



# New Zealand Gazette

OF THURSDAY, 26 OCTOBER 2000

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WELLINGTON: FRIDAY, 27 OCTOBER 2000 — ISSUE NO. 146

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## EASTLAND NETWORK LIMITED

### INFORMATION FOR DISCLOSURE

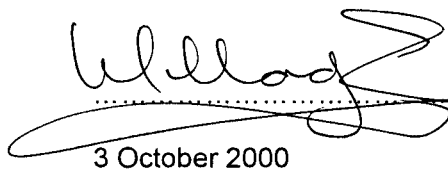
PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1999 AND THE  
ELECTRICITY (INFORMATION DISCLOSURE)  
AMENDMENT REGULATIONS 2000

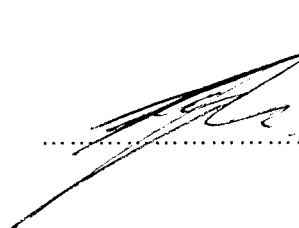
**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE  
MEASURES DISCLOSED BY EASTLAND NETWORK LIMITED**

We, William Wakefield Lawrence Clague and Trevor William Taylor, Directors of Eastland Network Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

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

The valuations on which those financial performance measures are based are as at 31 March 2000.

  
.....Director  
3 October 2000

  
.....Director

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Eastland Network Limited

**Statement of financial performance***For the year ended 31 March 2000*

	Note	2000 \$'000	1999 \$'000
Operating Revenue	2	19,585	15,841
Operating Expenses	3	13,358	11,819
		<hr/>	<hr/>
Earnings before Interest and Tax		6,227	4,022
Interest Expense	4	290	8
		<hr/>	<hr/>
Net Surplus before Taxation		5,937	4,014
Taxation	5	2,087	1,321
		<hr/>	<hr/>
Net Surplus after Taxation		3,850	2,693
		=====	=====

**Statement of movements in equity***For the year ended 31 March 2000*

	Note	2000 \$'000	1999 \$'000
Equity at beginning of year		<u>16,325</u>	<u>14,311</u>
Net surplus after taxation		3,850	2,693
Increase (decrease) in value of land and buildings recognised in equity		107	86
		<hr/>	<hr/>
Total recognised revenues and expenses		3,957	2,779
Dividends paid		5,379	765
		<hr/>	<hr/>
Equity at end of year		14,903	16,325
		=====	=====

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Eastland Network Limited

**Statement of financial position***as at 31 March 2000*

	Note	2000 \$'000	1999 \$'000
<b>Equity</b>			
Share Capital	9	12,539	8,503
Reserves	11	527	1,827
Retained earnings		<u>1,837</u>	<u>5,995</u>
<i>Total equity</i>		<u>14,903</u>	<u>16,325</u>
		=====	=====
<b>Non-current liabilities</b>			
Borrowings	13	13,209	10,029
<b>Current Liabilities</b>			
Borrowings	13	3,220	17
Payables and accruals	14	1,947	929
Provision for dividend		453	-
Taxation payable		391	506
<i>Total Current Liabilities</i>		<u>6,011</u>	<u>1,452</u>
<i>Total Equity &amp; Liabilities</i>		<u>34,123</u>	<u>27,806</u>
		=====	=====
<b>Non-current Assets</b>			
Property, plant & equipment	12	30,132	16,194
Future Tax benefit	6	157	340
<i>Total non-current assets</i>		<u>30,289</u>	<u>16,534</u>
<b>Current Assets</b>			
Cash		1,659	9,456
Receivables and prepayments		2,175	1,759
Inventories		-	57
<i>Total Current Assets</i>		<u>3,834</u>	<u>11,272</u>
<b>Total Assets</b>		<u>34,123</u>	<u>27,806</u>
		=====	=====

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Eastland Network Limited

**Statement of cash flows***For the year ended 31 March 2000*

	Note	2000 \$'000	1999 \$'000
<b>Cash flows from operating activities</b>			
Cash was received from (disbursed to):			
Receipts from customers		18,980	16,068
Interest Received		189	494
Payments to suppliers and employees		(11,799)	(11,707)
Interest paid		(290)	(1)
Income Tax paid		(660)	(661)
<b>Net cash flow from operating activities</b>	19	<u>6,420</u>	<u>4,193</u>
<b>Cash flows from (to) investing activities</b>			
Cash was provided by (applied to)			
Disposal of fixed assets		148	-
Acquisition of fixed assets		(15,819)	(1,350)
<b>Net cash from (to) investing activities</b>		<u>(15,671)</u>	<u>(1,350)</u>
<b>Cash Flows from (to) financing activities</b>			
Cash was provided by (applied to)			
Proceeds of borrowing		6,400	-
Repayment of borrowings		(20)	(25)
Dividends paid		(4,926)	(765)
<b>Net cash from (to) financing activities</b>		<u>1,454</u>	<u>(790)</u>
Net increase (decrease) in cash held		(7,797)	2,053
Add opening cash brought forward		9,456	7,403
<b>Ending cash carried forward</b>		<u>1,659</u> =====	<u>9,456</u> =====

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Eastland Network Limited

## Notes to the financial statements

*For the year ended 31 March 2000*

### 1) Statement of accounting policies

#### Basis of Preparation

Eastland Network Limited is registered under the Companies Act 1993 and is a reporting entity for purposes of the Financial Reporting Act 1993.

