SUPPLEMENT TO

New Zealand Gazette

OF THURSDAY, 9 AUGUST 2001

WELLINGTON: TUESDAY, 14 AUGUST 2001 — ISSUE NO. 89

COUNTIES POWER LIMITED

INFORMATION FOR DISCLOSURE

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

COUNTIES POWER LIMITED – LINE BUSINESS ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

Counties Power Limited's electricity business for the year ended 31 March 2001 consisted of line business activities, electrical contracting and other business activities. To provide the best service to customers these activities were undertaken as a single operation. Accordingly statutory financial reporting and management reporting do not distinguish between line business and other activities. For the purposes of these financial statements the reporting entity has been established using the prescribed allocation methodology to provide accounting separation.

Note that the accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6 (2) and 6 (3) of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPOWER

We, Neil Simmonds and Paul Muir, principals of Counties Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

a) The attached audited financial statements of Counties Power Limited Line Business prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations; and

b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Counties Power Limited's Line Business, and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

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

N. Simmonds	P. G. Muir
Chief Executive Officer	Chairman

2 August 2001

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
113-119 The Terrace
PO Box 243
Wellington, New Zealand
Telephone +64 4 462 7000
Facsimile +64 4 462 7001

Report of the Audit Office

To the readers of the financial statements of Counties Power Limited Line Business for the year ended 31 March 2001.

We have audited the accompanying financial statements of Counties Power Limited Line Business. The financial statements provide information about the past financial performance of Counties Power Limited Line Business and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 Counties Power Limited Line Business as at 31 March 2001, and results of operations and cash flows for the year then ended.

Auditors' 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 A S Wotton of PricewaterhouseCoopers to undertake the audit.

Basis of opinion

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

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Counties Power Limited Line Business 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

PRICEWATERHOUSECOOPERS

material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Unqualified opinion

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

In our opinion:

- proper accounting records have been maintained by Counties Power Limited Line Business as far as appears from our examination of those records; and
- the accompanying financial statements:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of Counties Power Limited Line Business as at 31 March 2001 and the results of its operations and cash flows for the year then ended; and
  - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 2 August 2001 and our unqualified opinion is expressed as at that date.

A S Wotton
PricewaterhouseCoopers
Chartered Accountants
On behalf of the Controller and Auditor-General
Auckland, New Zealand

Counties Power Limited – Line Business
STATEMENT OF FINANCIAL PERFORMANCE
For the Year ended 31 March 2001

	Notes	31 March 2001 $000	31 March 2000 $000
TOTAL OPERATING REVENUE	(2)	25,364	23,965
TOTAL OPERATING EXPENDITURE	(3)	(20,257)	(16,316)
OPERATING SURPLUS BEFORE INTEREST AND INCOME TAX		5,107	7,649
INTEREST EXPENSE	(3)	(406)	(427)
OPERATING SURPLUS BEFORE INCOME TAX		4,701	7,222
INCOME TAX	(4)	(936)	(2,397)
NET SURPLUS AFTER TAX		3,765	4,825

STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ended 31 March 2001

	Notes	31 March 2001 $000	31 March 2000 $000
EQUITY AT BEGINNING OF YEAR		38,438	33,863
Revaluation of Fixed Assets	(6)	32,862	-
Net Profit for Year		3,765	4,825
Total Recognised Revenues and Expenses		36,627	4,825
Dividend		-	(250)
EQUITY AT END OF YEAR		75,065	38,438

Counties Power Limited – Line Business
STATEMENT OF FINANCIAL POSITION
As at 31 March 2001

	Notes	31 March 2001 $000	31 March 2000 $000
CURRENT ASSETS			
Cash and bank balances		-	-
Short-term investments		-	-
Inventories		-	-
Accounts receivable	(7)	3,913	2,250
Other current assets		-	-
TOTAL CURRENT ASSETS		3,913	2,250
FIXED ASSETS	(10)	90,222	46,221
OTHER TANGIBLE ASSETS		-	-
TOTAL TANGIBLE ASSETS		94,135	48,471
INTANGIBLE ASSETS			
Goodwill		-	-
Other Intangibles		-	-
TOTAL INTANGIBLE ASSETS		-	-
TOTAL ASSETS		**94,135**	**48,471**
CURRENT LIABILITIES			
Bank Overdraft		-	-
Borrowings	(8)	6,287	4,911
Payables and accruals	(9)	3,134	3,108
Provision for dividend payable		-	-
Provision for income tax			13
Other current liabilities		-	-
TOTAL CURRENT LIABILITIES		9,421	8,032
NON-CURRENT LIABILITIES			
Payables and accruals		-	-
Borrowings	(8)	-	-
Deferred taxation	(4)	9,649	2,001
Other non-current assets		-	-
TOTAL NON-CURRENT LIABILITIES		9,649	2,001
SHAREHOLDERS' EQUITY			
Share capital	(5)	29,311	29,311
Retained earnings		12,142	9,127
Dividend proposed	(14)	750	-
Asset revaluation reserve	(6)	32,862	-
TOTAL SHAREHOLDERS' EQUITY		75,065	38,438
MINORITY INTERESTS IN SUBSIDIARIES		-	-
CAPITAL NOTES		-	-
TOTAL CAPITAL FUNDS		75,065	38,438
TOTAL EQUITY AND LIABILITIES		**94,135**	**48,471**

