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HORIZON ENERGY DISTRIBUTION LIMITED

INFORMATION FOR DISCLOSURE

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

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 31 March 2001

	NOTE	Lines Business 2000 \$000	Lines Business 2000 \$000
Total Operating Revenue	2,3,16	23,980	24,047
Total Operating Expenditure	2,16	(13,279)	(14,620)
Operating Surplus before Interest and Taxation	2,3,16	10,701	9,427
Interest Expense	3	(2,850)	(3,525)
Operating Surplus before Taxation		7,851	5,902
Income Tax Expense	4	(2,964)	(2,304)
Net Surplus After Taxation		4,887	3,598
Surplus Attributable to Shareholders of Horizon Energy Distribution Limited		4,887	3,598

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000****STATEMENT OF FINANCIAL POSITION**

As at 31 March 2001

	NOTE	Lines Business 2001 \$000	Lines Business 2000 \$000
Current Assets			
Cash and Bank Balances		230	(13)
Short Term Deposits		-	300
Advance to "Other"		510	2,516
Accounts Receivable	8	3,348	2,974
Inventory		310	307
Total Current Assets		4,398	6,084
Non Current Assets			
Fixed Assets	9	65,306	66,249
Total Non Current Assets		65,306	66,249
Total Tangible Assets / Total Assets		69,704	72,333
Current Liabilities			
Accounts Payable and Accruals	10	3,577	2,021
Taxation Payable	4	1,004	441
Provision for Final Dividend	12	2,249	1,749
Total Current Liabilities		6,830	4,211
Funding			
Shareholders' Equity / Capital Funds			
Share Capital	6	7,810	7,810
Reserves	7	47,446	47,536
Retained Earnings	5	(27,299)	(27,937)
Total Shareholders' Equity / Total Capital Funds		27,957	27,409
Non Current Liabilities			
Term Loans	11	34,000	39,500
Deferred Taxation	4	917	1,213
Total Non Current Liabilities		34,917	40,713
Total Equity and Liabilities		69,704	72,333

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2001

	Lines Business 2001 \$000	Lines Business 2000 \$000
Cash Flow from Operating Activities		
Cash was provided from:		
Receipts from Customers	23,605	23,909
Net Goods and Services Tax Received (Paid)	(20)	81
Interest from Short Term Deposits	-	51
	23,585	24,041
Cash was applied to:		
Payments to Suppliers and Employees	(9,166)	(11,864)
Interest Paid to non-related parties	(2,962)	(2,725)
Interest Paid to "Other" business	-	(802)
Income Tax Paid	(2,697)	(1,224)
	(14,825)	(16,615)
Net Cash Inflow from Operating Activities	8,760	7,426
Cash Flow from Investing Activities		
Cash was provided from:		
Proceeds from the Sale of Other Fixed Assets	(3)	369
Transfer of Fixed Assets to "Other"	-	1,069
Cash was applied to:		
Purchases and Construction of Fixed Assets	(1,571)	(2,554)
Net Cash Outflow to Investing Activities	(1,574)	(1,116)
Cash Flow From Financing Activities		
Cash was provided from:		
Transfer of Shares from "Other"	-	4,588
Cash was applied to:		
Settlement of Term Debt	(5,500)	(3,500)
Dividends Paid	(3,749)	(3,376)
Issue/(Purchase Back) of Shares	-	(41,882)
Net Cash Inflow from (Outflow to) Financing Activities	(9,249)	(44,170)
Net Movement in Cash Held	(2,063)	(37,860)
Add Opening Cash	2,803	40,663
Closing Cash Carried Forward	740	2,803
<i>Represented by:</i>		
Cash at Bank	230	(13)
Short Term Deposits	-	300
Advance to "Other"	510	2,516
Closing Cash Carried Forward	740	2,803

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000****STATEMENT OF CASH FLOWS**

For the Year Ended 31 March 2001

Reconciliation of Surplus Attributable to Shareholders to Cash Flow From Operating Activities

	Lines Business 2001 \$000	Lines Business 2000 \$000
Surplus Attributable to Shareholders	4,887	3,598
Add/(Less) Items Classified as Investing and Financing Activities:		
Net Gain on Sale of Fixed Assets	-	(72)
Accounts Payable and Accruals that relate to the Purchase of Fixed Assets	43	(24)
Add/(Less) Non-Cash Items:		
Depreciation	2,384	2,283
Increase/(Decrease) in Deferred Taxation Liability	(296)	209
	2,131	2,396
Add/(Less) Movements in Working Capital Items:		
Decrease/(Increase) in Accounts Receivable	(374)	(14)
Increase/(Decrease) in Accounts Payable and Accruals	1,556	442
Decrease/(Increase) in Inventory	(3)	133
Increase/(Decrease) in Income Tax Receivable	563	871
	1,742	1,432
Net Cash Flow from Operating Activities	8,760	7,426

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000****STATEMENT OF MOVEMENTS IN EQUITY**