The financial statements are those of the Line Business Activities only of Eastland Network Limited and have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 and only for that purpose.

#### Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed, with the exception that certain property has been revalued.

#### Specific accounting policies

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

#### (A) Fixed Assets

##### *Owned Assets*

Fixed assets are initially stated at cost and depreciated as outlined below. Where appropriate, the cost of fixed assets includes site preparation costs, installation costs, and the cost of obtaining resource consents.

##### *Leased Assets*

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the present value of the future minimum lease payments, and are depreciated as outlined below.

##### *Revaluations*

Land and buildings are stated at valuation as determined on a cyclical basis not exceeding three years by an independent valuer. The basis of valuation is market value less the estimated costs of disposal, on an existing use basis. Any surplus on revaluation of a class of land and buildings is transferred directly to equity unless it offsets a previous decrease in value recognised in the statement of financial performance, in which case it is recognised in the statement of financial performance. A decrease in value relating to the a class of land and buildings is recognised in the statement of financial performance where it exceeds the surplus previously transferred to equity.

##### *Disposal of Fixed Assets*

Where a fixed asset is disposed of, the profit or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying value of the fixed asset.

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Eastland Network Limited

**Notes to the financial statements** (continued)*For the year ended 31 March 2000***1) Statement of accounting policies** (continued)**Fixed Assets** (continued)*Depreciation*

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its useful life.

Major depreciation periods are:

Buildings	40 – 100 years
Distribution system	10 – 50 years
Motor Vehicles	5 – 10 years
Plant & Equipment	5 – 10 years

**(B) Receivables**

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

**(C) Taxation**

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

**(D) Financial Instruments**

The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, accounts receivable, accounts payable and term borrowings. All financial instruments are recognised in the statement of financial position and all revenues in relation to financial instruments are recognised in the statement of financial performance.

Except for those items covered by a separate accounting policy, all financial instruments are shown at their fair value.

**(E) Employee Entitlements**

A liability for annual leave and long service leave is accrued and recognised in the statement of financial position. The liability is calculated on an actual entitlement basis.

**(F) Changes in Accounting Policies**

There have been no changes in accounting policies. All Policies have been applied on bases consistent with those in the prior year.

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Eastland Network Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2000

	2000 \$'000	1999 \$'000
<b>2. Operating revenue comprises</b>		
Revenue from line/access charges	18,823	14,901
Revenue from "Other" business for services carried out by the line business (transfer payment)	279	-
Interest on cash, bank balances and short term investments	189	494
AC loss-rental rebates	232	258
Other Revenue	62	188
<b>Total Operating revenue</b>	<b>19,585</b>	<b>15,841</b>
<b>3 Operating Expenditure includes</b>		
(a) Payment for transmission charges	4,635	3,442
(b) Transfer payments for "Other" business for:		
(i) <i>Asset maintenance</i>	-	-
(ii) <i>Consumer disconnection/reconnection services</i>	-	15
(iii) <i>Meter data</i>	-	-
(iv) <i>Consumer based load control services</i>	-	-
(v) <i>Royalty and patent expenses</i>	-	-
(vii) <i>Avoided transmission charges on account own generation</i>	117	-
(vii) <i>Other goods &amp; services not listed in (i) to (vi) above</i>	38	35
(viii) <i>Total transfer payment to "Other" business</i>	155	56
(c) Expense to entities that are not related parties for:		
(i) <i>Asset Maintenance</i>	3,727	2,072
(ii) <i>Consumer disconnection/reconnection services</i>	-	-
(iii) <i>Meter data</i>	-	-
(iv) <i>Consumer-based load control services</i>	-	-
(v) <i>Royalty and patent expenses</i>	-	-
(vi) <i>Total of specified expenses to non-related parties</i>	3,727	2,072
(d) Employee salaries, wages and redundancies	1,111	1,015
(e) Consumer billing and information system expense	134	158
(f) Depreciation on:		
(i) <i>System fixed assets:</i>	1,415	958
(ii) <i>Other assets not listed in (i)</i>	385	243
(iii) <i>Total depreciation</i>	1,800	1,201
(g) Amortisation of:		
(i) <i>Goodwill</i>	-	-
(ii) <i>Other intangibles</i>	-	-
(iii) <i>Total amortisation of intangibles</i>	-	-
(h) Corporate and administration	424	1,864
(i) Human Resource expenses	228	74
(j) Marketing, advertising	1	50
(k) Merger and acquisition expenses	-	42
(l) Takeover defense expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	209	449
(o) Donations	-	-
(p) Directors' fees	109	109
(q) Auditors' fees:		
(i) <i>audit fees paid to principal auditors</i>	23	23
(ii) <i>audit fees paid to other auditors</i>	-	-
(iii) <i>fees paid for other services provided by principal and other auditors</i>	2	2
(iv) <i>Total auditors fees</i>	25	25



