



# New Zealand Gazette

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## OTAGO POWER LIMITED

### INFORMATION FOR DISCLOSURE

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

**OTAGO POWER LIMITED LINE BUSINESS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2001**

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

**INFORMATION DISCLOSURE DISCLAIMER**

The information disclosed in this 2001 Information Disclosure package issued by Otago Power Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

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

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

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

**OTAGO POWER LIMITED LINE BUSINESS  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2001**

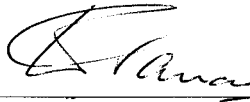
	Note	31 March 2001 \$000	31 March 2000 \$000
Operating Revenue	1	12,540	11,181
Operating Expenses	2	(8,034)	(8,447)
<b>Operating Surplus Before Rebates</b>		<b>4,506</b>	<b>2,734</b>
Rebates		-	-
<b>Operating Surplus Before Abnormal Items</b>		<b>4,506</b>	<b>2,734</b>
Abnormal Items	3	(152)	-
<b>Net Surplus Before Taxation</b>		<b>4,354</b>	<b>2,734</b>
Taxation Expense	4	(554)	-
<b>Net Surplus After Taxation</b>		<b>3,800</b>	<b>2,734</b>

**OTAGO POWER LIMITED LINE BUSINESS  
STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2001**

	Note	31 March 2001 \$000	31 March 2000 \$000
Total Equity at Beginning of Year		15,729	14,600
Net Surplus/(Deficit) for the Year		3,800	2,734
<b>Total Recognised Revenues and Expenses for the Period</b>		<b>3,800</b>	<b>2,734</b>
<b>Add Contributions from Owners During Year:</b>			
- Ordinary (Rebate) Shares Issued		-	7,870
		-	7,870
<b>Deduct Distributions to Owners During the Year:</b>			
- Ordinary Shares Redeemed		(38)	(1,712)
- Dividend on Ordinary Shares		(1,730)	(7,723)
- Dividend on Preference Shares		-	(40)
		<b>(1,768)</b>	<b>(9,475)</b>
<b>Equity at End of Year</b>	5	<b>17,761</b>	<b>15,729</b>

**OTAGO POWER LIMITED LINE BUSINESS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2001**

	Note	31 March 2001 \$000	31 March 2000 \$000
Equity	5	17,761	15,729
<i>Represented By:</i>			
<b>Current Assets</b>			
Cash and Short Term Deposits	6	5,281	2,982
Receivables	7	1,405	1,004
Inventories	8	4	-
Taxation Refund		-	429
<b>Total Current Assets</b>		<b>6,690</b>	<b>4,415</b>
<b>Non-Current Assets</b>			
Deferred Taxation	4	208	-
Fixed Assets	10	13,315	13,791
Capital Work in Progress		1,000	-
<b>Total Non-Current Assets</b>		<b>14,523</b>	<b>13,791</b>
<b>Total Assets</b>		<b>21,213</b>	<b>18,206</b>
<b>Current Liabilities</b>			
Bank Account Overdraft		-	387
Accounts Payable and Provisions	9	3,290	2,090
Provision for Taxation		162	-
<b>Total Current Liabilities</b>		<b>3,452</b>	<b>2,477</b>
<b>Total Liabilities</b>		<b>3,452</b>	<b>2,477</b>
<b>Net Assets</b>		<b>17,761</b>	<b>15,729</b>



**D L Garvan**  
Chairman of Directors



**R A Burnside**  
Director

For and on behalf of the  
Board of Directors

9 August 2001

**OTAGO POWER LIMITED LINE BUSINESS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2001**

	Note	31 March 2001 \$000	31 March 2000 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Was Provided From:</b>			
Receipts from Customers		11,180	10,501
Interest Received		395	569
		11,575	11,070
<b>Cash Was Applied To:</b>			
Payments to Suppliers and Employees		6,037	6,450
Taxes Paid		171	184
Rebates on Ordinary Shares		-	-
		6,208	6,634
<b>Net Cash Flows From Operating Activities</b>	12	<b>5,367</b>	<b>4,436</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Was Provided From:</b>			
Sale of Fixed Assets		197	16
		197	16
<b>Cash Was Applied To:</b>			
Purchase of Fixed Assets		2,116	2,641
		2,116	2,641
<b>Net Cash Flows Used in Investing Activities</b>		<b>(1,919)</b>	<b>(2,625)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash Was Provided From:</b>			
Ordinary (Rebate) Shares Issued		-	-
		-	-
<b>Cash Was Applied To:</b>			
Rebates Paid		-	-
Share Redemption		38	4,395
Dividend		724	7,137
		762	11,532
<b>Net Cash Flows Used in Financing Activities</b>		<b>(762)</b>	<b>(11,532)</b>
Net Increase/(Decrease) in Cash Held		2,686	(9,721)
Add Opening Cash Brought Forward		2,595	4,446
Methodology Change Adjustment		-	7,870
<b>Closing Cash Carried Forward</b>		<b>5,281</b>	<b>2,595</b>

## **OTAGO POWER LIMITED LINE BUSINESS STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2001**

### **GENERAL ACCOUNTING POLICIES**

#### ***Reporting Entity***

Otago Power Limited is a company registered under the *Companies Act 1993* and is also registered under the *Co-operative Companies Act 1996*.