Counties Power Limited – Line Business
STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2001

	Notes	31 March 2001 $000	31 March 2000 $000
CASHFLOW FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		25,152	21,620
Interest from cash management		-	144
		25,152	21,764
Cash was applied to:			
Payments to suppliers and employees		(9,548)	(9,879)
Discounts credited		(7,157)	(2,331)
Income tax paid		(1,436)	(1,628)
Interest Paid		(406)	(427)
Net GST paid		(1,021)	(1,174)
		(19,568)	(15,439)
Net Cashflows from operating activities	11	5,584	6,325
CASHFLOW FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of plant & property		24	103
Transfer of fixed assets to other business		826	351
		850	454
Cash was applied to:			
Purchase and construction of fixed assets		(7,810)	(7,420)
		(7,810)	(7,420)
Net cash (used)/generated by investing activities		(6,960)	(6,966)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Loan drawdowns		1,376	4,911
		1,376	4,911
Cash was applied to:			
Term Loan repayments		-	(8,667)
Dividend Paid		-	(250)
		-	(8,917)
Net cash (used)/generated by financing activities		1,376	(4,006)
Net increase/(decrease) in cash held		-	(4,647)
Add opening cash/(borrowings) brought forward		-	4,647
Ending cash carried forward		-	-

Counties Power Limited – Line Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2001

1. STATEMENT OF ACCOUNTING POLICIES

STATUTORY BASE

These financial statements are presented in accordance with Regulation 6 of the Electricity (Information Disclosure) Regulations 1999.

REPORTING ENTITY

Counties Power's electricity business for the year ended 31 March 2001 consisted of line business activities, electrical construction, garage workshop services and other related activities. To provide the best service to customers these activities were undertaken as a single operation. Accordingly statutory financial reporting and management reporting do not distinguish between line business and other business activities. For the purposes of these financial statements the reporting entity has been established using the prescribed allocation methodology to provide accounting separation.

MEASUREMENT BASE

The financial statements have been prepared on the historic cost basis, as modified by the revaluation of certain assets in the 31 March 2001 year, and as identified in specific accounting policies below.

ACCOUNTING POLICIES

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

Sales

Sales comprise the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Line revenue is charged to customers based mainly upon the volume of energy transmitted through lines. The volume of energy upon which invoicing is based, is advised to the Company by Electricity Retailers. This information is in turn based upon a combination of actual meter reads and assessments.

Investment Income

Interest and rental income are accounted for as earned.

Goods and Services Tax (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Accounts Receivable

Accounts receivable are stated at expected net realisable value after providing against debts where collection is doubtful.

Employee Entitlements

Employee entitlements to salaries and wages, annual leave, long service leave and other benefits are recognised when they accrue to employees.

Fixed Assets

Initial Recording

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

The cost of self-constructed assets includes the cost of all materials used in construction, direct labour and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Change in Accounting Policy

In previous years Distribution system assets have been recorded at cost. These assets have been revalued for the first time to Depreciated Replacement Cost as at 31 March 2001. The valuation was undertaken by Meritec Limited, Valuers. This has resulted in an increase in their value and creation of a revaluation reserve. This change has not affected the profit result for the year.

Impairment

Annually, the directors assess the carrying value of major assets. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment, if any, is recognised in the statement of financial performance.

Depreciation

Fixed assets have been depreciated, so as to write off cost less estimated residual value over their estimated useful lives, on the following basis:

Distribution System	4% Straight Line (SL) 6.7% to 10% SL for Meters 4% SL for Relays 22% Diminishing Value (DV) for system automation equipment
Buildings	2% SL for majority of buildings (some at 1% SL)
Plant & Equipment	40% DV for computer hardware and software 20% and 25% DV for other items
Motor Vehicles	20% and 25% DV for majority of vehicles

Following the revaluation of Distribution System assets at 31 March 2001, estimated useful lives of Distribution System fixed assets has been reviewed. As a consequence of this, depreciation will in future be calculated based upon estimated useful lives of between 15 and 70 years.

Taxation

The tax expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and tax rules.

The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax under the liability method.

A deferred tax asset, or the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences, or losses, will be utilised.

