



# New Zealand Gazette

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## NORTHPOWER 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, and Statistics Disclosed  
by Line Owners other than Transpower**

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Northpower Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those Regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Northpower 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 as at 31 March 2000.

Dated this 30<sup>th</sup> day of August 2000.

A handwritten signature in black ink, appearing to read "W. Moyes", written over a horizontal line.

Director

A handwritten signature in black ink, appearing to read "J. Ward", written over a horizontal line.

Director

**NORTHPOWER LTD****STATEMENT OF ACCOUNTING POLICIES**

For The Year Ended 31 March 2000

**Reporting Entity**

Northpower Ltd is a company formed under the Energy Companies Act 1992 and registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the Financial Reporting Act 1993 for the sole purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.

**Measurement Base**

The general accounting policies recognised as appropriate for the measurement and reporting of results, cashflows and financial position under the historical cost method, as modified by the revaluation of land, buildings and the distribution system assets, have been followed in the preparation of these financial statements.

**Particular Accounting Policies**

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

(i) **Sales**

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Company for goods and services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.

(ii) **Investments**

Investments are stated at cost.

(iii) **Properties Intended For Sale**

Properties intended for sale are classified as current assets if sale is expected within 1 year. Such properties are shown at carrying value unless this exceeds net realisable value.

(iv) **Cost of 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 an appropriate proportion of production overhead. Costs cease to be capitalised as soon as the asset is ready for productive use.

All fixed assets are initially recorded at cost.

Land and buildings are subsequently valued by independent registered valuers on a three-yearly basis. The basis of the valuation is net current value.

Distribution system assets have been revalued to Optimised Deprival Value at 1 April 1999, based on a valuation conducted by Ernst & Young, Registered Valuers, as at 31 March 1998. The Directors believe that this valuation would not be materially different to a valuation conducted at 1 April 1999. Additions between revaluations are recorded at cost.

(v) **Depreciation**

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:-

Distribution system	5-60 years
Buildings	50 years
Motor vehicles	5-10 years
Plant and equipment	5-10 years

**(vi) Inventories**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is principally determined on a weighted average basis.

The cost of work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

**(vii) Debtors**

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

**(viii) Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

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

Future taxation benefits attributable to losses carried forward, or timing differences, are recognised in the financial statements only where there is virtual certainty of realisation.

**(ix) Research and Development Costs**

Research and development costs are normally expensed in the period incurred except that development costs are deferred where future benefits are expected to exceed these costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

**(x) Financial Instruments**

Northpower and its subsidiaries are party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, accounts receivable, creditors, and short term deposits. Reserves and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

Northpower has limited its exposure to credit risk in respect of its investments by only investing in institutions with a high credit rating, and limiting the amount that can be invested in any one institution. Northpower believes this policy reduces the risk of any loss which could arise from its investing activities.

**(xi) GST**

These Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are GST inclusive.

**(xii) Employee Entitlements**

Provision is made in respect of the group's liability for annual leave, long service leave and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while the other provisions have been calculated on an actuarial basis at current rates of pay.

**Changes in Accounting Policies:**

Northpower Limited has changed its policy on calculating employee entitlements for long service and retiring leave. These are now calculated on an actuarial basis at current rates of pay. The impact of this change is a charge to the Statement of Financial Performance of \$150,000 in the current financial year. In previous financial years these entitlements were not calculated and recorded.

Northpower has changed its policy on valuing its distribution system. These assets are now valued at Optimised Deprival Value. Previously they were valued at historical cost. The revaluation has resulted in an increase in fixed assets of \$68.744 million. The revaluation has been credited to the revaluation reserve.

The company has changed the method of accounting for deferred taxation from the comprehensive method to the partial method. The effect of this is a write back to the taxation expense of \$3,276,000 for deferred taxation liability provided in previous years.

There have been no other changes in accounting policies. The policies have been applied on a basis consistent with previous years.

## NORTHPOWER LIMITED

## STATEMENT OF FINANCIAL PERFORMANCE - LINE BUSINESS

For the Year Ended 31 March 2000

	Notes	2000 \$000's	1999 \$000's
Operating Revenue	1	28,843	27,323
Operating Surplus Before Taxation	2	6,924	3,790
Taxation Expense	4	909	(1,361)
Operating Surplus After Taxation		<u>\$7,833</u>	<u>\$2,429</u>

## STATEMENT OF MOVEMENTS IN EQUITY

For the Year Ended 31 March 2000

		2000 \$000's	1999 \$000's
Opening Equity		34,186	51,897
Net Surplus for Period		7,833	2,429
Revaluation of Assets	7	68,744	-
Share Repurchase	6	-	(20,140)
Dividends		(5,000)	-
Closing Equity		<u>\$105,763</u>	<u>\$34,186</u>

The accompanying Notes and Accounting Policies form part of these financial statements.