#### ***Purpose of the Financial Statements***

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

These financial statements relate to the Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services in accordance with Section 6 of the Regulations.

#### ***Measurement Base***

The measurement base adopted is that of historical cost except for the revaluation of certain fixed assets as stated. Reliance is placed on the fact that Otago Power Limited is a going concern.

#### ***Specific Accounting Policies***

##### **(a) Avoidable Cost Allocation Methodology**

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

##### **(b) Receivables**

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

##### **(c) Inventories**

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

##### **(d) Fixed Assets**

###### ***Valuation***

The assets of the Otago Electric Power Board (OEPB) were transferred to the Company under the *Energy Companies Act 1992* in accordance with the Establishment Plan. The value of assets acquired from OEPB were determined as set out below, with subsequent additions at cost.

- (i) Distribution system assets, except standby transformers, are valued at cost less accumulated depreciation. Standby transformers are recorded at a current market value established in 1991, as valued by B Wilkes an independent valuer, less depreciation. This is a departure from the historical cost measurement base.
- (ii) Buildings, Plant and Equipment are recorded at cost less accumulated depreciation.
- (iii) Land and Roading is recorded at cost.
- (iv) Motor Vehicles are recorded at cost less accumulated depreciation.
- (v) Capital Work in Progress is stated at cost and is not depreciated.

*Depreciation*

All assets, except freehold land and roads are depreciated over their estimated useful lives on a straight line or diminishing value basis as considered appropriate, commencing from the time the assets are held ready for use.

The Economic life ranges for the various classes of assets are:

Buildings	39 to 48 years
Network	16 to 25 years
Tools, Plant and Equipment	5 years
Motor Vehicles	5 years
Computer Equipment	5 years

**(e) Income Tax**

The taxation charge against the profit for the year includes both the income tax payable on assessable income in the period and the income tax effects of timing differences using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences.

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

**(f) Goods and Services Tax**

All amounts in the financial statements have been shown exclusive of goods and services tax, with the exception of accounts receivable and accounts payable, which are shown inclusive of goods and services tax.

**(g) Operating Leases**

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

**(h) Employee Entitlements**

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

**(i) Statement of Cash Flows**

The Statement of Cash Flows is prepared exclusive of goods and services tax, which is consistent with the method used in the Statement of Financial Performance.

Definitions of the terms used in the statement of cash flows:

*"Cash"* includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the Company and the Group as part of their day-to-day cash management.

*"Investing activities"* are those activities relating to changes in the equity and debt capital structure of the Company and Group and those activities relating to the cost of servicing the Company's and the Group's equity capital.

*"Operating activities"* include all transactions and other events that are not investing or financing activities.

**CHANGES IN ACCOUNTING POLICIES**

There were no changes in accounting policies during the year ended 31 March 2001.



**OTAGO POWER LIMITED LINE BUSINESS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**1. Operating Revenue**

	31 March 2001 \$000	31 March 2000 \$000
<i>Operating Revenue Comprises:</i>		
Line Charges	11,234	10,201
Interest on Investments	395	569
Gain on Sale of Fixed Assets	34	-
Bad Debts Recovered	15	-
AC Loss Rental Rebates	530	188
Other Revenue	332	223
<b>Total Operating Revenue</b>	<b>12,540</b>	<b>11,181</b>

**2. Operating Expenses**

	31 March 2001 \$000	31 March 2000 \$000
<i>Operating Expenses Include:</i>		
Auditors Remuneration:		
- Statutory Audit	27	27
- Other	12	11
Bad and Doubtful Debts		
- Debts Written Off	4	-
- (Decrease)/Increase in Estimated Doubtful Debts	(11)	(100)
Depreciation	1,202	1,214
Directors' Fees	62	42
Interest Expense	-	-
Lease Costs	53	88
Loss on Disposal of Fixed Assets	227	35

**3. Abnormal Items**

	31 March 2001 \$000	31 March 2000 \$000
Restructuring Costs	(152)	-
<b>Total Abnormal Items</b>	<b>(152)</b>	<b>-</b>

**4. Taxation**

	<b>31 March 2001 \$000</b>	<b>31 March 2000 \$000</b>
<b>Net Surplus Before Taxation</b>	<b>4,354</b>	<b>2,734</b>
Prima Facie Taxation at 33%	1,437	902
<b>Plus/(Less) Taxation Effect of:</b>		
Permanent Differences:		
- Recognition of Taxation Losses Not Previously Recognised	(421)	(608)
- Other	(104)	(4)
Timing Differences Between Taxable Income and Accounting Income		
Not Recognised	-	(290)
Recognition of Opening Deferred Taxation Asset	(358)	-
<b>Taxation Expense</b>	<b>554</b>	<b>-</b>
<b>Comprising of:</b>		
Current Taxation	762	-
Deferred Taxation	(208)	-
	<b>554</b>	<b>-</b>
<b>Deferred Taxation Asset/(Liability):</b>		
Opening Balance	-	-
Recognition of Opening Deferred Taxation Asset	358	-
Movement in Current Year	(150)	-
<b>Closing Balance</b>	<b>208</b>	<b>-</b>

Previously future tax benefits attributable to tax losses and timing differences were not recognised as virtual certainty of realisation did not exist.

