated in the United States of America.

**Deutsche Bank AG**

A New Zealand subsidiary of Deutsche Bank purchased a shareholding in a parent company of UtiliCorp NZ Limited on 30 June 2000. Deutsche Bank provides advisory and financing services to UnitedNetworks. All transactions between UnitedNetworks and Deutsche Bank are conducted on an arms length basis under normal market conditions.

**UnitedNetworks Contracting Business**

The UnitedNetworks Contracting Business provided maintenance and construction work on the Lines Business assets for the period 1 April 2000 to 31 March 2001. The total outstanding balance as at 31 March 2001 is \$3.2 million (included in trade and other creditors).

Terms of settlement: settled under normal terms of trade.

Total debts w/o or forgiven: nil

Reticulation asset additions	Quantity	Unit price (\$)	Expenditure (\$000)
Construction of Subtransmission Assets	2,216	319	708
Construction of Zone Substations	156	18,734	2,923
Construction of Distribution Lines and Cables	95,046	62	5,864
Construction of Medium Voltage Switchgear	840	2,419	2,032
Construction of Distribution Transformers	591	7,591	4,486
Construction of Distribution Substations	415	3,234	1,342
Construction of Low Voltage Reticulation	131,054	52	6,811
Construction of Other System Fixed Assets as per ODV Handbook	63	2,521	159
Total reticulation asset additions	230,381		24,324
Maintenance Assets			24,934

	<b>2001 (\$000)</b>	2000 (\$000)
Advances from other business	<b>112,819</b>	114,478

**2.5 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)****22 EVENTS OCCURRING AFTER BALANCE DATE**

The directors are not aware of any significant event occurring subsequent to balance date which, if known at balance date, would have resulted in a different assessment of the amount attributable to an item in the financial statements.

---



**3. PERFORMANCE MEASURES AND STATISTICS: Regulations 15 - 22**
**3.1 FINANCIAL PERFORMANCE AND EFFICIENCY MEASURES  
For the year ended 31 March 2001**

<b>Schedule 1 – PART 3</b>		<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>1</b>	<b>Financial performance measures</b>				
<b>a</b>	Return on funds	17.99%	16.69%	13.40%	-
<b>b</b>	Return on equity	*346.81%	*235.33%	8.76%	-
<b>c</b>	Return on investment	12.87%	9.82%	9.22%	-
	Accounting return on total assets	-	-	-	9.87%
	Accounting return on Equity	-	-	-	8.04%
	Accounting rate of profit	-	-	-	8.07%
<p>*The treatment of identified intangible in the calculation of ROE from 2000 has been amended by regulation from that used in 1999.</p> <p><b>Additional Information</b> The following financial performance measures result if the full book value of the line assets purchased from TransAlta and Trustpower is included in the financial ratio calculations.</p>					
<b>a</b>	Return on funds	11.22%	10.39%	6.23%	
<b>b</b>	Return on equity	12.96%	10.75%	6.49%	
<b>c</b>	Return on investment	7.77%	5.79%	4.09%	
<b>2</b>	<b>Financial performance measures</b>				
<b>a</b>	Direct line costs per kilometre	\$1,075.69	\$1,173.41	\$1,209.32	\$975.51
	<i>a/b where</i>				
	<i>a = direct expenditure (\$)</i>	\$31,029,587	\$30,510,198	\$31,883,657	\$12,964,341
	<i>b = system length (kms)</i>	28,846.20	26,001.32	26,364.93	13,289.84
<b>b</b>	Indirect line costs per consumer	\$56.45	\$62.92	\$98.07	\$115.35
	<i>a/b where</i>				
	<i>a = indirect expenditure (\$)</i>	\$27,794,618	\$30,808,606	\$48,337,314	\$25,811,387
	<i>b = total consumers</i>	492,387	489,656	492,883	223,765