For the Year Ended 31 March 2001

	NOTE	Lines Business 2001 \$000	Lines Business 2000 \$000
Opening Equity		27,409	64,865
Plus			
Surplus Attributable to Shareholders		4,887	3,598
Revaluation of Fixed Assets	9	(90)	388
Less			
Return of capital to shareholders		-	(41,882)
Transfer of Equity from "Other"		-	4,587
Dividends Paid and Proposed		(4,249)	(4,147)
Equity as at 31 March		27,957	27,409

HORIZON ENERGY DISTRIBUTION LIMITED

Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999

Notes to the Financial Statements for the year ended 31 March 2001

I Statement of Accounting Policies

These financial statements have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

A General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance, cashflows and financial position have been followed in the preparation of these financial statements under the historical cost method, as modified by the revaluation of certain assets. Reliance has been placed on the fact that the lines business and undertakings of Horizon Energy Distribution Limited are a going concern.

B Particular Accounting Policies

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

i) Revenue

Revenue shown in the statement of financial performance comprises amounts received and receivable for goods and services supplied to customers in the ordinary course of business. Line access revenue is based on actual and assessed readings plus an allowance for unread meters at balance date. Revenue is stated exclusive of Goods and Services Tax collected from customers.

iii) Fixed Assets

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

The cost of assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project, and financing costs that are directly attributable to the project. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Distribution System Assets are valued using modified historical cost. These assets are revalued on a cyclical basis at least every three years, by independent valuers.

ii) Depreciation

Depreciation is charged to write off the cost of fixed assets to their estimated residual value over their remaining useful lives.

iv) Inventories

Inventories are stated at the lower of average cost and net realisable value, with obsolete stock written off.

v) Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is considered doubtful.

vi) Taxation

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

The taxation charge against the surplus for the year is the estimated liability in respect of that surplus after allowance for all permanent differences. This is the comprehensive basis for the calculation of deferred taxation.

Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be utilised by the Group.

vii) 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, short term deposits and current accounts in banks, net of bank overdrafts.
- 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 which result in changes in the size and composition of the capital of the group. 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 activities.
- d) Operating activities include all transactions and other events that are not investing or financing activities.

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the
Electricity (Information Disclosure) Regulations 1999

Notes to the Financial Statements
for the year ended 31 March 2001

viii) Financial Instruments

Financial instruments with off-balance sheet risk, have been entered into for the primary purpose of reducing exposure to fluctuations in foreign exchange rates and interest rates. While financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items hedged.

Financial instruments entered into with no underlying exposure are accounted for on a mark to market basis.

ix) Research and Development

Costs incurred on all research and development projects are written off as incurred, except that development costs are capitalised to the extent that such costs are expected, beyond any reasonable doubt, to be recovered.

x) Foreign Currency

Foreign currency transactions are recorded at exchange rates in effect at the date of settlement, except where forward contracts have been taken out to cover future commitments. Where forward contracts have been taken out, the transaction is translated at the rate contained in the contract.

xi) Comparatives

The statements and notes do not restate comparatives or provide comparatives for new disclosure items per the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

C. Changes in Accounting Policies

There are no changes in accounting policies.

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business 2001 \$000	Lines Business 2000 \$000
2 OPERATING SURPLUS BEFORE TAXATION ITEMS		
Operating revenue includes the following items:		
External Income		
Revenue disclosure items :		
Revenue from line / access charges	21,817	22,607
Gain on Sale of Fixed Assets	-	72
AC loss-rental rebates	908	281
Other operating revenue	1,255	1,036
 Operating expenditure comprises the following items:		
Payment for Transmission Charges	7,166	7,687
Expenses to non-related entities for asset maintenance services / Total specified expenses to non related parties	623	799
Employee Salaries, Wages and Redundancies	740	1,282
Increase in estimated doubtful debts	18	-
Directors' Fees / Remuneration	100	128
Rental and Operating Lease Obligations (refer note 14)	137	150
Depreciation on System Fixed Assets	2,152	2,008
Depreciation on Other Fixed Assets	232	275
Total Depreciation	2,384	2,283
Local Authorities Rates Expense	7	14
Other Expenditure	1,283	933
Auditors' Fees / Remuneration (refer note 15)	41	41
Consumer Billing and Information System	28	107
Corporate and Administration Expenses	259	502
Human Resource Expenses	61	73
Marketing / Advertising	3	41
Consultancy and Legal Expenses	429	580

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure)****Regulations 1999 and the Electricity (Information Disclosure) Amendment****Regulations 2000****NOTES TO THE FINANCIAL STATEMENTS**