**5. Equity**

	<b>31 March 2001 Shares 000</b>	<b>31 March 2000 Shares 000</b>	<b>31 March 2001 \$000</b>	<b>31 March 2000 \$000</b>
<b>Issued Capital – Fully Paid</b>				
<b>Ordinary Shares</b>				
- Opening Balance	28,976	8,600	7,244	8,600
- Transferred from Ordinary (Rebate) Account	-	356	-	356
- Ordinary Shares Redeemed	(153)	(1,712)	(38)	(1,712)
- Share Split (\$1.00 to 25c)	-	21,732	-	-
<b>Closing Balance of Ordinary Shares at 25c Per Share</b>	<b>28,823</b>	<b>28,976</b>	<b>7,206</b>	<b>7,244</b>
<b>Ordinary (Rebate) Shares</b>				
- Opening Balance	-	356	-	356
- Transferred to Ordinary Shares	-	(356)	-	(356)
<b>Closing Balance of Rebate Shares at \$1.00 Per Share</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Rights of Shares on Issue***Ordinary Shares:*

The Nominal Value of Ordinary shares is 25c each. These shares rank pari passu on return of capital upon liquidation. The return on shares is calculated on a per share basis.

The shares are not tradeable. Ordinary shares have one vote for each share held, but a holder will not be able to exercise more than 10% of the total votes cast at a meeting of the Company.

	31 March 2001 \$000	31 March 2000 \$000
<b>Retained Earnings</b>		
- Opening Balance	8,485	5,644
- Transfer from Statement of Financial Performance	3,800	2,734
- Transfer from "Other" Business	-	7,870
- Dividend Proposed	(1,730)	(7,763)
<b>Closing Balance</b>	<b>10,555</b>	<b>8,485</b>
<b>Total Equity</b>	<b>17,761</b>	<b>15,729</b>

**6. Cash and Short Term Deposits**

	31 March 2001 \$000	31 March 2000 \$000
Current Account	72	-
Short Term Deposits	5,209	2,982
<b>Total Cash and Short Term Deposits</b>	<b>5,281</b>	<b>2,982</b>

**7. Receivables**

	31 March 2001 \$000	31 March 2000 \$000
Trade Debtors	1,405	1,015
Estimated Doubtful Debts	-	(11)
<b>Total Receivables</b>	<b>1,405</b>	<b>1,004</b>

**8. Inventories**

	31 March 2001 \$000	31 March 2000 \$000
Inventories	4	-
Work in Progress	-	-
<b>Total Inventories</b>	<b>4</b>	<b>-</b>

No inventories are pledged as securities for liabilities nor are inventories subject to retention of title clauses.

**9. Accounts Payable and Provisions**

	<b>31 March 2001 \$000</b>	<b>31 March 2000 \$000</b>
Trade Creditors	1,549	442
GST Payable	11	-
Provision for Employee Entitlements	-	7
Provision for Dividend Ordinary Shares	1,730	724
Other	-	917
<b>Total Accounts Payable and Provisions</b>	<b>3,290</b>	<b>2,090</b>

**10. Fixed Assets**

	<b>Cost</b>	<b>Accumulated Depreciation \$000</b>	<b>31 March 2001 \$000</b>	<b>31 March 2000 \$000</b>
System Fixed Assets	19,687	7,285	12,402	12,333
Centralised Load Control	-	-	-	-
Consumer Billing and Information System Assets	-	-	-	43
Motor Vehicles	-	-	-	62
Office Equipment	54	37	17	7
Land & Buildings	1,066	173	893	705
Plant & Equipment	7	4	3	641
<b>Total Net Book Value of Fixed Assets</b>	<b>20,814</b>	<b>7,499</b>	<b>13,315</b>	<b>13,791</b>

Refer Note 15 for details of valuation of the system fixed assets.