## 3.2 DERIVATION OF FINANCIAL PERFORMANCE MEASURES

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

Derivation Table	Input and Calc (\$000)	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	170,362				
Operating surplus before int. and income tax adj pursuant to reg 18 (OSBIIT)	170,362				
Interest on cash, bank balances, and short-term investments (ISTI)	362				
OSBIIT minus ISTI	170,000	a	170,000		170,000
Net surplus after tax from financial statements	79,450				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	79,450	n		79,451	
Amortisation of goodwill and amortisation of other intangibles	13,476	g	add	add 13,476	add 13,476
Subvention payment	4,706	s	add	add 4,706	add 4,706
Depreciation of SFA at BV (x)	37,658				
Depreciation of SFA at ODV (y)	37,658				
ODV depreciation adjustment	-	d	add	add	add
Subvention payment tax adjustment	10,354	s <sup>st</sup>	deduct	deduct 10,354	deduct 10,354
Interest tax shield	21,066	q			deduct 21,066
Revaluations	8,457	r			add 8,457
Income tax	26,712	p			deduct 26,712
Income tax adjustment on amortisation of other intangibles	4,418				deduct 4,418
<b>Numerator</b>			OSBIIT <sup>Adj</sup> = a + g + s + d	NSAT <sup>Adj</sup> = n + g + s - s <sup>st</sup> + d	OSBIIT <sup>Adj</sup> = a + g - q + r + s + d - p - s <sup>st</sup>
Fixed assets at end of previous financial year (FA <sub>0</sub> )	1,059,057				
Fixed assets at end of current financial year (FA <sub>1</sub> )	1,091,543				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	5,414				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	(5,361)				
Average total funds employed (ATFE) - Reg 33 time-weighted average	1,075,326	c	1,075,326		1,075,326
Total equity at end of previous financial year (TE <sub>0</sub> )	552,531				
Total equity at end of current financial year (TE <sub>1</sub> )	591,554				
Average total equity - Reg 33 time-weighted average	572,043	k		572,043	
WUC at end of previous financial year (WUC <sub>0</sub> )	30,244				
WUC at end of current financial year (WUC <sub>1</sub> )	28,260				
Average total works under construction - Reg 33 time-weighted average	29,252	e	deduct 29,252	deduct 29,252	deduct 29,252
Revaluations	8,457	r			
Half of revaluations	4,229	r/2			deduct 4,229
Intangible assets at end of previous financial year (IA <sub>0</sub> )	520,427				
Intangible assets at end of current financial year (IA <sub>1</sub> )	507,402				
Average total intangible asset - Reg 33 time-weighted average	513,915	m	deduct 513,915		
Subvention payment at end of previous financial year (S <sub>0</sub> )	3,600				
Subvention payment at end of current financial year (S <sub>1</sub> )	4,706				
Subvention payment tax adjustment at end of previous financial year	7,920				
Subvention payment tax adjustment at end of current financial year	10,354				
Average subvention payment & related tax adjustment	(4,984)	v	add (4,984)		
System fixed assets at end of previous financial year at book value (SFA <sub>book</sub> )	1,005,300				
System fixed assets at end of current financial year at book value (SFA <sub>book</sub> )	1,037,001				
Ave. value of system fixed assets at book value - Reg 33 time-weighted ave.	1,021,151	f	deduct 1,021,151		
System Fixed assets at year beginning at ODV value (SFA <sub>ODV</sub> )	1,005,300				
System Fixed assets at end of current financial year at ODV value (SFA <sub>ODV</sub> )	1,037,001				
Ave. value of system fixed assets at ODV value - Reg 33 time-weighted ave.	1,021,151	h	add 1,021,151		
<b>Denominator</b>			ATFE <sup>Adj</sup> = c - e - f + h	Ave TE <sup>Adj</sup> = k - e - m + v - f + h	ATFE <sup>Adj</sup> = c - e - 1/2r - f + h
			1,046,074	23,892	1,041,845
<b>Financial Performance Measure:</b>			ROF OSBIIT <sup>Adj</sup> /ATFE <sup>Adj</sup> x 100	ROE NSAT <sup>Adj</sup> /ATE <sup>Adj</sup> x 100	ROI OSBIIT <sup>Adj</sup> /ATFE <sup>Adj</sup> x 100
			17.99%	346.81%	12.87%