	Lines Business 2001 \$000	Lines Business 2000 \$000
3 INTEREST		
Net Interest comprises:		
Interest Expense on Borrowings	2,850	3,525
Interest Income on Cash, Bank Balances and Short Term Investments	-	(51)
Net Interest	2,850	3,474
Total Interest Expense	2,850	3,525
4 INCOME TAX		
<i>Income Tax Expense</i>		
The taxation expense has been calculated as follows:		
Operating Surplus before Taxation	7,851	5,902
Income Tax on Surplus for the year at 33%	2,591	1,948
Plus/(Less) Permanent Differences		
Non-Deductible Depreciation on revalued portion of fixed assets	487	462
Non-Deductible Expenses	21	30
Non-Taxable Income	(135)	(136)
Income Tax Expense	2,964	2,304
Income Tax Expense comprises:		
Tax Payable in respect of current year	3,260	2,095
Deferred Taxation	(296)	209
Income Tax Expense	2,964	2,304
<i>Deferred Taxation</i>		
Opening Balance	1,213	1,004
Deferred tax in respect of current year	(296)	209
Balance as at 31 March	917	1,213
<i>Taxation Payable</i>		
Income Tax Payable (Prepaid) comprises:		
Opening Balance	441	(430)
Tax Payable in respect of current year	3,260	2,095
Income Tax Paid	(2,697)	(1,224)
Balance as at 31 March (Asset)	1,004	441

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business 2001 \$000	Lines Business 2000 \$000
5 RETAINED EARNINGS		
Opening Retained Earnings	(27,937)	4,825
Surplus after Taxation	4,887	3,598
Less return of capital to shareholders	-	(32,213)
Less Dividend paid and payable	(4,249)	(4,147)
Balance as at 31 March	(27,299)	(27,937)
6 SHARE CAPITAL		
Share Capital - Issued and paid up		
Opening Balance	7,810	12,892
Less return of capital to shareholders	-	(9,669)
Transfer from "Other"	-	4,587
Balance as at 31 March	7,810	7,810
Shares Issued by Horizon Energy Distribution Limited	4,998,277	4,998,277
The transfer of share capital from "Other" was required to reallocate the share capital so that the share capital in the lines business is the same as that of the legal entity Horizon Energy Distribution Limited.		
7 RESERVES		
Asset Revaluation Reserve		
Opening Balance	47,536	47,148
Revaluation during the year (refer note 9)	(90)	388
Balance as at 31 March	47,446	47,536
8 ACCOUNTS RECEIVABLE		
Accounts Receivable comprises:		
Trade Receivables	3,292	2,964
Other Receivables	56	10
Balance as at 31 March	3,348	2,974

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure)****Regulations 1999 and the Electricity (Information Disclosure) Amendment****Regulations 2000****NOTES TO THE FINANCIAL STATEMENTS**

		Lines Business 2001 \$000	Lines Business 2000 \$000
9 FIXED ASSETS			
Fixed Assets comprise:			
Land	<i>Cost</i>	151	151
	<i>Accumulated Depreciation</i>	(5)	(5)
	<i>Net book value</i>	146	146
Buildings	<i>Cost</i>	371	371
	<i>Accumulated Depreciation</i>	(109)	(102)
	<i>Net book value</i>	262	269
Plant and Equipment	<i>Cost</i>	174	632
	<i>Accumulated Depreciation</i>	(74)	(516)
	<i>Net book value</i>	100	116
Furniture and Fittings	<i>Cost</i>	53	123
	<i>Accumulated Depreciation</i>	(42)	(109)
	<i>Net book value</i>	11	14
Motor Vehicles	<i>Cost</i>	152	152
	<i>Accumulated Depreciation</i>	(129)	(113)
	<i>Net book value</i>	23	39
Consumer Billing and Inform- ation System Equipment	<i>Cost</i>	963	1,914
	<i>Accumulated Depreciation</i>	(620)	(1,382)
	<i>Net book value</i>	343	532
Office Equipment	<i>Cost</i>	42	117
	<i>Accumulated Depreciation</i>	(41)	(112)
	<i>Net book value</i>	1	5
System Fixed Assets	<i>Valuation</i>	66,572	65,128
	<i>Accumulated Depreciation</i>	(2,152)	-
	<i>Net book value</i>	64,420	65,128
Totals	<i>Cost or Valuation</i>	68,478	68,588
	<i>Accumulated Depreciation</i>	(3,172)	(2,339)
Total Fixed Assets	Net book value	65,306	66,249

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

NOTES TO THE FINANCIAL STATEMENTS**9 FIXED ASSETS (Continued)****Valuation of Distribution Assets**

Distribution assets are revalued on a cyclical basis with each class being revalued at least every three years.

Distribution assets were revalued at 31 March 2000. The value adopted is Depreciated Replacement Cost (which was the same as Optimised Deprival Value for that valuation) of the distribution system as at 31 March 2000. The valuation report was prepared by Meritec Limited (Registered Engineers). These Statements also reflect a revision of the 31 March 2000 valuation due to compliance with the 4th edition of the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses.

Useful lives and Depreciation Methods

	Useful Lives 2001 In Years	Useful Lives 2000 In Years
Land Improvements	3-40	3-40
Other Buildings	40-100	40-100
Distribution System	8-70	8-70
Plant and Equipment	2-10	2-10
Motor Vehicles	5-10	5-10
Furniture and Fittings	10	10

All assets are depreciated on a straight line basis.