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Eastland Network Limited

**Notes to the financial statements (continued)***For the year ended 31 March 2000*

	2000 \$'000	1999 \$'000
<b>3. Operating expenditure (continued)</b>		
(i) Bad debts written off	-	74
(ii) Increase in estimated doubtful debts	-	-
(iii) Total cost of offering credit	-	74
(s) Local authority rates	8	-
(t) AC loss-rentals (distribution to retailers/customers) expense	-	-
(u) Rebates to consumers due to ownership interest	-	-
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	<u>792</u>	<u>1,180</u>
<b>Total operating expenditure</b>	<b>13,358</b>	<b>11,819</b>

**4. Interest expense**

(a) Interest expense on borrowings	283	1
(b) Financing charges related to finance leases	7	7
(c) Other Interest expense	-	-
(d) Total Interest Expense	290	8

**5. Taxation**

Profit before taxation	<u>5,937</u>	<u>4,014</u>
Prima facie taxation at 33%	1,959	1,325
Add (subtract) tax effect of permanent differences	<u>95</u>	<u>(4)</u>
<b>Income tax expense</b>	<b>2,053</b>	<b>1,321</b>
	=====	=====
Income Tax expense is made up of		
Current Taxation	1,904	1,156
Deferred Taxation	<u>183</u>	<u>156</u>
	<u>2,087</u>	<u>1,321</u>

**6. Deferred Taxation**

Balance at beginning of year	340	496
Recognised in the statement of financial performance	<u>(183)</u>	<u>(156)</u>
Balance at end of year	157	340

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Eastland Network Limited  
**Notes to the financial statements** (continued)  
*For the year ended 31 March 2000*

	2000 \$'000	1999 \$'000
<b>7. Imputation credits</b>		
Balance at beginning of year	3,531	3,333
Taxation paid	660	661
Imputation credits attached to dividends paid	(2,280)	(377)
Other debit adjustments		(86)
Balance at end of year	1,911	3,531
<b>8. Dividend</b>		
Proposed Dividend on ordinary shares	453	-
Interim dividends paid	<u>4,926</u>	<u>765</u>
Total dividend	<u>5,379</u> =====	<u>765</u> ===
<b>9. Paid in share capital</b>		
Balance at beginning of year	8,503	8,503
Transfer from share premium reserve	222	-
Transfer from retained earnings	3,814	
	<u>12,539</u>	<u>8,503</u>
<b>10. Share premium reserve</b>		
Balance at beginning of year	222	222
Transfer to paid in equity	222	-
Balance at end of year	<u>-</u>	<u>222</u>
<b>11. Asset revaluation reserve</b>		
Balance at beginning of year	1,605	1,524
Revaluation current year	107	86
Revalued content of disposed assets	(1,185)	(5)
	<u>527</u>	<u>1,605</u>

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Eastland Network Limited

**Notes to the financial statements (continued)***For the year ended 31 March 2000*

	2000 \$'000	1999 \$'000
<b>12. Fixed assets</b>		
System fixed assets at cost	41,892	26,542
Less accumulated depreciation	<u>(15,223)</u>	<u>(13,125)</u>
	26,669	13,417
Customer billing & information system assets at cost	296	558
Less accumulated depreciation	<u>(170)</u>	<u>(405)</u>
	126	153
Motor vehicles at cost	446	490
Less accumulated depreciation	<u>(171)</u>	<u>(243)</u>
	275	247
Office equipment at cost	888	1,228
Less accumulated depreciation	<u>(484)</u>	<u>(839)</u>
	404	389
Land and buildings at valuation	1,417	1,315
Less accumulated depreciation	<u>(38)</u>	<u>(3)</u>
	1,379	1,312
Capital works under construction at cost	<u>581</u>	<u>47</u>
Other plant and equipment at cost	1,519	1,623
Less accumulated depreciation	<u>(821)</u>	<u>(994)</u>
	698	629
Total fixed assets	30,132	16,194
	=====	=====
<b>13. Borrowings</b>		
a) Non-Current		
Bank loans unsecured	3,200	-
Lease Liability	9	29
Shareholder subordinated Debt	<u>10,000</u>	<u>10,000</u>
	13,209	10,029
b) Current		
Bank loans unsecured	3,200	-
Lease Liability	<u>20</u>	<u>17</u>
	3,220	17
<b>14. Payables and accruals</b>		
Trade Creditors	1,747	738
Other accruals	-	42
Employee provisions	<u>200</u>	<u>149</u>
	1,947	929

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Eastland Network Limited

**Notes to the financial statements (continued)***For the year ended 31 March 2000***15. Bank Loans**

Total bank borrowings of \$6,400,000 are in two parts, \$3,200,000 on a 5 year term loan due for repayment on 28 July 2004. Interest on this loan is fixed for 2 year period expiring 28 July 2001. The current interest rate is 6.56%.