## NORTHPOWER LIMITED

## STATEMENT OF FINANCIAL POSITION - LINE BUSINESS

As At 31 March 2000

	Notes	2000 \$000's	1999 \$000's
CORPORATE OWNERSHIP:			
Share Capital	6	12,460	12,460
Asset Revaluation Reserve	7	73,773	5,250
Retained Earnings	8	19,530	16,476
TOTAL CORPORATE OWNERSHIP		<u>\$105,763</u>	<u>\$34,186</u>
NON CURRENT LIABILITIES			
Employee Entitlements		160	-
Deferred Taxation		-	3,276
		<u>\$160</u>	<u>\$3,276</u>
CURRENT LIABILITIES			
Bank Overdraft		-	-
Sundry Creditors		2,398	15,306
Tax Payable		726	-
Provision for Dividend		5,000	-
Employee Entitlements		159	654
TOTAL CURRENT LIABILITIES		<u>\$8,283</u>	<u>\$15,960</u>
		<u>\$114,206</u>	<u>\$53,422</u>
NON CURRENT ASSETS			
Term Receivables	15	1,136	1,448
Fixed Assets	5	108,282	46,221
		<u>\$109,418</u>	<u>\$47,669</u>
CURRENT ASSETS			
Cash and Bank		3,755	268
Short Term Deposits		-	-
Accounts Receivable		719	2,729
Inventory		198	1,425
Tax Refund Due		-	1,211
GST Refund		116	120
TOTAL CURRENT ASSETS		<u>\$4,788</u>	<u>\$5,753</u>
		<u>\$114,206</u>	<u>\$53,422</u>

The accompanying Notes and Accounting Policies form part of these financial statements.

## NORTHPOWER LIMITED

## STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2000

	Notes	2000 \$000's	1999 \$000's
Cash Flows from Operating Activities -			
Cash was provided from:			
Receipts from Customers		30,662	33,698
Interest Received		191	481
Tax Refund		-	676
Cash was distributed to:			
Payments to Suppliers		(28,417)	(11,142)
Payments to Employees		(1,608)	(6,735)
Interest Paid		(1)	(1)
Income Tax Paid		(430)	-
<b>Net Cash Inflow from Operating Activities</b>	9	<u><u>\$397</u></u>	<u><u>\$16,977</u></u>
Cash Flows from Investing Activities -			
Cash was provided from:			
Term Receivable		312	188
Sale of Investment Securities		-	2,300
Sale of Assets		6,921	2,984
Cash was applied to:			
Purchase of Fixed Assets		(4,143)	(1,890)
<b>Net Cash Inflow from Investing Activities</b>		<u><u>\$3,090</u></u>	<u><u>\$3,582</u></u>
Cash Flows from Financing Activities -			
Cash was applied to:			
Repay Shareholders		-	(20,140)
<b>Net Cash Outflow from Financing Activities</b>		<u><u>-</u></u>	<u><u>(\$20,140)</u></u>
Net Increase (Decrease) in Cash Held		3,487	419
Add Opening Cash Brought Forward		268	(151)
<b>Ending Cash Carried Forward</b>		<u><u>\$3,755</u></u>	<u><u>\$268</u></u>

The accompanying Notes and Accounting Policies form part of these financial statements.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