10 ACCOUNTS PAYABLE AND ACCRUALS

Accounts Payable and Accruals comprise:

	Lines Business 2001 \$000	Lines Business 2000 \$000
Trade Creditors and Accruals	3,462	1,899
Employee Entitlements	115	122
Balance as at 31 March	3,577	2,021

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business 2001 \$000	Lines Business 2000 \$000
11 TERM LOANS		
Term loans fall due for repayment in the following periods:		
Within One Year	-	-
Within One to Two Years	34,000	39,500
Within Two to Three Years	-	-
Within Three to Four Years	-	-
Within Four to Five Years	-	-
Balance as at 31 March	34,000	39,500
Disclosed in Balance Sheet as:		
Current Portion of Term Loans	-	-
Term Loans	34,000	39,500
Balance as at 31 March	34,000	39,500
All term loans are unsecured and are subject to negative pledge undertakings. The weighted average interest rate on term loans is 7.36% (2000 7.5%). The Company currently has \$40 million rolling loan facilities, confirmed at this level until 31 October 2002.		
12 DIVIDENDS		
Dividend Paid & Declared @ 85.0 cents (83.0 cents in 2000)	4,249	4,147
Less Interim Dividend Paid @ 40.0 cents	(2,000)	(2,398)
Balance as at 31 March	2,249	1,749
Dividends (Cents Per Share)	85.0	83.0
13 IMPUTATION CREDIT ACCOUNT		
	Group 2001	Group 2000
Opening Balance	42	1,222
Plus: Income Tax Paid	2,697	1,224
Less: Imputation Credits attached to dividends paid	(1,846)	(2,404)
Balance as at 31 March	893	42

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business 2001 \$000	Lines Business 2000 \$000
14 OPERATING LEASES		
Operating lease commitments fall due for repayment in the following periods:		
Within One Year	31	100
Within One to Two Years	-	-
Within Two to Five Years	-	-
	31	100
15 REMUNERATION OF AUDITORS		
Amounts received, or due and receivable, by the principal auditors for:		
Auditing the Financial Statements:		
PricewaterhouseCoopers	41	41
	41	41
Other Services:		
PricewaterhouseCoopers	126	278
	126	278
Total Payments to Auditors	167	319

16 RELATED PARTY TRANSACTIONS

The Company conducts business predominantly in the Eastern Bay of Plenty and undertakes transactions with shareholders, company officers and other related parties that reside in the region. All transactions with related parties have been carried out on a commercial and "arms length" basis.

UnitedNetworks Limited was the parent company for Horizon Energy Distribution Limited until 21 December 1999 when UnitedNetworks Limited sold their shareholding to the BOPE Consumer Trust (renamed Eastern Bay Energy Trust in October 2000).

Transactions

Purchases from UnitedNetworks Limited	-	39
Sales to Eastern Bay Energy Trust	56	67
Transfer payment to "Other" for interest	-	802
Transfer of Fixed Assets to "Other" at NBV	-	1,069

Balance

Amounts owed by "Other" for re-allocations to and from "Other"	510	2,516
Amounts owed by Eastern Bay Energy Trust	56	67

Note : Total transfer payments to "Other" business - 802
Interest has been paid to "Other" (2000) for loans provided prior to returning share capital to shareholders'.
Transfer of Fixed Assets - two buildings were deemed surplus to the requirements of the lines business and were transferred to "Other" at Book Value and subsequently disposed of.

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000

NOTES TO THE FINANCIAL STATEMENTS

17 CAPITAL COMMITMENTS

The Group has commitments for future capital expenditure amounting to \$20,000 (\$94,951 in 2000).

18 FINANCIAL INSTRUMENTS

(a) The nature of activities and management policies with respect to financial instruments is described as follows:

(i) Interest Rates

The Group generally uses fixed rate loans or swaps to manage interest rate risk. The total level of fixed rate funding at 31 March was \$8,650,000 (2000 \$23,000,000), having a fair value of \$8,707,641 (2000 \$23,047,012). In addition, as at 31 March 2001, the face value of the instruments the Group held were as following:

Interest Rate Options:

	Rate	Term	Commencement Date	2001 \$000	2000 \$000
Swap	7.60%	Three Years	7 November, 1997	-	3,500
Swap	7.16%	42 Months	20 December, 2000	4,000	-
Swap	7.27%	66 Months	20 December, 2000	4,000	-
Swap	7.08%	Five Years	3 April, 1998	13,000	13,000

The mark to market value of the interest rate swap agreements as at 31 March 2001 showed a loss of \$561,681 (2000 - benefit of \$127,840).

(ii) Credit

In the normal course of its business the Company incurs credit risk from trade debtors and financial institutions. The Company has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. The bank risk is reduced by spreading short term investments over high credit quality financial institutions.

(b) Fair Values

Financial instruments in the current section of the balance sheet, with the exception of the current portion of term loans, are shown at values equivalent to their fair values. The fair value of term loans is disclosed in section (a) (i) above. Investments are shown at cost which is not significantly different from their fair values.