\$3,200,000 Multi option current loan (MOCL) for an initial term of 364 days expiring 26 July 2000. This facility is renewable at the Bank's option. Interest rates are reviewed at 90 or 180 day periods. Current interest rate is 6.87%. The interest rate on this facility is hedged within the range 5.0% to 7.55% until 28 July 2001.

The bank borrowings are not secured.

**16 Finance Lease**

The finance lease is secured over the office telephone equipment.

**17 Subordinated Debt**

In accordance with the Establishment Plan creating Eastland Network Limited (formerly Eastland Energy Limited) as an energy company under the Energy Companies Act 1992, Eastland Energy Community Trust provided the Company with loan finance of \$10,000,000. This debt is subordinate to all other liabilities of the Company, and is interest free.

It is likely that this Debt will be replaced with loan finance on commercial terms during the next financial year.

**18 Contingent Liabilities**

At 31 March 2000, The Company has a contingent liability of \$137,300 (1999: \$141,049) in respect of Subdivision Developers' Rebates on sections that are reticulated but undeveloped. The individual liabilities will be brought to charge as each section is developed and line charges become payable.

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Eastland Network Limited

**Notes to the financial statements** (continued)*For the year ended 31 March 2000*

	Note	2000 \$'000	1999 \$'000
<b>19. Net Cash Flow from Operating Activities</b>			
The following is a reconciliation between the surplus after taxation shown in the statement of financial performance and the net cash flow from operating activities.			
Surplus after taxation		3,850	2,693
Add/(less) items classified as investing/financing activities:			
Add/(less) non-cash items			
Depreciation		1,799	1,196
Increase in future tax benefit		-	(156)
Loss on disposal of assets		-	5
Reallocation of equity		<u>42</u>	<u>59</u>
		1,841	1,104
Add/(less) movement in working capital			
Decrease/(increase) in trade debtors and other receivables		(348)	230
Decrease/(increase) in inventories		57	541
(Decrease)/increase in trade creditors and other payables		<u>1,020</u>	<u>(375)</u>
		729	396
Net cash flow from operations		6,420	4,193

**20 Commitments****(a) Capital Commitments**

Contracted for but not provided for	<u>160</u>	<u>55</u>
	<u>160</u>	<u>55</u>

**(b) Operating lease commitments**

Non-cancellable operating lease rentals  
are payable as follows

Not later than one year	<u>-</u>	<u>6</u>
	<u>-</u>	<u>6</u>

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Eastland Network Limited

**Notes to the financial statements (continued)***For the year ended 31 March 2000***21 Financial instruments****Credit risk**

Financial assets which potentially subject the Company to a credit risk principally consist of bank balances and accounts receivable. The maximum credit risk is the book value of these financial instruments however, the Company considers the risk of non recovery of these amounts to be minimal.

Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings. Exposure with any one financial institution is restricted in accordance with company policy.

**Currency risk**

The Company has no material exposure to currency risk.

**Interest risk**

The interest rate risk is limited to bank borrowings. As indicated at note 14 the interest rates are hedged until 28 July 2001.

**Fair Values**

The carrying value of cash and bank deposits, accounts receivable and accounts payable is equivalent to their fair value.

**22 Transactions with related parties.**

- (a) The Company engaged Utility Services Associates Limited, a consulting company of which P S Barnett is a director, in connection with the purchase of assets from Wairoa Power Limited, meeting the Company's Y2K compliance requirements and preparation and presentation of the Company's submission to the Electricity Enquiry. Total fees paid were \$14,454 plus GST.
- (b) The Company is 100% owned by Eastland Energy Community Trust.

Other than the distributions shown in the statement of movements in equity there have been no significant transactions with related parties.

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Eastland Network Limited

**Notes to the financial statements** (continued)*For the year ended 31 March 2000***23 Subsequent Events**

On 20 June 2000 the Directors announced an agreement with Horizon Energy Distribution Limited to form a joint venture company to manage the electricity networks of both companies. Ownership of the network assets will remain unchanged. The venture will provide significant cost savings to Eastland Network Limited.