Statement of Cash Flows

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

a) Cash is considered to be cash on hand, current accounts in banks net of bank overdrafts and short term deposits with banks.

b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.

c) Financing activities are those activities that result in changes in the size and composition of the capital structure. Dividends paid in relation to the capital structure are included in financing activities.

d) Operating activities include all transactions and other events that are not investing or financing activities.

Financial Instruments

Counties Power Limited had no financial instruments with off-balance sheet risk during or at the end of the year (2000 Nil).

CHANGES IN ACCOUNTING POLICY

During the year the company changed its accounting policy with respect to valuation of Distribution System assets. These are now valued at Depreciated Replacement Cost. They were previously valued at historical cost.

There have been no other changes in accounting policies.

2. REVENUE

	2001 $000	2000 $000
Revenue from line/access charges	22,708	22,273
Revenue from "Other" Business for services carried out by the line business	-	-
Interest on cash, bank balances and short-term investments	-	144
AC loss-rental rebates	971	378
Other operating revenue	1,685	1,170
Total Operating Revenue	25,364	23,965

3. OPERATING EXPENDITURE

	2001 $000	2000 $000
Transmission charges	4,550	5,179
Transfer payments to the "Other" business for -		
Asset maintenance	1,531	1,244
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 provided by "Other" business	-	-
Total transfer payment to the "Other" business	1,531	1,244
Expense to entities that are not related parties for -		
Asset maintenance	580	491
Consumer disconnection/reconnection services	-	-
Meter data	-	-
Consumer based load control services	-	-
Royalty and patent expenses	-	-
Total of specified expenses to non-related parties	580	491
Employee salaries, wages and redundancies	1,393	1,151
Consumer billing and information system expense	-	-
Depreciation on -		
System fixed assets	2,604	2,152
Other assets not listed	453	677
Total depreciation	3,057	2,829

Amortisation of -		
Goodwill	-	-
Other intangibles	-	-
Total amortisation of intangibles	-	-
Corporate and administration	319	676
Human resource expenses	229	394
Marketing/advertising	150	192
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	360	110
Donations	-	-
Directors' fees	114	95
Auditors' fees -		
Audit fees paid to principal auditors	29	34
Audit fees paid to other auditors	-	-
Fees paid for other services provided by the principal & other auditors	43	10
Total auditors' fees	72	44
Cost of offering credit -		
Bad debts written off	13	45
Increase in estimated doubtful debts	-	6
Total cost of offering credit	13	51
Local authority rates expense	17	18
AC loss-rental rebates (distribution to retailers/customers) expense	-	-
Customer discounts	7,299	2,330
Subvention payments	-	-
Unusual expenses	-	-
Loss on disposal of fixed assets	10	66
Gain on disposal of fixed assets	-	-
Other expenditure not listed	563	1,446
Total Operating Expenditure	20,257	16,316
Interest Expense:		
Interest expense on borrowings	406	427
Financing charges related to finance leases	-	-
Other interest expense	-	-
Total Interest Expense	406	427

4. TAXATION

	2001 $000	2000 $000
Accounting profit/(loss) before taxation	4,701	7,222
Prima facie taxation/(credit) @ 33%	1,551	2,383
Plus/(less) taxation effect of:		
Overestimation in prior year	(340)	-
Non deductible expenses	37	6
Other permanent differences	(312)	8
Income Tax Attributable to Net Operating Surplus/(Loss)	936	2,397

The taxation charge is represented by:

	2001 $000	2000 $000
Current Taxation	539	2,109
Deferred Taxation	397	288
	936	2,397

Deferred taxation is represented by:

	2001 $000	2000 $000
Deferred taxation 1 April 2000	2,001	1,713
Current charge	397	288
Effect of revaluation of assets	7,251	-
Deferred taxation liability 31 March 2001	9,649	2,001

Imputation credit account:

	2001 $000	2000 $000
Balance as at 1 April 2000	433	2,341
Income tax payments made during the period:		
Line Business	1,436	1,628
Other Business	416	35
Imputation credits attached to dividends paid to shareholders:		
Line Business	-	(123)
Other Business	-	(3,448)
Balance as at 31 March 2001	2,285	433

Imputation credits are recorded for both the Line and Other Businesses, as the two businesses operate as a single legal and tax entity. As a consequence all imputation credits are available for utilisation by either or both businesses.