19 SEGMENTAL

The Company operates predominantly in one industry, the distribution of electricity. Its operations are carried out solely in New Zealand and are therefore within one geographical segment for reporting purposes.

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000**

NOTES TO THE FINANCIAL STATEMENTS

**20 ITEMS WITH NIL BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000**

	Lines Business 2001 \$000	Lines Business 2000 \$000
Revenue :		
Revenue from "Other" business for services carried out by the line business (transfer payment)	Nil	Nil
Expenditure :		
Asset maintenance carried out by "Other" business (transfer payment)	Nil	Nil
Consumer disconnection / reconnection services carried out by "Other" business (transfer payment)	Nil	Nil
Charges for meter data carried out by "Other" business (transfer payment)	Nil	Nil
Charges for providing consumer-based load control services carried out by "Other" business (transfer payment)	Nil	Nil
Charges for royalty and patent expenses by "Other" business (transfer payment)	Nil	Nil
Avoided transmission charges on account of own generation	Nil	Nil
Charges for other goods and services carried out by "Other" business (transfer payment)	Nil	Nil
Payment to non-related entities for providing disconnection / reconnection services	Nil	Nil
Payment to non-related entities for providing meter data	Nil	Nil
Payment to non-related entities for providing consumer-based load control services	Nil	Nil
Payment to non-related entities for royalty and patent expenses	Nil	Nil
Amortisation of goodwill	Nil	Nil
Amortisation of other intangibles	Nil	Nil
Total amortisation of intangibles	Nil	Nil
Merger and acquisition expenses	Nil	Nil
Takeover defence expenses	Nil	Nil
Research and development expenses	Nil	Nil
Donations	Nil	Nil
Audit fees paid to other auditors	Nil	Nil
Fees paid for other services to other auditors	Nil	Nil
Bad Debts Written Off	Nil	Nil
Total cost of offering credit	Nil	Nil
AC loss-rental rebates (distribution to retailers/customers) expense	Nil	Nil
Rebates to customers due to ownership interest	Nil	Nil
Subvention payments	Nil	Nil

HORIZON ENERGY DISTRIBUTION LIMITED

Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

NOTES TO THE FINANCIAL STATEMENTS

20 ITEMS WITH NIL BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AND THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000 (Continued)

	Lines Business 2001 \$000	Lines Business 2000 \$000
Expenditure (continued) :		
Unusual expenses	Nil	Nil
Financing charges related to finance leases	Nil	Nil
Other interest expense not listed elsewhere	Nil	Nil
Current Assets :		
Short term investments	Nil	Nil
Other current assets not listed elsewhere	Nil	Nil
Fixed Assets :		
Capital works under construction	Nil	Nil
Other fixed assets not listed elsewhere	Nil	Nil
Other tangible assets not listed elsewhere	Nil	Nil
Intangible Assets :		
Goodwill	Nil	Nil
Other intangible assets not listed elsewhere	Nil	Nil
Total intangible assets	Nil	Nil
Current Liabilities :		
Bank overdraft	Nil	Nil
Short-term borrowings	Nil	Nil
Other current liabilities not listed elsewhere	Nil	Nil
Non - Current Liabilities :		
Payables and accruals	Nil	Nil
Other non-current liabilities not listed elsewhere	Nil	Nil
Equity :		
Minority interests in subsidiaries	Nil	Nil
Capital notes	Nil	Nil



PricewaterhouseCoopers
23-29 Albert Street
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Auditors' Report

To the readers of the financial statements of Horizon Energy Distribution Limited – Lines Business

We have audited the accompanying financial statements of Horizon Energy Distribution Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of Horizon Energy Distribution Limited – Lines 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 Horizon Energy Distribution Limited – Lines Business as at 31 March 2001, and the results of operations and cash flows for the year then ended.

Auditor's 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 judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Horizon Energy Distribution Limited – Lines Business' 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 to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacities as auditors, tax advisors and consultants we have no relationship with or interests in Horizon Energy Distribution Limited.



Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been kept by Horizon Energy Distribution Limited as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of Horizon Energy Distribution Limited – Lines Business as at 31 March 2001 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 26 July 2001 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Michael John Cooper', is written over a horizontal line.

Chartered Accountants

Auckland

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

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	10,701				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	10,701				
Interest on cash, bank balances, and short-term investments (ISTI)	0				
OSBIT minus ISTI	10,701	a	10,701		10,701
Net surplus after tax from financial statements	4,887				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,887	n		4,887	
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)	2,152				
Depreciation of SFA at ODV (y)	2,152	d	add	add	add
ODV depreciation adjustment	0	s [†]	deduct	deduct	deduct
Subvention payment tax adjustment	0	q			
Interest tax shield	941	r			
Revaluations	-90	p			
Income tax	2,964				
Numerator			OSBIT ^{Adj} = a + g + s + d 10,701	NSAT ^{Adj} = n + g + s - s [†] + d 4,887	OSBIT ^{Adj} = a + g + q + r + s + d - p - s [†] 6,707
Fixed assets at end of previous financial year (FA ₀)	66,249				
Fixed assets at end of current financial year (FA ₁)	65,306				
Adjusted net working capital at end of previous financial year (ANWC ₀)	1,260				
Adjusted net working capital at end of current financial year (ANWC ₁)	81				
Average total funds employed (ATFE)	66,448 (or regulation 33 time-weighted average)	c	66,448		66,448
Total equity at end of previous financial year (TE ₀)	27,409				
Total equity at end of current financial year (TE ₁)	27,957				
Average total equity	27,683 (or regulation 33 time-weighted average)	k		27,683	
WUC at end of previous financial year (WUC ₀)	0				
WUC at end of current financial year (WUC ₁)	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct	deduct	deduct