**Financial and efficiency performance measures under Regulation 15 of the Electricity (Information Disclosure) Regulations 1999**

	2000	1999	1998	1997
1) Financial performance measures				
a) Return on funds	9.40	1.30	5.76	7.63
b) Return on Equity	8.00	1.01	4.53	8.15
c) Return on Investment	-11.40	0.95	90.99	7.03
2) Efficiency performance measures				
a) Direct line costs per Kilometre	\$1,300	\$1,471	\$1,327	\$1,429
b) Indirect line costs per electricity consumer	\$72	\$94	\$112	\$117

**Delivery efficiency performance measures under Regulation of the Electricity (Information Disclosure) Regulations 1999**

1. Load factor	57%	59%	59%	58%
2. Loss ratio	6.2%	7.3%	7.3%	7.1%
3. Capacity utilisation	28.5%	26.5%	26.9%	27.8%

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

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	6,227				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	6,452				
Interest on cash, bank balances, and short-term investments (ISTI)	189				
OSBIT minus ISTI	6,293	a	6,293		6,293
Net surplus after tax from financial statements	3,856				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,105	n		4,105	
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)	1,415				
Depreciation of SFA at ODV (y)	1,543				
ODV depreciation adjustment	-128	d	add -128	add -128	add -128
Subvention payment tax adjustment	0	s <sup>t</sup>		deduct 0	deduct 0
Interest tax shield	95	q			deduct 95
Revaluations	-12,116	r			add -12,116
Income tax	2,087	p			deduct 2,087
<b>Numerator</b>			OSBIT <sup>ADJ</sup> = a + g + s + d 6,165	NSAT <sup>ADJ</sup> = n + g + s - s <sup>t</sup> + d 3,977	IT <sup>ADJ</sup> = a + g - q + r + s + d - p - s <sup>t</sup> -8,133
Fixed assets at end of previous financial year (FA <sub>0</sub> )	16,194				
Fixed assets at end of current financial year (FA <sub>1</sub> )	30,132				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	9,820				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-2,020				
Average total funds employed (ATFE)	31,846 (or regulation 33 time-weighted average)	c	31,846		31,846
Total equity at end of previous financial year (TE <sub>0</sub> )	16,325				
Total equity at end of current financial year (TE <sub>1</sub> )	14,803				
Average total equity	16,302 (or regulation 33 time-weighted average)	k		16,302	
WUC at end of previous financial year (WUC <sub>0</sub> )	47				
WUC at end of current financial year (WUC <sub>1</sub> )	581				
Average total works under construction	227 (or regulation 33 time-weighted average)	e	deduct 227	deduct 227	deduct 227
Revaluations	-12,116	r			
Half of revaluations	-6,058	r/2			deduct -6,058
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0				
Intangible assets at end of current financial year (IA <sub>1</sub> )	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year (S <sub>0</sub> )	0				
Subvention payment at end of current financial year (S <sub>1</sub> )	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 <sub>book,0</sub> )	13,417				
System fixed assets at end of current financial year at book value (SFA <sub>book,1</sub> )	26,658				
Average value of system fixed assets at book value	22,369 (or regulation 33 time-weighted average)	f	deduct 22,369	deduct 22,369	deduct 22,369
System Fixed assets at year beginning at ODV value (SFA <sub>odv,0</sub> )	51,560				
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,1</sub> )	53,251				
Average value of system fixed assets at ODV value	56,035 (or regulation 33 time-weighted average)	h	add 56,035	add 56,035	add 56,035
<b>Denominator</b>			ATFE <sup>ADJ</sup> = c - e - f + h 65,285	Ave TE <sup>ADJ</sup> = k - e - m + v - f + h 49,741	ATFE <sup>ADJ</sup> = c - e - 1/2r - f + h 71,343
<b>Financial Performance Measure:</b>			ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100 9.4	ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100 8.0	ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100 -11.4



- 16 -

Eastland Network Limited

**Annual Valuation Reconciliation Report**

<b>Year ended 31 March 2000</b>		<b>\$'000</b>
Systems fixed assets at ODV - end of the previous year		51,560
<i>Add</i>	system fixed assets acquired during the year at ODV	15,350
<i>less</i>	system fixed assets disposed of during the year at ODV	-
<i>less</i>	depreciation on system fixed assets at ODV	1,543
<i>Add</i>	revaluations of system fixed assets	-12,116
<i>Equals</i> system fixed assets at ODV - end of the financial year		<u>53,251</u>

## 2 Efficiency Performance Measures (Schedule 1, Part 3)

	2000	1999	1998	1997
(a) Direct line costs per kilometre	1,297	1,472	1,326	1,293
Direct expenditure	4,535,030	4,159,959	3,749,932	3,651,212
System length	3,495.52	2,827.00	2,827.00	2,823.00

	2000	1999	1998	1997
(b) Indirect line costs per consumer	72	94	112	117
Indirect expenditure	1,699,925	1,864,051	2,223,005	2,327,168
Total consumers	23,694	19,843	19,797	19,875

## Energy Delivery Efficiency Performance Measures (Schedule 1, Part 4)

	2000	1999	1998	1997
(a) Load Factor (= $[a/bc]*100/1$ )	56.59%	59.25%	59.24%	57.74%
where -				
a = Kwh of electricity entering system during the financial year	269,881,692	223,221,000	224,965,100	227,904,671
(this figure should be same as the total for (g) from Statistics)				
b = Maximum Demand	54,446	43,010	43,354	45,055
c = Total number of hours in financial year	8,760	8,760	8,760	8,760