**3.3 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS**  
**For the year ended 31 March 2001**

<b>Schedule 1 – PART 4</b>		<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>1</b>	<b>Energy delivery efficiency performance measures</b>				
<b>a</b>	<b>Load factor</b>	<b>58.88%</b>	<b>58.87%</b>	<b>59.94%</b>	<b>55.70%</b>
	<i>a/bc * 100 where</i>				
	<i>a = kWh of electricity entering system</i>	7,120,433,531	6,864,048,000	6,681,341,709	3,607,989,950
	<i>b = maximum demand</i>	1,380,517	1,327,434	1,272,484	657,584
	<i>c = total number of hours in financial year</i>	8,760	8,784	8,760	9,851
<b>b</b>	<b>Loss ratio</b>	<b>5.34%</b>	<b>4.50%</b>	<b>5.44%</b>	<b>6.20%</b>
	<i>a/b * 100 where</i>				
	<i>a = losses of electricity in kWh</i>	380,164,078	309,179,016	363,708,921	223,695,377
	<i>b = kWh of electricity entering system</i>	7,120,433,531	6,864,048,000	6,681,341,709	3,607,989,950
<b>c</b>	<b>Capacity utilisation</b>	<b>37.25%</b>	<b>35.54%</b>	<b>34.03%</b>	<b>39.63%</b>
	<i>a/b * 100 where</i>				
	<i>a = maximum demand</i>	1,380,517	1,327,434	1,272,484	657,584
	<i>b = transformer capacity (kVA)</i>	3,705,855	3,735,466	3,739,313	1,659,135

**3.3 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS (continued)**

<b>Schedule 1 – PART 4</b>		<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>2</b>	<b>Statistics</b>				
<b>a</b>	<b>System length – total (kms)</b>	<b>28,846.20</b>	<b>24,910.50</b>	<b>24,218.50</b>	<b>13,289.84</b>
	110kV	36.50	25.00	25.00	25.40
	66kV	156.60	144.00	144.00	143.81
	50kV	-	-	-	-
	33kV	1,308.60	1,436.50	1,365.50	772.57
	22kV	-	-	-	-
	11kV	12,996.40	12,240.00	12,102.50	6,526.15
	6.6kV	-	-	-	-
	3.3kV	-	-	-	-
	230/400 V	14,348.10	11,065.00	10,581.50	5,821.91
<b>b</b>	<b>Circuit length – o/h (kms)</b>	<b>18,549.90</b>	<b>16,876.00</b>	<b>16,696.00</b>	<b>10,124.27</b>
	110kV	27.70	25.00	25.00	25.40
	66kV	156.60	144.00	144.00	143.81
	50kV	-	-	-	-
	33kV	1,027.30	1,072.00	1,071.50	680.88
	22kV	-	-	-	-
	11kV	9,968.50	9,321.50	9,438.00	5,465.13
	6.6kV	-	-	-	-
	3.3kV	-	-	-	-
	230/400 V	7,369.80	6,313.50	6,017.50	3,809.05
<b>c</b>	<b>Circuit length – u/g (kms)</b>	<b>10,296.30</b>	<b>8,034.50</b>	<b>7,522.50</b>	<b>3,165.57</b>
	110kV	8.80	-	-	-
	66kV	-	-	-	-
	50kV	-	-	-	-
	33kV	281.30	364.50	294.00	91.69
	22kV	-	-	-	-
	11kV	3,027.90	2,918.50	2,664.50	1,061.02
	6.6kV	-	-	-	-
	3.3kV	-	-	-	-
	230/400 V	6,978.30	4,751.50	4,564.00	2,012.86
<b>d</b>	<b>Transformer capacity (kVA)</b>	<b>3,705,855</b>	<b>3,735,466</b>	<b>3,739,313</b>	<b>1,659,135</b>
<b>e</b>	<b>Maximum demand (kWh)</b>	<b>1,380,517</b>	<b>1,327,434</b>	<b>1,272,484</b>	<b>657,584</b>
<b>f</b>	<b>Total electricity supplied from system, after losses of electricity (kWh)</b>	<b>6,740,269,453</b>	<b>6,554,868,984</b>	<b>6,317,632,788</b>	<b>3,384,294,573</b>
<b>g</b>	<b>Total amount of electricity conveyed through the system, before losses of electricity, on behalf of each person that is an electricity generator or electricity retailer or both:</b>				
	On Energy (previously TransAlta)	3,576,249,078	4,115,559,838	954,312,486	-
	Trustpower	1,483,009,486	1,236,430,880	228,008,660	-
	First Electric	54,445,430	149,231,368	-	-
	Empower	134,109,341	18,695,939	546,385	-
	Meridian	4,759,528	17,146,507	-	-
	Mighty River	20,194,008	4,396,398	-	-
	Mercury	118,160,350	2,218,739	444,189,000	-
	Contact	200,851,992	1,311,841	63,091,832	-
	Energy Waikato (NGC Wel Energy)	149,552,573	896,525	-	-
	Bay of Plenty	-	307,593	-	-
	Energy Options	-	144,289	-	-
	Genesis	313,613,163	107,161	-	-
	Todd Energy	62,935,543	-	-	-
	Carter Holt Harvey Pulp & Paper	325,821,080	-	-	-
	KCE Retail Ltd	50,576,296	-	-	-
	Phoenix	120,069	-	-	-
	Other	626,035,594	1,317,600,922	4,627,484,425	-
	<b>Total (kWh)</b>	<b>7,120,433,531</b>	<b>6,864,048,000</b>	<b>6,317,632,788</b>	<b>-</b>
<b>h</b>	<b>Total number of consumers</b>	<b>492,387</b>	<b>479,972</b>	<b>469,953</b>	<b>223,765</b>