5. SHARE CAPITAL

	2001 $000	2000 $000
Issued and Paid In Capital: 15,000,000 Ordinary Shares	29,311	29,311

6. ASSET REVALUATION RESERVE

	2001 $000	2000 $000
BALANCE AT BEGINNING OF YEAR	-	-
Revaluation	40,113	-
Deferred tax effect of revaluation	(7,251)	-
BALANCE AT END OF YEAR	32,862	-

7. ACCOUNTS RECEIVABLE

	2001 $000	2000 $000
Trade Debtors	2,362	1,952
Prepayments	100	111
Other Debtors	567	187
Tax Refund Due	884	-
	3,913	2,250

8. BORROWINGS

	2001 $000	2000 $000
CURRENT		
Bank Overdraft	-	-
Loan from Other Business	6,287	4,911
Term Loan – Current Portion	-	-
	6,287	4,911
NON-CURRENT		
Term Loan	-	-
	6,287	4,911

There were no loans owning externally at year-end (2000 Nil), however a standby facility was in place. There was no security held over the assets of the company (2000 Nil), although a negative pledge agreement exists.

Interest has been charged in respect of the loan provided by the Other Business at the rate of 6.50%.

9. PAYABLES AND ACCRUALS

	2001 $000	2000 $000
Accounts Payable	2,828	2,771
Other Accruals	180	205
Accrued Payroll	126	132
	3,134	3,108

10. FIXED ASSETS

	Cost/Valuation $000	Accumulated Depreciation $000	Net Book Value $000
		2001	
System fixed assets at valuation	83,967	-	83,967
Capital works under construction	1,945	-	1,945
Motor vehicles	548	294	254
Consumer billing & information systems	568	489	79
Office equipment	3,795	2,452	1,343
Land	895	-	895
Buildings	2,411	672	1,739
Other fixed assets	-	-	-
	94,129	3,907	90,222
		2000	
System fixed assets	54,482	18,737	35,745
Capital works under construction	7,431	1,109	6,322
Motor vehicles	545	285	260
Consumer billing & information systems	568	457	111
Office equipment	3,279	2,150	1,129
Land	895	-	895
Buildings	2,377	618	1,759
Other fixed assets	-	-	-
	69,577	23,356	46,221

The major property holding of the Line business comprised the depot complex at Glasgow Road and Nelson Street, Pukekohe. This property was valued as at 1 September 2000 by Value and Management Services Limited as part of a General Revaluation by the Franklin District Council. This valuation amounted to $1,975,000. The accounting book value in the Financial Statements in respect of this property as at 31 March 2001 was $1,857,000 (2000 $1,851,000).

Other properties with a total accounting book value amounting to $777,000 were not included in the above valuation.

11. RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	2001 $000	2000 $000
Reported surplus after taxation	3,765	4,825
Add non-cash items:		
Depreciation	3,057	2,829
Movement in deferred tax	397	288
	3,454	3,117
Add item classified as investing activity		
Net (gain)/loss on disposal of fixed assets	15	-
	15	-
Movement in working capital:		
Increase in accounts payable	26	103
(Decrease)/Increase in taxation payable	(13)	13
(Increase)/Decrease in taxation receivable	(884)	468
Decrease in accounts receivable	(779)	(2,201)
	(1,650)	(1,617)
Net cash inflow/(outflow) from operating activities	5,584	6,325

12. OPERATING LEASE COMMITMENT

Counties Power Limited Line Business had no operating lease commitments (2000 Nil).

13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Counties Power Limited Line Business had commitments for future capital expenditure at 31 March 2001 totalling $761,000 (2000: $1,139,000).

There were no material contingent liabilities at 31 March 2001.

14. EVENTS OCCURRING AFTER BALANCE DATE

A dividend of $1.0 million is proposed to be paid out of 31 March 2001 profits. Of this, $750,000 has been attributed to the Line Business. This has not been recorded as a liability, but shown in the Statement of Financial Position as a separate component of equity.

15. FINANCIAL INSTRUMENTS

(A) Nature of activities and management policies with respect to financial instruments.

(i) The company incurs credit risk from transactions with trade debtors and financial institutions in the normal course of business. At balance date the company had a significant concentration of credit risk relating to the amount receivable from Electricity Retailers. The company has a programme to manage this risk concentration, including adhering to specific credit policy requirements, insurance arrangements and having the contractual ability to require security to be provided by these customers under certain circumstances.

The maximum estimated credit exposure in respect of trade debts is:

- Total asset class - $2.2 million (2000 $2.0 million)
- Debts subject to significant debt concentration risk - $1.6 million (2000 $2.0 million)

The company does not generally require collateral or security to support financial instruments other than as outlined above, due to the quality of the financial institutions dealt with.

(ii) The company does not generally undertake any transactions denominated in foreign currencies apart from the purchase of distribution system equipment and does not hold any long term borrowings.

(B) Fair Values

Cash and Liquid Deposits, Short and Long Term Loans, Accounts Payable and Receivable.

The carrying value of these items is equivalent to their fair value.