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

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Revaluations	-90	r			
Half of revaluations	-45	r/2			deduct -45
Intangible assets at end of previous financial year (I_{A_0})	0				
Intangible assets at end of current financial year (I_{A_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 ($SFA_{b_{A_0}}$)	65,128				
System fixed assets at end of current financial year at book value ($SFA_{b_{A_1}}$)	64,420				
Average value of system fixed assets at book value	64,774 (or regulation 33 time-weighted average)	f	deduct 64,774	deduct 64,774	deduct 64,774
System Fixed assets at year beginning at ODV value (SFA_{odv})	65,128				
System Fixed assets at end of current financial year at ODV value (SFA_{odv1})	64,420				
Average value of system fixed assets at ODV value	64,774 (or regulation 33 time-weighted average)	h	add 64,774	add 64,774	add 64,774
Denominator			ATFE ^{odv} = c - e - f + h 56,448	Ave TE ^{odv} = k - m + v - f + h 27,683	ATFE ^{odv} = c - e - 1/2 f - f + h 96,493
Financial Performance Measure:			ROF = OSBIT ^{odv} /ATE ^{odv} x 100 16.1	ROE = NSAT ^{odv} /ATE ^{odv} x 100 17.7	ROI = OSBIT ^{odv} /ATE ^{odv} x 100 10.1

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

HORIZON ENERGY DISTRIBUTION LIMITED
Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

**Performance Measures
for the 12 Months ended 31 March 2001**

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

Regulation 15 - Financial Performance Measures and Efficiency Performance Measures :

	2001	2000	1999	1998
1) Financial Performance Measures				
(a) Return on Funds	16.10% ①	13.76% ①	11.02% ②	7.51% ③
(b) Return on Equity	17.65% ①	7.80% ①	6.09% ②	5.21% ④
(c) Return on Investment	10.09% ①	9.29% ①	7.37% ②	5.39% ⑤⑥
<p>① The 2000 and 2001 Financial Performance Measures are based on the 2000 Amendment Regulations and MOED Derivation Table included in these statements.</p> <p>② The 1999 Financial Performance Measures are based on the 1999 Regulations and 1999 MOC Derivation Table.</p> <p>③ Comparative figures for 1998 were calculated as "Accounting Return on Total Assets".</p> <p>④ Comparative figures for 1998 were calculated as "Accounting Return on Equity".</p> <p>⑤ Comparative figures for 1998 were calculated as "Accounting Rate of Profit".</p> <p>⑥ The objective of the measure "Accounting Rate of Profit" was to calculate the increase in the shareholder equity generated by the line business. The formula detailed in the first schedule of the Electricity (Information Disclosure) Regulations 1994 includes any revaluation as "profit". The increase in the reported ODV has been excluded from the calculation of the measure as there has been no increase in shareholder equity from the movement in the reported ODV. Any changes to the asset lives assumption in the ODV represent a change in the basis of the calculation rather than a change in valuation.</p>				
2) Efficiency Performance Measures				
(a) Direct line costs per kilometre	\$ 999	\$ 1,176	\$ 1,925	\$ 2,180
(b) Indirect Line costs per Customer as prescribed	\$ 59	\$ 88	\$ 88	\$ 256



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Auditors' Opinion of Performance Measures

Horizon Energy Distribution Limited - lines 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 Horizon Energy Distribution Limited – lines business and dated 26 July 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 handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

Auckland

HORIZON ENERGY DISTRIBUTION LIMITED

Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

Performance Measures for the 12 Months ended 31 March 2001

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

Regulation 21 - Energy Delivery Efficiency Performance Measures :