**3.4 RELIABILITY PERFORMANCE MEASURES**  
**For the year ended 31 March 2001**

Schedule 1 – PART 5							
Interruptions		Ave Target 2002/06	Target 2002	2001	Actual		1998
					2000	1999	
1-3	Total			2,258	1,925	2,421	1,683
	Class A			-	1	5	1
	Class B - planned	825	830	831	828	1,002	645
	Class C - unplanned	1,250	1,350	1,421	1,077	1,402	1,032
	Class D			6	19	12	5
	Class E			-	-	-	-
	Class F			-	-	-	-
	Class G			-	-	-	-
	Class H			-	-	-	-
	Class I			-	-	-	-
					Within 3 hrs	Within 24 hrs	
4	Proportion of total Class C interruptions not restored					23.29%	0.21%
	a/b * 100 where						
	a = no. of interruptions not restored within					331	3
	b = total number of Class C interruptions					1,421	1,421
Faults		Ave Target 2002/06	Target 2002	2001	Actual		1998
					2000	1999	
5	Faults per 100 circuit kms			10.00	8.79	10.47	13.32
	110kV	-	-	-	-	-	-
	66kV	4.00	4.00	3.99	6.25	1.47	4.87
	50kV	-	-	-	-	-	-
	33kV	6.00	6.00	10.91	6.96	5.49	8.03
	22kV	-	-	-	-	-	-
	11kV	10.00	10.00	10.38	9.05	11.14	14.19
	6.6kV	-	-	-	-	-	-
	3.3kV	-	-	-	-	-	-
	230/400 V	-	-	-	-	-	-
6	Faults per 100 circuit kms (underground)			5.00	5.63	4.73	6.41
	110kV			-	-	-	-
	66kV			-	-	-	-
	50kV			-	-	-	-
	33kV			5.70	4.66	2.72	2.18
	22kV			-	-	-	-
	11kV			5.01	5.76	4.95	6.78
	6.6kV			-	-	-	-
	3.3kV			-	-	-	-
	230/400 V			-	-	-	-
7	Faults per 100 circuit kms (overhead)			12.00	9.77	12.06	14.58
	110kV			-	-	-	-
	66kV			3.99	6.25	3.47	4.87
	50kV			-	-	-	-
	33kV			12.35	7.74	6.25	8.81
	22kV			-	-	-	-
	11kV			12.00	10.08	12.88	15.62
	6.6kV			-	-	-	-
	3.3kV			-	-	-	-
	230/400 V			-	-	-	-