16. RELATED PARTY TRANSACTIONS

(a) The Line business enters into transactions with the "Other" Business. The relationship is managed on an arms length basis, with significant contracts generally awarded by the Line business on a competitive tendering basis.

(b) & (c)
The services provided by the "Other" Business generally include normal electrical construction, maintenance and fault response services related to the Line business electrical network.

(d) Services provided were in the following categories and at total prices as indicated in $000:

	2001 $000	**2000 $000**
Construction of subtransmission assets	32	5
Construction of zone substations	-	-
Construction of distribution lines and cables	688	855
Construction of medium voltage switch gear	-	-
Construction of distribution transformers	210	94
Construction of distribution substations	67	94
Construction of low voltage reticulation	172	243
Construction of other system fixed assets	26	19
Maintenance of assets	1,531	1,242

(e) Services were provided throughout the financial year.

(f) There were no outstanding trade balances owing at year end for services performed by the Other business for the Line business, as payment is effected by way of accounting entry at the end of each month. Loan funding was provided by the Other business to the Line Business, as disclosed in Note 8. As the Line and Other Businesses operate as a single legal entity no formal loan documentation is prepared in respect of loans between them. The loan has been treated in the Line Business financial statements as being on-call.

(g) No debts arising from related party transactions have been written off or forgiven during the year.

(h) No transactions were undertaken at a nil or nominal value, other than minor items as would occur in a normal arms length relationship.

17. ODV VALUATION

The ODV valuation of Counties Power Limited Line Business Distribution System assets was calculated at $83,966,707 at 31 March 2001 by Meritec Limited.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
23-29 Albert Street
Private Bag 92162
Auckland, New Zealand
DX CP24073
Telephone +64 9 355 8000
Facsimile +64 9 355 8001

AUDIT OFFICE OPINION OF THE PERFORMANCE MEASURES OF COUNTIES POWER LIMITED LINE BUSINESS.

We have examined the attached information being -

(a) the derivation table in regulation 16; and

(b) the annual ODV reconciliation report in regulation 16A; and

(c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and

(d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, -

that were prepared by Counties Power Limited – Line Business and dated 31 March 2001 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A S Wotton
PricewaterhouseCoopers
Chartered Accountants
On behalf of the Controller and Auditor-General
Auckland, New Zealand
2 August 2001

Counties Power Limited – Line Business
Derivation Table of Financial Performance Measures from Financial Statements
Pursuant to Regulation 16 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 7
For the Year Ended 31 March 2001

Derivation Table	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	5,107							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	5,107							
Interest on cash, bank balances, and short-term investments (ISTI)	0							
OSBIIT minus ISTI	5,107	a		5,107				5,107
Net surplus after tax from financial statements	3,765							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	3,765	n				3,765		
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add	0	add	0
Subvention payment	0	s	add	0	add	0	add	0
Depreciation of SFA at BV (x)	2,604							
Depreciation of SFA at ODV (y)	2,363							
ODV depreciation adjustment	242	d	add	242	add	242	add	242
Subvention payment tax adjustment	0	s*t			deduct	0	deduct	0
Interest tax shield	134	q					deduct	134
Revaluations	(144)	r					add	(144)
Income tax	936	p					deduct	936
Numerator				**5,349** OSBIIT^{ADJ} = a+g+s+d		**4,007** NSAT^{ADJ} = n+g+s-s*t+d		**4,135** OSBIIT^{ADJ} = a+g-q+r+s+d-p-s*t
Fixed assets at end of previous financial year (FA_0)	46,221							
Fixed assets at end of current financial year (FA_1)	90,222							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	(858)							
Adjusted net working capital at end of current financial year ($ANWC_1$)	779							
Average total funds employed (ATFE)	68,182 (or regulation 33 time-weighted average)	c		68,182				68,182
Total equity at end of previous financial year (TE_0)	38,438							
Total equity at end of current financial year (TE_1)	75,065							
Average total equity	56,752 (or regulation 33 time-weighted average)	k				56,752		
WUC at end of previous financial year (WUC_0)	6,322							
WUC at end of current financial year (WUC_1)	1,945							
Average total works under construction	4,134 (or regulation 33 time-weighted average)	e	deduct	4,134	Deduct	4,134	deduct	4,134
Revaluations	(144)	r						
Half of revaluations	(72)	r/2					deduct	(72)
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 (or regulation 33 time-weighted average)	m			add	0		
Subvention payment at end of previous financial year (S_0)	0							
Subvention payment at end of current financial year (S_1)	0							
Subvention payment tax adjustment at end of previous financial year	0							
Subvention payment tax adjustment at end of current financial year	0							
Average subvention payment & related tax adjustment	0	v			add	0		
System fixed assets at end of previous financial year at book value (SFA_{bv0})	35,745							
System fixed assets at end of current financial year at book value (SFA_{bv1})	83,967							
Average value of system fixed assets at book value	59,856 (or regulation 33 time-weighted average)	f	deduct	59,856	deduct	59,856	deduct	59,856
System Fixed assets at year beginning at ODV value (SFA_{odv0})	79,301							
System Fixed assets at end of current financial year at ODV value (SFA_{odv1})	83,967							
Average value of system fixed assets at ODV value	81,634 (or regulation 33 time-weighted average)	h	add	81,634	add	81,634	add	81,634
Denominator				**85,826** ATFEADJ = c-e-f+h		**74,396** Ave TEADJ = k-e-m+v-f+h		**85,898** ATFEADJ = c-e-½r-f+h
Financial Performance Measure:				**6.2** ROF = OSBIIT^{ADJ}/ATFE^{ADJ} x 100		**5.4** ROE = NSAT^{ADJ}/ATE^{ADJ} x 100		**4.8** ROI = OSBIIT^{ADJ}/ATFE^{ADJ} x 100