	2000	1999	1998	1997
(b) Loss Ratio (= $a/b*100/1$ )	6.18%	7.26%	7.29%	7.13%
where -				
a = losses in electricity in kWh	16,679,992	16,205,845	16,399,956	16,249,603
(this figure should be the difference between (f) and (g) from Statistics)				
b = Kwh of electricity entering system during the financial year	269,881,692	223,221,000	224,965,100	227,904,671

	2000	1999	1998	1997
(C) Capacity Utilisation (= $a/b*100/1$ )	28.47%	26.45%	26.91%	27.82%
where -				
a = Maximum Demand	54,446	43,010	43,354	45,055
b = Transformer Capacity	191,218	162,619	161,094	161,942

## Statistics (Schedule 1, Part 4)

Statistics		Nominal Voltage	2000	1999	1998	1997
(a)	System Length (Total) (kms)					
	50kV		295.69	258.00	258.00	257.00
	11kV		2,599.42	2,080.00	2,081.00	2,080.00
	230/400 V		600.41	489.00	488.00	486.00
	Total		3,495.52	2,827.00	2,827.00	2,823.00
(b)	Circuit Length (Overhead) (kms)					
	50kV		295.69	258.00	258.00	257.00
	11kV		2,499.60	1,983.00	1,984.00	1,983.00
	230/400 V		472.07	397.00	397.00	398.00
	Total		3,267.36	2,638.00	2,639.00	2,638.00
(c)	Circuit Length (Underground) (kms)					
	11kV		99.82	97.00	97.00	97.00
	230/400 V		128.34	92.00	91.00	88.00
	Total		228.16	189.00	188.00	185.00
(d)	Transformer Capacity (kVA)	in kVA	191,218	162,619	161,094	161,942
(e)	Maximum Demand (kW)	in kW	54,446	43,010	43,354	45,055
(f)	Total Electricity Supplied from System, after losses of electricity (kWh)	in kWh	253,201,700	207,015,155	208,565,144	211,655,068
(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:	Name of retailer/generator				
		Contact Energy Ltd	189,333,898	86,410,000		
		Eastland Energy Ltd		112,924,700	224,965,100	227,904,671
		Mercury Energy Ltd	10,491,973	4,944,000		
		Transalta NZ Ltd	5,672,613	1,646,300		
		Wairapapa Electricity Ltd		17,296,000		
		Trustpower Ltd	41,639,810			
		Meridian Energy Ltd	291,630			
		Genesis Energy Ltd	22,451,767			
		TOTAL	269,881,692	223,221,000	224,965,100	227,904,671
(h)	Total number of consumers	Number	23,694	19,843	19,797	19,875

**Reliability Performance Measures (Schedule 1, Part 5)**

Para

Interruptions		Average Interruption Targets	Interruption Targets	Actual Interruptions			
		2001/05	2001	2000	1999	1998	1997
	Class						
	Class A			1	0		
Planned Interruptions	Class B			156	376	485	481
Unplanned Interruptions	Class C			179	140	131	190
	Class D			2	0		
	Total			338	516	616	671

1 to 3

4	Proportion of Total Class C Interruptions not restored: (= a/b*100/1)				Within 3 Hours	Within 24 Hours
	where -					
	a = No. of interruptions not restored within				47	0
	b = Total number of Class C interruptions				179	179
	Proportion expressed as a percentage				26.26%	0.00%

**Reliability Performance Measures (Schedule 1, Part 5)**

para

Faults		Average Faults Targets	Faults Targets	Actual number of faults			
		2001/05	2001	2000	1999	1998	1997
Faults per 100 circuit kilometres of prescribed voltage electric line	Nominal Voltage						
	50kV			4	5	6	7
	11kV			6	6	6	8
	Total			10	11	12	15

5

Faults		Actual number of faults			
		2000	1999	1998	1997
Faults per 100 circuit kilometres of underground prescribed voltage electric line	Nominal Voltage				
	11kV	4	9	5	10
	Total	4	9	5	10

6

Faults		Actual number of faults			
		2000	1999	1998	1997
Faults per 100 circuit kilometres of overhead prescribed voltage electric line	Nominal Voltage				
	50kV	4	5	6	7
	11kV	6	6	6	8
	Total	10	11	12	15