**3.4 RELIABILITY PERFORMANCE MEASURES (continued)**

<b>Schedule 1 – PART 5</b>						
	<b>Ave Targets 2002/06</b>	<b>Targets 2002</b>	<b>2001</b>	<b>Actual</b>		
				<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>8-11 SAIDI</b>			<b>130.25</b>	<b>108.88</b>	<b>179.32</b>	<b>171.19</b>
Class A			-	0.01	6.50	-
Class B - planned	14	15	15.18	17.18	22.48	28.39
Class C - unplanned	100	104	107.68	80.98	143.89	134.25
Class D			7.40	10.71	6.47	8.55
Class E			-	-	-	-
Class F			-	-	-	-
Class G			-	-	-	-
Class H			-	-	-	-
Class I			-	-	-	-
<i>a/b where</i>						
<i>a = sum of interruption duration factors</i>			64,133,932	52,257,815	84,273,989	38,306,330
Class A			-	6,661	3,052,862	-
Class B	7,500,000	7,500,000	7,472,526	8,244,468	10,562,925	6,352,688
Class C	52,500,000	52,250,000	53,018,462	38,866,409	67,619,428	30,040,451
Class D			3,642,944	5,140,277	3,038,774	1,913,191
Class E			-	-	-	-
Class F			-	-	-	-
Class G			-	-	-	-
Class H			-	-	-	-
Class I			-	-	-	-
<i>b = total consumers</i>	522,725	502,230	492,387	479,972	469,953	223,765
<b>12-15 SAIFI</b>			<b>2.03</b>	<b>1.91</b>	<b>2.38</b>	<b>2.90</b>
Class A			-	0.01	0.03	-
Class B - planned	0.10	0.10	0.09	0.11	0.14	0.18
Class C - unplanned	1.63	1.70	1.80	1.53	1.97	2.37
Class D			0.14	0.26	0.24	0.35
Class E			-	-	-	-
Class F			-	-	-	-
Class G			-	-	-	-
Class H			-	-	-	-
Class I			-	-	-	-
<i>a/b where</i>						
<i>a = sum of electricity consumers</i>			999,151	918,663	1,117,292	648,919
Class A			-	6,661	16,431	-
Class B	52,250	50,223	43,167	50,470	64,529	40,278
Class C	852,000	855,000	887,023	735,852	924,582	530,323
Class D			68,961	125,680	111,750	78,318
Class E			-	-	-	-
Class F			-	-	-	-
Class G			-	-	-	-
Class H			-	-	-	-
Class I			-	-	-	-
<i>b = total consumers</i>	522,725	502,230	479,972	479,972	469,953	223,765

**3.4 RELIABILITY PERFORMANCE MEASURES (continued)**

<b>Schedule 1 – PART 5</b>		<b>Ave Targets 2002/06</b>	<b>Targets 2002</b>	<b>2001</b>	<b>Actual</b>		<b>1998</b>
					<b>2000</b>	<b>1999</b>	
<b>16-19 CAIDI</b>				<b>64</b>	<b>57</b>	<b>75</b>	<b>59</b>
Class A				-	1	186	-
Class B - planned	144	149	173	163	164	158	
Class C - unplanned	62	61	60	53	73	57	
Class D			53	41	27	24	
Class E			-	-	-	-	
Class F			-	-	-	-	
Class G			-	-	-	-	
Class H			-	-	-	-	
Class I			-	-	-	-	
<i>a/b where</i>							
<i>a = sum of interruption duration factors</i>							
Class A			-	6,661	3,052,862	-	
Class B	7,500,000	7,500,000	7,472,526	8,244,468	10,562,925	6,352,688	
Class C	52,500,000	52,250,000	53,018,462	38,866,409	67,619,428	30,040,451	
Class D			3,642,944	5,140,277	3,038,774	1,913,191	
Class E			-	-	-	-	
Class F			-	-	-	-	
Class G			-	-	-	-	
Class H			-	-	-	-	
Class I			-	-	-	-	
<i>b = total consumers</i>							
Class A			-	6,661	16,431	-	
Class B	52,250	50,223	43,167	50,470	64,529	40,278	
Class C	852,000	855,000	887,023	735,852	924,582	530,323	
Class D			68,961	125,680	111,750	78,318	
Class E			-	-	-	-	
Class F			-	-	-	-	
Class G			-	-	-	-	
Class H			-	-	-	-	
Class I			-	-	-	-	

**3.5 ANNUAL VALUATION RECONCILIATION REPORT  
For the year ended 31 March 2001**

<b>Schedule 1 – PART 8</b>		<b>\$000</b>
	System fixed assets at ODV - end of the previous financial year	1,005,300
<i>add</i>	System fixed assets acquired during the year at ODV	62,883
<i>less</i>	System fixed assets disposed of during the year at ODV	1,981
<i>less</i>	Depreciation on system fixed assets at ODV	37,658
<i>add</i>	Revaluations of system fixed assets	8,457
	System fixed assets at ODV - end of the financial year	<b>1,037,001</b>