**11. Commitments**

	<b>31 March 2001 \$000</b>
<b>Operating Lease Commitments:</b>	
Operating Lease Commitments are payable as follows:	
- No later than one year	20
- Later than one year and not later than two years	14
- Later than two years and not later than five years	5
<b>Total Commitments</b>	<b>39</b>

**12. Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows**

	<b>31 March 2001 \$000</b>	<b>31 March 2000 \$000</b>
<b>Net Surplus After Taxation</b>	3,800	2,734
<b>Plus/(Less) Non Cash Items:</b>		
Depreciation	1,202	1,214
Doubtful Debts	-	100
Movement in Deferred Tax	(208)	-
	994	1,314
<b>Plus/(Less) Items Classified as Investing Activities</b>		
Loss on Sale of Fixed Assets	227	-
Gain on Sale of Fixed Assets	(35)	-
	192	-
<b>Plus/(Less) Movements in Working Capital Items:</b>		
(Increase)/Decrease in Receivables	(401)	(157)
(Increase)/Decrease in Stock and Work in Progress	(4)	(238)
(Decrease)/Increase in Accounts Payable	195	(133)
(Decrease)/Increase in Other Current Liabilities	-	916
(Decrease)/Increase in Provision for Taxation	591	-
	381	388
<b>Net Cash Flows from Operating Activities</b>	<b>5,367</b>	<b>4,436</b>

**13. Financial Instruments****Company Policy**

It is Company policy to request a Retailer to sign a "Use of System Agreement" before that Retailer is allowed to use the Company's lines to sell energy. As part of the "Use of System Agreement" it is Company policy that a Retailer maintain an acceptable credit rating of at least A3 (Moody's Investor Service Inc), A- (Standard & Poors rating group) or B+ (AM Best). If the Retailer cannot supply an acceptable credit rating then the Retailer must supply a cash bond or an irrevocable letter of credit equal to three months' line charges.

It is Company policy to review the level of bond every six months and where appropriate, adjustments to the level will be requested.

**Interest Rate Risk**

The Company subject to normal fluctuations in interest rates.

**Concentrations of Credit Risk**

The concentrations of credit risk in respect of Energy Retailers using the network is limited because any Retailer is required to maintain certain prudential requirements, detailed in the Company policy above.

With respect to Cash and Short Term Deposits, a concentration of credit risk exists with \$3,000,000 invested with one institution. The remaining \$2,281,000 is spread between various financial institutions.

**Foreign Exchange Risk**

The Company is not exposed to any foreign exchange risk.

**Fair Values**

All financial instruments shown in the Statement of Financial Position are recorded at fair value.

#### 14. Related Parties

Otago Power Limited operated the Operations Business Unit within its company structure that constructed and maintained assets on its behalf. On 1 September 2000 the Operations Business Unit was established as Otago Power Services Limited, a fully owned subsidiary of Otago Power Limited.

##### Goods and Services Provided by the Operations Business Unit were:

	31 March 2001 \$000	31 March 2000 \$000
Construction of:		
➤ Subtransmission assets	2	714
➤ Zone substations	84	391
➤ Distribution lines and cables	204	607
➤ Medium voltage switchgear	12	-
➤ Distribution transformers	45	362
➤ Distribution substations	9	-
➤ Low voltage lines and cables	-	-
➤ Other system fixed assets	-	43
Maintenance of assets	796	2,107
Consumer connections and disconnections	-	-

These transactions were recorded at cost plus an allowance for overheads.

At year end no monies were owed to the Operations Business Unit.

##### Goods and Services Provided by Otago Power Services Limited were:

	31 March 2001 \$000	31 March 2000 \$000
Construction of:		
➤ Subtransmission assets	3	-
➤ Zone substations	142	-
➤ Distribution lines and cables	367	-
➤ Medium voltage switchgear	8	-
➤ Distribution transformers	80	-
➤ Distribution substations	2	-
➤ Low voltage lines and cables	4	-
➤ Other system fixed assets	9	-
Maintenance of assets	644	-
Consumer connections and disconnections	-	-

Capital work is subject to open tender or competitive pricing.

Maintenance work is charged in accordance with a competitively priced facilities management contract established for a fixed term.

At year end \$313,000 was owing to Otago Power Services Limited.

**Goods and Services Provided to Otago Power Services Limited were:**

	<b>31 March 2001</b>	<b>31 March 2000</b>
	<b>\$000</b>	<b>\$000</b>
Interest on Advance	6	-
Rent	4	-
Lease Charges	8	-

At year end \$5,000 was owing by Otago Power Services Limited.

No related party debts have been written off or forgiven during 2001 or 2000.