	2001	2000	1999	1998
1) Energy Delivery Efficiency Performance Measures				
(a) Load Factor	76.48%	73.30%	70.60%	71.00%
(b) Loss Ratio	4.19%	4.42%	3.90%	4.50%
(c) Capacity utilisation	46.87%	48.25%	50.04%	51.00%
2) Statistics				
(a) System length				
110kV	- km	-	34	28
33kV	180 km	178	176	176
11kV	1,641 km	1,515	1,399	1,393
400Volt	544 km	541	538	537
Total	<u>2,365 km</u>	<u>2,234</u>	<u>2,146</u>	<u>2,133</u>
(b) Total Circuit Length: Overhead				
110kV	- km	-	34	28
33kV	176 km	174	172	172
11kV	1,510 km	1,394	1,289	1,288
400Volt	295 km	322	349	349
	<u>1,981 km</u>	<u>1,890</u>	<u>1,843</u>	<u>1,836</u>
(c) Total Circuit Length: Underground				
110kV	- km	-	-	-
33kV	4 km	4	4	4
11kV	132 km	121	110	106
400Volt	249 km	219	189	188
	<u>384 km</u>	<u>343</u>	<u>303</u>	<u>298</u>
(d) Transformer capacity	186,815 kVA	187,000	178,162	166,833
(e) Maximum demand	87,563 kW	90,227	89,151	85,820
(f) Total electricity supplied	562,065,251 kWh	555,278,197	529,883,592	511,624,675
(g) Total electricity conveyed on behalf of other persons :				
Mercury	263,496,913 kWh	258,742,849	240,432,893	
Power NZ	849,615 kWh	433,836	409,309	
TrustPower	53,028,532 kWh	42,010,693	9,627,208	
On Energy	687,332 kWh	980,574	388,566	
Bay of Plenty Electricity	265,798,761 kWh	252,424,779		
Genesis	225,984 kWh	35,062		
Meridan	1,863,536 kWh	650,402		
Empower	194,801 kWh			
Energy Online	22,119 kWh			
NGC	463,401 kWh			
Total	<u>586,630,993 kWh</u>	<u>555,278,197</u>	<u>250,857,976</u>	<u>135,750,858</u>
(h) Total customers	23,046	23,061	22,931	22,636

HORIZON ENERGY DISTRIBUTION LIMITED

Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

Performance Measures for the 12 Months ended 31 March 2001

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

Regulation 22 Reliability Performance Measures :

	2002	2001	2000	1999	1998
1) Interruptions					
Class A		1	-	1	3
Class B		103	138	164	250
Class C		77	86	130	135
Class D		2	8	5	4
Class E		-	-	-	-
Class F		-	1	-	-
Class G		-	-	-	-
Total number of interruptions		<u>183</u>	<u>233</u>	<u>300</u>	<u>392</u>
2) Interruption Targets					
(a) Planned interruptions (Class B)	110	125	150		
(b) Unplanned interruptions (Class C)	80	82	120		
3) Average Interruption Targets (Next 5 Years)					
(a) Planned interruptions (Class B)	110	120	120		
(b) Unplanned interruptions (Class C)	80	82	105		
4) The proportion of the total number of Class C interruptions not restored within :					
(a) 3 hours		15.6%	12.8%		
(b) 24 hours		0.0%	0.0%		
5) Faults per 100 circuit kilometres of prescribed voltage electric line :					
(a) Number of faults					
110 kV		0	-	-	
33 kV		1.7	3.4	1.0	
11 kV		4.5	5.3	10.0	
Total number of faults		<u>4.2</u>	<u>5.1</u>	<u>8.1</u>	<u>8.5</u>
(b) Total Number of Faults Targeted					
110 kV	-	-	0		
33 kV	1.1	1.1	0.6		
11 kV	4.8	5.3	8.5		
Total number of faults targeted	<u>4.4</u>	<u>4.8</u>	<u>7.5</u>		
(c) Average Number of Faults Targeted (Next 5yrs)					
110 kV	-	-	-		
33 kV	1.1	1.1	0.6		
11 kV	4.8	5.3	7.4		
Total average number of faults targeted	<u>4.4</u>	<u>4.8</u>	<u>6.5</u>		

HORIZON ENERGY DISTRIBUTION LIMITED**Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000****Performance Measures
for the 12 Months ended 31 March 2001**

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

Regulation 22 Reliability Performance Measures (Continued) :

	2002	2001	2000	1999	1998
6) The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.					
110 kV	-	-	-	-	-
33 kV	-	-	-	-	-
11 kV	0.8	-	-	-	1.92
Total Underground faults / 100km	0.7	-	-	-	1.82
7) The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.					
110kV	-	-	-	-	-
33 kV	1.7	3.4	1.2	-	-
11 kV	4.8	5.7	9.9	10.1	-
Total Overhead Faults / 100km	4.5	5.5	8.7	8.7	-
8) The SAIDI for the total number of Interruptions		129	205	691	414
9) SAIDI Targets :					
(a) Planned interruptions (Class B)	45	49	75		
(b) Unplanned interruptions (Class C)	72	72	165		
10) Average SAIDI Targets (Next 5 Years) :					
(a) Planned interruptions (Class B)	45	49	65		
(b) Unplanned interruptions (Class C)	72	72	150		
11) The SAIDI for the total number of interruptions within each interruption class:					
Class A	10	-	62	83	
Class B	41	49	81	118	
Class C	77	72	172	176	
Class D	2	80	377	38	
Class E	-	-	-	-	
Class F	-	4	-	-	
Class G	-	-	-	-	
12) The SAIFI for the total number of interruptions.		1.84	3.86	4.79	4.80

HORIZON ENERGY DISTRIBUTION LIMITED
Performance Measures for the purposes of the Electricity (Information Disclosure
Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

Performance Measures
for the 12 Months ended 31 March 2001

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to
Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended
by the Electricity (Information Disclosure) Amendment Regulations 2000.