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

Counties Power Limited – Line Business
1 April 2000 to 31 March 2001

1. Financial Performance Measures

		2001	2000	1999	1998
(a)	Return on funds, being operating surplus before interest and income tax (as adjusted), divided by average total funds employed (as adjusted).	6.2%	9.4%	7.3%	4.1%
(b)	Return on equity, being net surplus after tax (as adjusted), divided by average total equity (as adjusted)	5.4%	6.5%	6.1%	3.0%
(c)	Return on investment	4.8%	6.2%	5.9%	18.5%

2. Efficiency Performance Measures

		2001	2000	1999	1998
(a)	Direct line costs per kilometre	$947	$1,249	$934	$1,218
(b)	Indirect line cost per consumer (excluding customer discounts as an indirect cost)	$72	$79	$83	$84
(c)	Indirect line cost per consumer (including customer discounts as an indirect cost)	$313	$156	$165	$162

From 31 March 1999 financial and efficiency performance measures have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1999. These regulations were amended effective 31 March 2000. Figures for previous years were prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994. The methods of calculation specified in the 1994, 1999 and amended 1999 regulations are not identical, and consequently figures using the different methodologies are not directly comparable.

Indirect line cost per consumer has been calculated using estimated average consumer numbers. The methodology used to calculate this estimate is publicly available.

3. Annual Valuation Reconciliation Report – Year Ending 31 March 2001

	$000
System fixed assets at ODV – end of the previous financial year	79,301
Add system fixed assets acquired during the year at ODV	7,172
Less system fixed assets disposed of during the year at ODV	-
Less depreciation on system fixed assets at ODV	(2,362)
Add revaluations of system fixed assets	(144)
Equals system fixed assets at ODV – end of the financial year	83,967

DISCLOSURE OF ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS PURSUANT TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 SCHEDULE 1 PART 4

		2001	2000	1999	1998
(a)	Load Factor (= [a/bc]*100/1)	60.06%	60.26%	58.75%	56.78%
	where -				
	a = Kwh of electricity entering system during the financial year	409,297,000	397,735,000	382,604,000	388,137,000
	b = Maximum Demand	77,800	75,146	74,338	78,034
	c = Total number of hours in financial year	8,760	8,784	8,760	8,760

		2001	2000	1999	1998
(b)	Loss Ratio (= a/b*100/1)	7.38%	7.67%	7.50%	7.71%
	where -				
	a = losses in electricity in kWh	30,196,000	30,521,000	28,664,000	29,907,000
	b = Kwh of electricity entering system during the financial year	409,297,000	397,735,000	382,604,000	388,137,000

		2001	2000	1999	1998
(c)	Capacity Utilisation (= a/b*100/1)	33.83%	32.53%	34.10%	35.89%
	where -				
	a = Maximum Demand	77,800	75,146	74,338	78,034
	b = Transformer Capacity	229,975	231,026	217,981	217,405