**15. Annual Valuation Reconciliation Report**

	<b>31 March 2001</b>	<b>31 March 2000</b>
	<b>\$000</b>	<b>\$000</b>
System fixed assets at ODV – end of the previous financial year	55,382	53,368
<i>Add</i> system fixed assets acquired during the year at ODV	1,201	1,937
<i>Less</i> system fixed assets disposed of during the year at ODV	-	-
<i>Less</i> depreciation on system fixed assets at ODV	(2,553)	(2,460)
<i>Add</i> revaluations of system fixed assets	2,216	2,537
<b>System fixed assets at ODV – end of the financial year</b>	<b>56,246</b>	<b>55,382</b>

**16. Disclosure of Information**

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

	<b>2001 \$000</b>	<b>2000 \$000</b>
<b>Current Assets</b>		
(a) Cash and bank balances	72	-
(b) Short-term investments	5,209	2,982
(c) Inventories	4	-
(d) Accounts receivable	1,405	967
(e) Other current assets not listed in (a) to (d)	-	465
<b>Total Current Assets</b>	<b>6,690</b>	<b>4,414</b>
<b>Fixed Assets</b>		
(a) System fixed assets	12,402	12,333
(b) Consumer billing and information system assets	-	43
(c) Motor vehicles	-	62
(d) Office equipment	17	7
(e) Land and buildings	893	705
(f) Capital works under construction	1,000	-
(g) Other fixed assets not listed in (a) to (f)	3	641
<b>Total Fixed Assets</b>	<b>14,315</b>	<b>13,791</b>
<b>Other tangible assets not listed above</b>	<b>208</b>	<b>-</b>
<b>Total Tangible Assets</b>	<b>21,213</b>	<b>18,205</b>
<b>Intangible Assets</b>		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
<b>Total Intangible Assets</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$21,213</b>	<b>\$18,205</b>
<b>Current Liabilities</b>		
(a) Bank overdraft	-	387
(b) Short-term borrowings	-	-
(c) Payables and accruals	1,560	449
(d) Provision for dividends payable	1,730	724
(e) Provision for income tax	162	-
(f) Other current liabilities not listed in (a) to (e) above	-	916
<b>Total Current Liabilities</b>	<b>3,452</b>	<b>2,476</b>
<b>Non-Current Liabilities</b>		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Equity</b>		
(a) Shareholders' equity:		
(i) Share capital	7,206	7,244
(ii) Retained earnings	10,555	8,485
(iii) Reserves	-	-
<b>Total Shareholders' equity</b>	<b>17,761</b>	<b>15,729</b>
(b) Minority interests in subsidiaries	-	-
<b>Total Equity</b>	<b>17,761</b>	<b>15,729</b>
(c) Capital notes	-	-
<b>Total Capital Funds</b>	<b>17,761</b>	<b>15,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$21,213</b>	<b>\$18,205</b>



	<b>2001 \$000</b>	<b>2000 \$000</b>
<b>Operating Revenue</b>		
(a) Revenue from line/access charges.	11,234	10,201
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	395	569
(d) AC loss-rental rebates	530	188
(e) Other revenue not listed in (a) to (d)	381	223
<b>Total Operating Revenue</b>	<b>12,540</b>	<b>11,181</b>
<b>Operating Expenditure</b>		
(a) Payment for transmission charges	3,766	3,315
(b) Transfer payments to the "Other" business for:		
(i) Asset maintenance	1,440	2,107
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges on account of own generation	-	-
(vii) Other goods and services not listed in (i) to (vi) above	-	93
<b>Total transfer payment to the "Other" business</b>	<b>1,440</b>	<b>2,200</b>
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	435	-
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
<b>Total of specified expenses to non-related parties (sum of (i) to (v))</b>	<b>435</b>	<b>-</b>
(d) Employee salaries, wages and redundancies	307	383
(e) Consumer billing and information system expense	-	-
(f) Depreciation on:		
(i) System fixed assets:	1,132	999
(ii) Other assets not listed in (i)	70	215
<b>Total depreciation</b>	<b>1,202</b>	<b>1,214</b>
(g) Amortisation of:		
(i) Goodwill:	-	-
(ii) Other intangibles:	-	-
<b>Total Amortisation of Intangibles</b>	<b>-</b>	<b>-</b>
(h) Corporate and administration:	588	438
(i) Human resource expenses:	26	-
(j) Marketing/advertising:	10	7
(k) Merger and acquisition expenses:	-	-
(l) Takeover defence expenses:	-	-
(m) Research and development expenses:	-	-
(n) Consultancy and legal expenses:	80	122
(o) Donations:	-	-

	<b>2001 \$000</b>	<b>2000 \$000</b>
(p) Directors' fees:	62	42
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	27	27
(ii) Audit fees paid to other auditors:	-	-
(iii) Fees paid for other services provided by principal and other auditors:	12	11
<b>Total Auditors' fees:</b>	<b>39</b>	<b>38</b>
(r) Costs of offering credit:		
(i) Bad debts written off:	7	-
(ii) Increase in estimated doubtful debts:	(11)	(100)
<b>Total cost of offering credit:</b>	<b>(4)</b>	<b>(100)</b>
(s) Local authority rates expense:	6	8
(t) AC loss-rentals (distribution to retailers/customers) expense:	-	189
(u) Rebates to consumers due to ownership interest:	-	-
(v) Subvention payments:	-	-
(w) Unusual expenses:	-	-
(x) Other expenditure not listed in (a) to (w)	229	592
<b>Total operating expenditure</b>	<b>8,186</b>	<b>8,448</b>
<b>Operating surplus before interest and income tax</b>	<b>4,354</b>	<b>2,733</b>
<b>Interest expense</b>		
(a) Interest expense on borrowings	-	-
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
<b>Total interest expense</b>	<b>-</b>	<b>-</b>
<b>Operating surplus before income tax</b>	<b>4,354</b>	<b>2,733</b>
<b>Income tax</b>	<b>554</b>	<b>-</b>
<b>Net surplus after tax</b>	<b>\$3,800</b>	<b>\$2,733</b>