7

## Reliability Performance Measures (Schedule 1, Part 5)

Para

SAIDI	Class	Average SAIDI Targets	SAIDI Targets	Actual SAIDI			
		2001/05	2001	2000	1999	1998	1997
8	SAIDI for total number of interruptions (= a/b) where - a = sum of interruption duration factors for <u>all</u> interruptions b = Total consumers			235.34	404.01	518.77	714.82
9, 10	SAIDI Targets (=a/b) Planned Interruptions Unplanned Interruptions where- Planned Interruptions (pi) a <sup>pi</sup> = sum of interruption duration factors for all interruptions Unplanned Interruptions (ui) a <sup>ui</sup> = sum of interruption duration factors for all interruptions b = Projected total consumers	Class B Class C	151 63 182 66 3,896,000 4,697,000 1,625,000 1,702,000 25,800 25,800				
11	SAIDI for total number of interruptions within each interruption class (= a/b)	Class A Class B Class C Class D		1.68 47.95 183.43 2.28	0.00 164.46 239.55 0.00	0.00 235.95 253.16 29.66	0.00 180.25 532.49 2.08
	SAIDI for total of interruptions			235.34	404.01	518.77	714.82
	where - a = sum of interruption duration factors for all interruptions within the particular interruption class b = Total consumers	Class A Class B Class C Class D		39,732 1,136,102 4,346,118 54,126 23,694	3,263,380 4,753,391 587,179 19,843	4,671,102 5,011,809 19,797	3,582,469 10,583,239 41,340 19,875

## Reliability Performance Measures (Schedule 1, Part 5)

Para

SAIFI	Class	Average SAIFI Targets	SAIFI Targets	Actual SAIFI			
		2001/05	2001	2000	1999	1998	1997
12 SAIFI for total number of interruptions (= a/b) where - a = sum of electricity consumers affected by each of those interruptions b = Total consumers SAIFI Targets (=a/b)				3.55	4.16	8.72	5.61
13, 14 Planned Interruptions	Class B	0.54	0.56				
Unplanned Interruptions	Class C	2.08	2.51				
where- Planned Interruptions a = projected number of electricity consumers affected by each of those interruptions b = Projected total customers	Class B						
		13,932	14,448				
		25,800	25,800				
Unplanned Interruptions a = projected number of electricity consumers affected by each of those interruptions b = Projected total customers	Class C						
		53,664	64,758				
		25800	25800				
15 SAIFI for total number of interruptions within each interruption class (= a/b)							
	Class A			0.02	0.00	0.00	0.00
	Class B			0.45	1.33	2.44	1.25
	Class C			2.58	2.83	4.12	4.32
	Class D			0.50	0.00	2.16	0.04
	SAIFI for total of interruptions			3.55	4.16	8.72	5.61
where - a = sum of electricity consumers affected by each of those interruptions within that interruption class							
	Class A			462			
	Class B			10,714	26,391	48,305	24,844
	Class C			61,081	56,156	81,563	85,860
	Class D			11,743		42,762	795
b = Total consumers				23,694	19,843	19,797	19,875

## Reliability Performance Measures (Schedule 1, Part 5)

Para

CAIDI	Class	Average CAIDI Targets	CAIDI Targets	Actual CAIDI			
		2001/05	2001	2000	1999	1998	1997
16	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			66	97	59	127
17, 18	CAIDI Targets (=a/b) Planned Interruptions Unplanned Interruptions where- Planned Interruptions a = sum of interruption duration factors for all interruptions b = projected number of electricity consumers affected by each of those interruptions Unplanned Interruptions a = sum of interruption duration factors for all interruptions b = projected number of electricity consumers affected by each of those interruptions	Class B Class C Class B Class C	280 30 325 26 3,896,000 4,697,000 13,932 14,448 1,625,000 1,702,000 53,664 64,758				
19	CAIDI for total number of interruptions within each interruption class (= a/b)	Class A Class B Class C Class D		86 106 71 5	0 124 85 0	0 97 61 14	0 144 123 52
	CAIDI for total of interruptions			66	97	59	127
	where - a = sum of interruption duration factors for all interruptions  b = sum of electricity consumers affected by each of those interruptions within that interruption class	Class A Class B Class C Class D  Class A Class B Class C Class D		39,732 1,136,102 4,346,118 54,126 462 10,714 61,081 11,743	0 3,263,380 4,753,391 0 0 26,391 56,156 0	0 4,671,102 5,011,809 587,179 0 48,305 81,563 42,762	0 3,582,469 10,583,239 41,340 0 24,844 85,860 795