	Statistics	Nominal Voltage	2001	2000	1999	1998
(a)	System Length (Total) (kms)					
		110kV	17.00	0	0	0
		66kV	0	0	0	0
		50kV	0	0	0	0
		33kV	151.00	169.41	169.00	169.00
		22kV	172.00	89.70	78.00	78.00
		11kV	1599.00	1,722.40	1,708.00	1,677.00
		6.6kV	0	0	0	0
		3.3kV	0	0	0	0
		230/400 V	1,408.00	1,158.30	1,343.00	1,297.00
		Other	0	0	0	0
		Total	3,347.00	3,139.82	3,298.00	3,221.00
(b)	Circuit Length (Overhead) (kms)					
		110kV	17.00	0	0	0
		66kV	0	0	0	0
		50kV	0	0	0	0
		33kV	151.00	169.41	169.00	169.00
		22kV	126.00	88.00	77.00	77.00
		11kV	1,541.00	1,631.00	1,624.00	1,602.00
		6.6kV	0	0	0	0
		3.3kV	0	0	0	0
		230/400 V	1,120.00	985.60	1,185.00	1,144.00
		Other	0	0	0	0
		Total	2,955.00	2,874.01	3,055.00	2,992.00
(c)	Circuit Length (Underground) (kms)					
		110kV	0	0	0	0
		66kV	0	0	0	0
		50kV	0	0	0	0
		33kV	0	0	0	0
		22kV	46.00	1.70	1.00	1.00
		11kV	58.00	91.40	84.00	75.00
		6.6kV	0	0	0	0
		3.3kV	0	0	0	0
		230/400 V	288.00	172.70	158.00	153.00
		Other	0	0	0	0
		Total	392.00	265.80	243.00	229.00
(d)	Transformer Capacity (kVA)		229,975	231,026	217,981	217,405
(e)	Maximum Demand (kWh)		77,800	75,146	74,338	78,034
(f)	Total Electricity Supplied from System, after losses of electricity (kWh)		379,101,000	367,214,000	353,940,000	358,230,000

	Statistics	Name of retailer/ generator	2001	2000	1999	1998
(g)	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:	Retailer A	328,121,000	347,704,000	381,616,000	
		Retailer B	43,327,000	10,466,000	0	
		Retailer C	6,154,000	2,538,000	341,000	
		Retailer D	9,529,000	27,331,000	0	
		Retailer E	15,514,000	6,673,000	647,000	
		Retailer F	1,633,000	838,000	0	
		Retailer G	4,493,000	2,185,000	0	
		Retailer H	526,000	0	0	
		Other	0	0	0	
	in kWh	TOTAL	409,297,000	397,735,000	382,604,000	
(h)	Total number of consumers	Number	30,546	30,470	30,859	30,478

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES PURSUANT TO REGULATION 22 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
SCHEDULE 1 PART 5

Interruptions		Class	Average Interruption Targets 2001/05	Interruption Targets 2001	Actual Interruptions 2001	2000	1999	1998
1 to 3								
		Class A			0	0	0	0
	Planned Interruptions	Class B	205	210	234	323	196	217
	Unplanned Interruptions	Class C	72	105	113	86	120	148
		Class D			0	0	0	0
		Class E			0	0	0	0
		Class F			0	0	0	0
		Class G			0	0	0	0
		Class H			0	0	0	0
		Class I			0	0	0	0
		Total			347	409	316	365

		Within 3 Hours	Within 24 Hours
4	Proportion of Total Class C Interruptions not restored: (= a/b*100/1) where -		
	a = No. of interruptions not restored within	18	0
	b = Total number of Class C interruptions	113	113
	Proportion expressed as a percentage	15.93%	0.00%

Faults 5		Average Faults Targets 2002/06	Faults Targets 2002	Actual number of faults 2001	2000	1999	1998
Faults per 100 circuit kilometres of prescribed voltage electric line							
Input faults for each nominal voltage	Nominal Voltage						
	110kV	0	0	0	0	0	0
	66kV	0	0	0	0	0	0
	50kV	0	0	0	0	0	0
	33kV			6	6	7	7
	22kV			2	6	19	8
	11kV			6	4	7	9
	6.6kV		0	0	0	0	0
	3.3kV		0	0	0	0	0
	230/400 V						
	Other		0	0	0	0	0
	Other		0	0	0	0	0
	Other		0	0	0	0	0
	Total			6	4.3	6.1	7.8

6		Actual number of faults 2001	2000	1999	1998
Faults per 100 circuit kilometres of underground prescribed voltage electric line					
	Nominal Voltage				
	110kV	0	0	0	0
	66kV	0	0	0	0
	50kV	0	0	0	0
	33kV	0	0	0	0
	22kV	0	0	0	0
	11kV	3	4	2	4
	6.6kV	0	0	0	0
	3.3kV	0	0	0	0
	230/400 V				
	Other	0	0	0	0
	Other	0	0	0	0
	Other	0	0	0	0
	Total	3	4	2	4

7		Actual number of faults 2001	2000	1999	1998
Faults per 100 circuit kilometres of overhead prescribed voltage electric line					
	Nominal Voltage				
	110kV	0	0	0	0
	66kV	0	0	0	0
	50kV	0	0	0	0
	33kV	6	6	7	7
	22kV	2	6	19	8
	11kV	6	4	6	8
	6.6kV	0	0	0	0
	3.3kV	0	0	0	0
	230/400 V				
	Other	0	0	0	0
	Total	6	4.3	6.1	7.8