# **OTAGO POWER LIMITED LINE BUSINESS** **FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES**

PURSUANT TO REGULATION 15 OF THE ELECTRICITY (INFORMATION DISCLOSURE)  
 REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)  
 AMENDMENT REGULATIONS 2000

## **Financial Measures**

	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Return on Funds	4.49%	1.33%	2.55%	5.33%
Return on Equity	3.98%	2.20%	2.93%	4.49%
Return on Investment	7.82%	6.20%	2.93%	46.00%
Return on Investment (excluding revaluation)	3.74%			

## **Efficiency Performance Measures**

	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Direct Line Costs per Kilometre	\$568	\$588	\$761	\$503
Indirect Line Costs per Electricity Customer	\$80	\$92	\$47	\$157

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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	4,354,275				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	4,354,275				
Interest on cash, bank balances, and short-term investments (ISTI)	395,263				
OSBIT minus ISTI	3,959,012	a	3,959,012		3,959,012
Net surplus after tax from financial statements	3,799,815			3,799,815	
Net surplus after tax adjusted pursuant to Regulation 18 (NSAT)	3,799,815	n			
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	1,131,697				
Depreciation of SFA at ODV (y)	2,553,000				
ODV depreciation adjustment	-1,421,303	d	add	-1,421,303	add
Subvention payment tax adjustment	0	s*t	deduct	deduct	deduct
Interest tax shield	-130,437	q			-130,437
Revaluations	2,216,000	r			2,216,000
Income tax	554,460	p			554,460
<b>Numerator</b>			OSBIT <sup>ADJ</sup> = a+g+s+d	NSAT <sup>ADJ</sup> = n+g+s*t+d	OSBIT <sup>ADJ</sup> = a+g+q+r+s+d-p-s*t
Fixed assets at end of previous financial year (FA <sub>0</sub> )	13,791,096				
Fixed assets at end of current financial year (FA <sub>1</sub> )	13,314,824				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	66,824				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-95,715				
Average total funds employed (ATFE)	13,538,515 (or regulation 33 time-weighted average)	c	13,538,515		13,538,515
Total equity at end of previous financial year (TE <sub>0</sub> )	15,728,633				
Total equity at end of current financial year (TE <sub>1</sub> )	17,760,436				
Average total equity	16,744,535 (or regulation 33 time-weighted average)	k		16,744,535	
WUC at end of previous financial year (WUC <sub>0</sub> )	0				
WUC at end of current financial year (WUC <sub>1</sub> )	1,000,460				
Average total works under construction	500,230 (or regulation 33 time-weighted average)	e	deduct 500,230	deduct 500,230	deduct 500,230
Revaluations	2,216,000	r			
Half of revaluations	1,108,000	r/2			deduct 1,108,000

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
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	0	m		add	0
	(or regulation 33 time-weighted average)				
Subvention payment at end of previous financial year ( $S_0$ )	0				
Subvention payment at end of current financial year ( $S_1$ )	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment and related tax adjustment	0	v		add	0
System fixed assets at end of previous financial year at BV ( $SFA_{bvo}$ )	12,333,295				
System fixed assets at end of current financial year at BV ( $SFA_{bv1}$ )	12,401,492				
Average value of system fixed assets at BV	12,367,394	f	deduct 12,367,394	deduct 12,367,394	deduct 12,367,394
	(or regulation 33 time-weighted average)				
System Fixed assets at year beginning at ODV value ( $SFA_{odv0}$ )	55,382,000				
System Fixed assets at end of current financial year at ODV value ( $SFA_{odv1}$ )	56,245,774				
Average value of system fixed assets at ODV value	55,813,887	h	add 55,813,887	add 55,813,887	add 55,813,887
	(or regulation 33 time-weighted average)				
<b>Denominator</b>					
			56,484,778	59,690,798	55,376,778
			$ATFE^{Adj} = c-e-f+h$	$Ave TE^{Adj} = k-e-m+v-f+h$	$ATFE^{Adj} = c-e-f+h$
<b>Financial Performance Measure</b>					
			4.49	3.98	7.82
			$ROF = OSBIT^{Adj} / ATFE^{Adj} \times 100$	$ROE = NSAT^{Adj} / ATE^{Adj} \times 100$	$ROI = OSBIT^{Adj} / ATFE^{Adj} \times 100$