## Time Weighted Averages

	Gisborne		Gisborne & Wairoa		Gisborne 4 Months	Both Networks 8 Months	Weighted Average
	01/04/1999	30/07/1999	31/07/1999	31/03/2000			
Average Total Funds employed	26,278	27,918	34,318	34,123	9,033	22,814	31,846
Average Total Works under construction	47	50	50	581	16	210	227
Average value of system fixed assets at NBV	13,549	13,883	26,722	26,669	4,572	17,797	22,369
Average value of system fixed assets at ODV	51,560	51,669	63,239	53,251	17,205	38,830	56,035
Average Total equity	16,591	17,138	17,138	14,903	5,622	10,680	16,302
Average Total intangible Asset	-	-	-	-	-	-	-
<b>Total Consumers</b>	<b>19,843</b>	<b>20,049</b>	<b>25,344</b>	<b>25,792</b>	<b>6,649</b>	<b>17,045</b>	<b>23,694</b>
system lengths - 50kV	258	254	320	312	85	211	296
system lengths - 11kV	2,080	2,076	2,864	2,855	693	1,906	2,599
system lengths - 400V	489	524	611	681	169	431	600
<b>total systems length</b>	<b>2,827</b>	<b>2,854</b>	<b>3,795</b>	<b>3,848</b>	<b>947</b>	<b>2,548</b>	<b>3,495</b>
transformer capacity	162,619	162,619	204,156	206,880	54,206	137,012	191,218
Total Length Overhead - 50kV	258	254	320	312	85	211	296
Total Length Overhead - 11kV	1,983	1,984	2,756	2,758	661	1,838	2,499
Total Length Overhead - 400V	397	432	465	535	138	333	472
Total Length Underground - 50kV	-	-	-	-	-	-	-
Total Length Underground - 11kV	97	92	108	97	32	68	100
Total Length Underground - 400V	92	92	146	146	31	97	128





# Audit New Zealand

## REPORT OF THE AUDIT OFFICE

### TO THE READERS OF THE FINANCIAL STATEMENTS OF EASTLAND NETWORK LIMITED FOR THE YEAR ENDED 31 MARCH 2000

We have audited the financial statements of Eastland Network Limited on pages 2 to 14. The financial statements provide information about the past financial performance of Eastland Network Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out on pages 5 to 6.

#### **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 Eastland Network Limited as at 31 March 2000, and results of operations and cash flows for the year then ended.

#### **Auditor's responsibilities**

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

The Controller and Auditor-General has appointed L H Desborough, of Audit New Zealand, to undertake the audit.

#### **Basis of opinion**

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

- ▲ the significant estimates and judgements made by the Directors in the preparation of the financial statements; *and*
- ▲ whether the accounting policies are appropriate to Eastland Network Limited's circumstances, consistently applied and adequately disclosed.

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

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

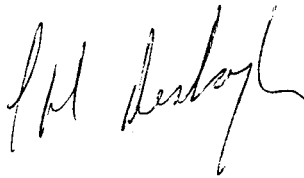
### **Unqualified opinion**

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

In our opinion:

- ▲ proper accounting records have been kept by Eastland Network Limited as far as appears from our examination of those records *and*
- ▲ the financial statements on pages 2 to 14:
  - comply with generally accepted accounting practice *and*
  - give a true and fair view of the financial position of Eastland Network Limited as at 31 March 2000 and the results of its operations and cash flows for the year ended on that date; *and*
  - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 4 October 2000 and our unqualified opinion is expressed as at that date.



L H Desborough  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Napier, New Zealand





# Audit New Zealand

## AUDIT OFFICE OPINION

### ON THE PERFORMANCE MEASURES OF EASTLAND NETWORK LIMITED

We have examined the information on pages 14 to 16 being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulations 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 Eastland Network Limited and dated 31 March 2000 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.

L H Desborough  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Napier, New Zealand

4 October 2000

***CERTIFICATION OF VALUATION REPORT OF LINE OWNERS***

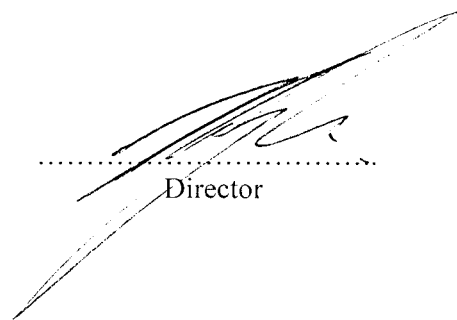
We, William Wakefield Lawrence Clague, Director, and Trevor William Taylor, Director, of Eastland Network Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached valuation report of Eastland Network Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulation 1999, complies with the requirements of those regulations; and
- (b) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Eastland Network Limited is \$53,251,000; and
- (c) The Optimised Deprival Valuation of the line business system fixed assets of Eastland Network Limited is \$53,251,000; and
- (d) The valuation of the line business assets of Eastland Network Limited including system and non-system fixed assets and net working capital is \$56,704,000; and
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 1 April 2000.



Director



Director

Dated this 3rd day of October 2000



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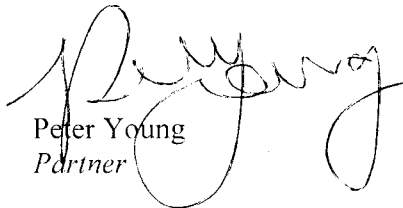
Telephone (03) 363-5764  
Fax (03) 363-5765

## AUDITORS OPINION IN RELATION TO ODV VALUATION

### EASTLAND NETWORK LIMITED

I have examined the valuation report of Eastland Network Limited prepared by KPMG and dated September 2000, which contains valuations of system fixed assets as at 31 March 2000.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report, including the total valuation of system fixed assets of \$53,251,000 have been made in accordance with the ODV Handbook.



Peter Young  
Partner

12 September 2000