Regulation 22 Reliability Performance Measures (Continued) :

	2002	2001	2000	1999	1998
13) SAIFI Targets :					
(a) Planned interruptions (Class B)	0.33	0.35	0.47		
(b) Unplanned interruptions (Class C)	1.30	1.54	2.60		
14) Average SAIFI Targets (Next 5 Years) :					
(a) Planned interruptions (Class B)	0.33	0.35	0.46		
(b) Unplanned interruptions (Class C)	1.30	1.54	2.58		
15) The SAIFI for the total number of interruptions within each interruption class :					
Class A		0.04	0.00	0.22	0.20
Class B		0.31	0.36	0.50	0.90
Class C		1.24	1.54	2.71	3.30
Class D		0.26	1.88	1.36	0.40
Class E		0.00	0.00	0.00	0.00
Class F		0.00	0.08	0.00	0.00
Class G		0.00	0.00	0.00	0.00
16) The CAIDI for the total of all interruptions.		70	53	144	86
17) CAIDI Targets :					
(a) Planned interruptions (Class B)	136	140	160		
(b) Unplanned interruptions (Class C)	55	47	63		
18) Average CAIDI Targets :					
(a) Planned interruptions (Class B)	136	140	141		
(b) Unplanned interruptions (Class C)	55	47	58		
19) The CAIDI for the total number of interruptions within each interruption class:					
Class A		253	-	286	356
Class B		132	135	161	136
Class C		62	47	63	53
Class D		6	42	277	89
Class E		-	-	-	-
Class F		-	51	-	-
Class G		-	-	-	-

ANNUAL VALUATION RECONCILIATION REPORT

Fixed Assets (see Note 9 of the financial statements) incorporate Distribution System fixed assets valued on the basis of ODV, revalued every three years in these accounts. This year distribution assets were revalued as at 31 March 2000 in accordance with the fourth edition of the Handbook for Optimised Deprival Value for System Fixed Assets of Electricity Line Businesses. A reconciliation of movements in the ODV carrying value follows :

	Lines Business 2001 \$000
System fixed assets at ODV - end of the previous financial year	65,128
<i>Add</i> Land and Buildings at ODV - end of the previous financial year	436
<i>Less</i> revaluations of system fixed assets	(90)
<i>Equals</i> total system fixed assets at ODV as at 31 March 2000 as per valuation dated 9 July 2001	<hr/> 65,474
 <i>Add</i> system fixed assets acquired during the year at cost	 1,526
<i>Less</i> system fixed assets disposed of during the year at ODV	-
<i>Less</i> depreciation on system fixed assets at ODV	(2,152)
<i>Less</i> ODV of distribution system land and buildings classified separately in Note 9 of the financial statements	(428)
 <i>Equals</i> system fixed assets at ODV - end of the financial year	 <hr/> 64,420 <hr/>


**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES,
AND STATISTICS DISCLOSED BY HORIZON ENERGY DISTRIBUTION
LIMITED (REGULATION 32)
[Form 5]**

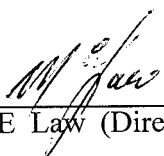
We, Colin George Houston Holmes, and Malcolm Edward Law, directors of Horizon Energy Distribution Limited certify that, having made all reasonable inquiry, to the best of our knowledge,-

(a) The attached audited financial statements of Horizon Energy Distribution Limited prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations and the Electricity (Information Disclosure) Amendment Regulations 2000; and

(b) The attached information, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Horizon Energy Distribution Limited, and having been prepared for the purposes of Regulations 15, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

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



C G H Holmes (Director)

M E Law (Director)

Date : 26 July 2001



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CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Horizon Energy Distribution Limited and dated 9 July 2001, which report contains valuations of system fixed assets as at 31 March 2000.

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 \$65,474,216, have been made in accordance with the ODV Handbook.

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

PricewaterhouseCoopers
Chartered Accountants
Auckland
17 July 2001

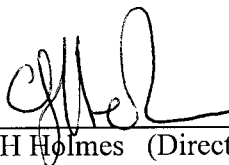
**CERTIFICATION OF VALUATION REPORT OF HORIZON
ENERGY DISTRIBUTION LIMITED**

[Form 7]

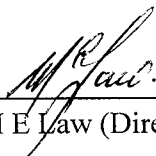
We, Colin George Houston Holmes, and Malcolm Edward Law, Directors of Horizon Energy Distribution Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached valuation report of Horizon Energy Distribution 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 Horizon Energy Distribution Limited is \$105,242,912; and
- (c) The Depreciated Replacement Cost of the line business system fixed assets of Horizon Energy Distribution Limited is \$65,480,576; and
- (d) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Horizon Energy Distribution Limited is \$65,474,216; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Horizon Energy Distribution Limited is \$65,474,216; and
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2000.



C G H Holmes (Director)



M E Law (Director)

Date: 26 July 2001