SAIDI	Class	Average SAIDI Targets 2002/06	SAIDI Targets 2002	Actual SAIDI 2001	2000	1999	199
SAIDI for total number of interruptions (= a/b) where - a = sum of interruption duration factors for all interruptions b = Total consumers				132.00	124.00	225.80	238.69
SAIDI Targets (=a/b)							
Planned Interruptions	Class B	48	53				
Unplanned Interruptions	Class C	69	72				
where-							
Planned Interruptions (pi) A^{pi} = sum of interruption duration factors for all interruptions	Class B	1,536,000	1,653,600				
Unplanned Interruptions (ui) A^{ui} = sum of interruption duration factors for all interruptions	Class C	2,208,000	2,246,400				
b = Projected total consumers		32,000	31,200				
SAIDI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			54.00	57.00	71.52	96.73
	Class C			78.00	67.00	154.28	141.96
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	SAIDI for total of interruptions			132.00	124.00	225.80	238.69
where - a = sum of interruption duration factors for all interruptions within the particular interruption class							
	Class A			0	0	0	0
	Class B			1,649,484	1,736,790	2,207,036	2,948,137
	Class C			2,382,588	2,041,490	4,760,926	4,326,657
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = Total consumers				30,546	30,470	30,859	30,478

SAIFI	Class	Average SAIFI Targets 2002/06	SAIFI Targets 2002	Actual SAIFI 2001	2000	1999	1998
SAIFI for total number of interruptions (= a/b)				2.64	2.43	3.65	4.30
where -							
a = sum of electricity consumers affected by each of those interruptions							
b = Total consumers							
SAIFI Targets (=a/b)							
Planned Interruptions	Class B	0.35	0.37				
Unplanned Interruptions	Class C	2.50	2.70				
where-							
Planned Interruptions	Class B						
a = projected number of electricity consumers affected by each of those interruptions		11,200	11,544				
b = Projected total customers		32,000	31,200				
Unplanned Interruptions	Class C						
a = projected number of electricity consumers affected by each of those interruptions		80,000	84,240				
b = Projected total customers		32,000	31,200				
SAIFI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			0.47	0.37	0.37	0.59
	Class C			2.17	2.06	3.28	3.71
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	SAIFI for total of interruptions			2.64	2.43	3.65	4.30
where -							
a = sum of electricity consumers affected by each of those interruptions within that interruption class							
	Class A			0	0	0	0
	Class B			14,357	11,274	11,418	17,982
	Class C			66,285	62,768	101,218	113,073
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = Total consumers				30,546	30,470	30,859	30,478

CAIDI	Class	Average CAIDI Targets 2002/06	CAIDI Targets 2002	Actual CAIDI 2001	2000	1999	1998
CAIDI for total number of interruptions (= a/b) where - a = sum of interruption duration factors for all interruptions b = sum of electricity consumers affected by each of those interruptions				50	51	62	56
CAIDI Targets (=a/b)							
Planned Interruptions	Class B	137	143				
Unplanned Interruptions	Class C	28	27				
where-							
Planned Interruptions	Class B						
a = sum of interruption duration factors for all interruptions		1,536,000	1,653,000				
b = projected number of electricity consumers affected by each of those interruptions		11,200	11,544				
Unplanned Interruptions	Class C						
a = sum of interruption duration factors for all interruptions		2,208,000	2,246,400				
b = projected number of electricity consumers affected by each of those interruptions		80,000	84,240				

CAIDI	Class	Average CAIDI Targets 2002/06	CAIDI Targets 2002	Actual CAIDI 2001	2000	1999	1998
CAIDI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			115	154	193	164
	Class C			36	33	47	38
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	CAIDI for total of interruptions			50	51	62	56
where -							
a = sum of interruption duration factors for all interruptions							
	Class A			0	0	0	0
	Class B			1,649,484	1,736,790	2,207,036	2,948,137
	Class C			2,382,588	2,041,490	4,760,926	4,326,657
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = sum of electricity consumers affected by each of those interruptions within that interruption class							
	Class A			0	0	0	0
	Class B			14,357	11,274	11,418	17,982
	Class C			66,285	62,768	101,218	113,073
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
23-29 Albert Street
Private Bag 92162
Auckland, New Zealand
DX CP24073
Telephone +64 9 355 8000
Facsimile +64 9 355 8001

CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Counties Power Limited and dated 20 July 2001, which report contains valuations of system fixed assets as at 31 March 2001.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of $83,966,707, have been made in accordance with the ODV Handbook.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Auckland
2 August 2001

PUBLISHED BY THE
DEPARTMENT OF INTERNAL AFFAIRS
PRINTED BY WICKLIFFE LIMITED

THE DEPARTMENT OF INTERNAL AFFAIRS
Te Tari Taiwhenua

ISSN 0111-5650
Price $5.00 (inc. G.S.T.)