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

## OTAGO POWER LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES

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

### Energy Delivery Efficiency Performance Measures Years Ending 31 March 1998, 1999, 2000 and 2001

	2001	2000	1999	1998
(e) Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	77.5%	73.9%	71.0%	65.3%
(f) Loss Ratio (Transmission losses over energy entering the system)	6.0%	6.1%	5.2%	1.7%
(g) Capacity Utilisation (Maximum demand over total transformer capacity)	39.1%	37.5%	35.2%	39.6%

### Statistics

		66kV	33kV	22kV	11kV	6.6kV	400V	Total
System Length (km's)	1997/98	29.5	516.5	246.6	2,816.9	61.2	390.3	4,060.9
	1998/99	29.7	518.7	245.1	2,830.8	62.9	397.1	4,084.2
	1999/00	29.7	530.5	252.3	2,839.2	64.2	387.9	4,103.7
	2000/01	73.9	528.3	251.4	2,853.0	62.1	392.0	4,160.7
Overhead Lines (km's)	1997/98	29.5	528.0	246.6	2,812.7	59.9	374.8	4,039.7
	1998/99	29.7	530.2	245.1	2,826.5	61.6	381.7	4,062.8
	1999/00	29.7	518.3	252.3	2,834.5	62.9	372.4	4,082.0
	2000/01	73.9	516.2	251.4	2,848.1	60.8	376.5	4,138.8
Underground Cables (km's)	1997/98	0	0.3	0	4.2	1.3	15.5	21.2
	1998/99	0	0.3	0	4.4	1.3	15.5	21.4
	1999/00	0	0.3	0	4.6	1.3	15.5	21.7
	2000/01	0	0.3	0	4.9	1.3	15.5	22.0

	TX Capacity	Maximum Demand	Electricity Supplied	Electricity Conveyed	Total Customers
1997/98	118,164	46,760	262,850,444	267,402,909	14,480
1998/99	124,848	43,972	259,409,222	273,633,706	14,861
1999/00	128,005	48,028	292,526,791	311,661,233	14,231
2000/01	127,837	49,946	318,765,114	338,969,936	14,297

Retailer	KWh (2000/01)	KWh (1999/00)	KWh (1998/99)
Otago Power Limited			273,633,706
Retailer A	12,590,717	8,559,520	
Retailer B	168,558,852	178,392,435	
Retailer C	64,062		
Retailer D	157,435,972	124,709,278	
Retailer E	26,439		
Retailer F	293,894		
<b>Total</b>	<b>338,969,936</b>	<b>311,661,233</b>	<b>273,633,706</b>

## OTAGO POWER LIMITED LINE BUSINESS RELIABILITY PERFORMANCE MEASURES

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

### Reliability Statistics For Years Ending 31 March 1998, 1999, 2000 and 2001

Class		A	B	C	D	E	F	G	TOTAL
Interruptions	1997/98	0	153	289	0	0	0	0	442
	1998/99	1	184	291	4	0	0	0	480
	1999/00	1	87	236	2	0	0	0	326
	2000/01	2	107	216	3	0	0	0	328
Predicted 2001/2002			82	211					
5-Year Average Target			73	186					
SAIDI	1997/98	0	157.4	295.6	0	0	0	0	453.0
	1998/99	64.8	119.8	220.8	88.1	0	0	0	493.5
	1999/00	19.2	143.6	177.2	19.6	0	0	0	359.6
	2000/01	125.9	64.0	133.4	8.9	0	0	0	332.2
Predicted 2001/2002			102.0	170.0					
5-Year Average Target			88.8	146.9					
SAIFI	1997/98	0	1.16	2.20	0	0	0	0	3.36
	1998/99	0.22	0.87	1.58	0.86	0	0	0	3.53
	1999/00	0.21	0.65	1.97	0.84	0	0	0	3.67
	2000/01	0.43	0.48	1.95	0.26	0	0	0	3.12
Predicted 2001/2002			0.60	1.90					
5-Year Average Target			0.60	1.65					
CAIDI	1997/98	34.4	0	135.7	134.4	0	0	0	134.8
	1998/99	294.5	137.7	139.7	102.4	0	0	0	139.8
	1999/00	91.3	221.0	89.9	23.4	0	0	0	98.0
	2000/01	292.7	133.4	68.4	34.4	0	0	0	106.5
Predicted 2001/2002			170.0	89.5					
5-Year Average Target			148.0	89.0					

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	1997/98	0	2.00	13.00	10.21
	1998/99	0	3.00	15.00	13.19
	1999/00	0	2.00	7.00	6.22
	2000/01	0	2.27	6.58	5.85
UG per 100km	1997/98	0	0	0	0
	1998/99	0	0	0	0
	1999/00	0	0	0	0
	2000/01	0	0	0	0
Total per 100km	1997/98	0	2.00	12.98	10.24
	1998/99	0	3.00	14.98	13.16
	1999/00	0	2.00	6.98	6.21
	2000/01	0	2.27	6.57	5.84
Predicted 2001/2002		0	2.10	6.30	5.50
5-Year Average Target		0	1.90	5.50	4.91

Class C Interruptions Not Restored in	3 hours	12.5%
Class C Interruptions Not Restored in	24 hours	0


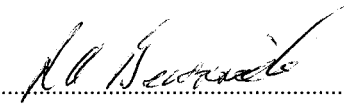
## OTAGO POWER LIMITED

### CERTIFICATION OF FINANCIAL STATEMENTS PERFORMANCE MEASURES AND STATISTICS

We, Duncan Leishman Garvan and Robert Adam Burnside, Directors of Otago Power Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

- a) The attached audited financial statements of Otago Power Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations; and
- b) The attached information being the derivation table, financial measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Otago Power Limited and having been prepared for the purpose of Regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

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

Signed:  

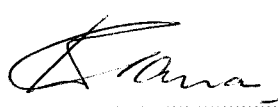

Dated: 9/8/01 9/8/01

## CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

We, Duncan Leishman Garvan and Robert Adam Burnside, Directors of Otago Power Limited, certify that, having made all reasonable inquiry, to the best of our knowledge:

- (a) The attached valuation report of Otago Power 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 Otago Power Limited is \$125,542,919; and
- (c) The depreciated replacement cost of the line business system fixed assets of Otago Power Limited is \$56,737,681; and
- (d) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Otago Power Limited is \$56,287,862; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Otago Power Limited is \$56,245,774; and
- (f) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook.

These values are as at 31 March 2001.

Signed:  

Dated: 9/8/01 9/8/01



## STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO SECRETARY

I, Duncan Leishman Garvan of 6 Charlotte Street, Dunedin, being a Director of Otago Power Limited, solemnly and sincerely declare that having made all reasonable inquiry, 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.

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

Signed: .....  .....

Declared at Dunedin this ..... 9th ..... day of ..... AUGUST ..... 2001.

Signed: .....  .....

[Solicitor]

DAN. D. JOHN. STOCK

I, Robert Adam Burnside, of Pukekoma, RD 2, Balclutha, being a Director of Otago Power Limited, solemnly and sincerely declare that having made all reasonable inquiry, 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.

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

Signed: .....  .....

Declared at Dunedin this ..... 9th ..... day of ..... AUGUST ..... 2001.

Signed: .....  .....

[Solicitor]

DAN. D. JOHN. STOCK



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## AUDITORS OPINION IN RELATION TO ODV VALUATION

### OTAGO POWER LIMITED

I have examined the valuation report of Otago Power Limited prepared by KPMG and dated 26 June 2001, which contains valuations of system fixed assets as at 31 March 2001.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report, including the total valuation of system fixed assets of \$56,245,774 have been made in accordance with the ODV Handbook.

A handwritten signature in black ink, appearing to read 'Peter Young', written over the printed name and title.

Peter Young  
Partner

26 June 2001



REPORT OF THE AUDIT OFFICE TO THE READERS OF THE  
FINANCIAL STATEMENTS OF OTAGO POWER LIMITED  
FOR THE YEAR ENDED 31 MARCH 2001

We have audited the financial statements of Otago Power Limited on pages 2 to 17. The financial statements provide information about the past financial performance of Otago Power Limited and its financial position as at 31 March, 2001. This information is stated in accordance with the accounting policies set out on pages 6 to 7.

**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 Otago Power Limited as at 31 March, 2001, and results of 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 Patrick F Heslin of Deloitte Touche Tohmatsu to undertake the audit.

**Basis of Opinion**

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

- the significant estimates and judgements made by Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Otago Power 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 in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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



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

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

In our opinion -

- proper accounting records have been maintained by Otago Power Limited as far as appears from our examination of those records; and
- the financial statements on pages 2 to 17 -
  - a) comply with generally accepted accounting practice; and
  - b) give a true and fair view of the financial position of Otago Power Limited as at 31 March, 2001 and the results of its operations and cash flows for the year then ended; and
  - c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 9 August, 2001 and our qualified opinion is expressed as at that date.

Patrick F Heslin  
Deloitte Touche Tohmatsu  
On behalf of the Controller and Auditor-General  
Dunedin, New Zealand

**Deloitte  
Touche  
Tohmatsu****ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999-  
SCHEDULE 3, FORM 3, CERTIFICATION OF PERFORMANCE MEASURES BY  
AUDITORS****AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES OF OTAGO  
POWER LIMITED**

We have examined the information on pages 14 and 18 to 20, being:

- a) The derivation table in regulation 16; and
- b) The annual ODV reconciliation report in regulations 16A; and
- c) The time-weighted averages calculations in regulation 33; 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 Otago Power Limited and dated 31 March, 2001 for the purposes of regulations 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.



Patrick F Heslin  
Deloitte Touche Tohmatsu  
On behalf of the Controller and Auditor-General  
Dunedin, New Zealand

9 August 2001