	Line Business	
	2000 \$000's	1999 \$000's
1. Operating Revenue		
Line Charges	26,388	23,812
Loss Rental Rebate	712	1,276
Line Contributions	1,516	1,438
Interest Received	191	482
Application Fees etc.	36	315
	<u>\$28,843</u>	<u>\$27,323</u>
2. Operating Surplus Before Tax After Charging:		
Bad Debts Written Off	-	30
Depreciation	3,906	2,595
Directors' Fees	76	70
Interest	1	1
Rental and Operating Lease Costs	6	9
Research and Development	15	-
Donations	-	-
Gain (Loss) on Sale of Assets	-	-
3. Auditors' Remuneration		
Auditing Financial Statements	12	15
Other Services	1	6
4. Taxation		
Profit Before Taxation	6,924	3,790
Prima Facie Taxation @ 33%	2,285	1,251
Plus Tax Effect of Permanent Differences:-		
Permanent Differences	546	110
Timing differences not recognised	(419)	-
Prior Period Adjustment	(45)	-
Deferred Tax Adjustment	(3,276)	-
Tax on Profits for Year	<u>(\$909)</u>	<u>\$1,361</u>
The Taxation Charge is Represented by:-		
Current Taxation	2,367	34
Deferred Taxation	(3,276)	1,327
	<u>(\$909)</u>	<u>\$1,361</u>
Movements in Provision for Deferred Taxation:		
Opening Balance	(3,276)	(1,928)
Prior Period Adjustment	-	(22)
Current Movement in Timing Differences	3,276	(1,326)
	<u>\$0</u>	<u>(\$3,276)</u>
Imputation Credit Account:		
Opening Balance	3,244	3,106
Imputation Credits Attached to Dividends Paid	-	-
Income Tax Payments During Year	430	138
	<u>\$3,674</u>	<u>\$3,244</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2000	1999
	\$000's	\$000's
5. Fixed Assets		
System Assets - At Valuation	104,661	65,540
Less Accumulated Depreciation	(3,215)	(32,004)
	<u>\$101,446</u>	<u>\$33,536</u>
Centralised Load Equipment - At Valuation	1,396	1,152
Less Accumulated Depreciation	(70)	(807)
	<u>\$1,326</u>	<u>\$345</u>
Computer Equipment - At Cost	1,016	1,537
Less Accumulated Depreciation	(532)	(773)
	<u>\$484</u>	<u>\$764</u>
Office Equipment - At Cost	928	2,111
Less Accumulated Depreciation	(412)	(934)
	<u>\$516</u>	<u>\$1,177</u>
Motor Vehicles - At Cost	265	4,621
Less Accumulated Depreciation	(193)	(2,535)
	<u>\$72</u>	<u>\$2,086</u>
Buildings - At Valuation	3,589	7,261
Less Accumulated Depreciation	(212)	(298)
	<u>\$3,377</u>	<u>\$6,963</u>
Land - At Valuation	<u>\$1,061</u>	<u>\$1,350</u>
Total Fixed Assets	<u>\$108,282</u>	<u>\$46,221</u>
Revalued Land and Buildings are stated at net current values as at 31 March 1997 as determined by Coutts Milburn Ltd, Registered Valuers of Whangarei		
6. Share Capital:		
Authorised, issued and paid up capital	12,460	32,600
Shares Repurchased	-	(20,140)
Total Issued and Paid Up Capital	<u>\$12,460</u>	<u>\$12,460</u>
7. Asset Revaluation Reserve:		
Opening Balance	5,250	5,250
Revaluation	68,744	-
Transfer to Retained Earnings	(221)	-
Closing Balance	<u>\$73,773</u>	<u>\$5,250</u>
8. Retained Earnings:		
Opening Balance	16,476	14,047
Operating Surplus	7,833	2,429
Transfer from Asset Revaluation	221	-
Total Available for Appropriation	<u>24,530</u>	<u>16,476</u>
Dividends	(5,000)	-
Closing Balance	<u>\$19,530</u>	<u>\$16,476</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	<b>Line Business</b>	
	<b>2000</b>	<b>1999</b>
	<b>\$000's</b>	<b>\$000's</b>
9. Reconciliation of Net Profit After Taxation		
with Cash Inflow from Operating Activities:		
Reported Surplus After Taxation	7,833	2,429
Add (less) Non Cash Items:		
Depreciation	3,906	2,595
Movements Deferred Tax	(3,276)	1,349
Movements in Working Capital		
Increase (Decrease) in Creditors	(13,240)	8993
(Increase) Decrease in Taxation Refund	1,937	689
(Increase) Decrease in Accounts Receivable	2,010	599
(Increase) Decrease in Inventory	1,227	323
Net Cash Flow from Operating Activities	<u>\$397</u>	<u>\$16,977</u>

## 10. Financial Instruments:

Financial Instruments which potentially subject the company to credit risk principally consist of cash bank balances, short term deposit, and accounts receivable. Northpower does not generally require collateral from customers.

Northpower places its cash and short term deposits with high credit quality financial institutions (A1 or better), and limits the amount of credit exposure to any one institution, in accordance with Company policy.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument: bank balances, short term deposits and receivables.

The carrying amount is the fair value for each of these classes of financial instrument.

## 11. Segment Information:

Northpower Ltd operates predominantly in the electricity network industry within the Northland area. Therefore, there is no segmental information.

## 12. Contingent Liabilities:

There are no contingent liabilities (1999 \$Nil)

## 13. Commitments:

<b>2000</b>	<b>1999</b>
<b>Nil</b>	<b>Nil</b>

## 14. Related Parties:

The Northpower Electric Power Trust is the sole shareholder.

Northpower's Contracting Division provided the following services to the Network Division:-

	<b>2000</b>
	<b>\$000's</b>
(i) Maintenance of Assets	2,509
(ii) Consumer disconnections/reconnections	10
(iii) Other Services	878
Construction of New Assets:-	
(a) Subtransmission Assets	156
(b) Distribution Lines and Cables	433
(c) Medium Voltage Switchgear	22
(d) Distribution Transformers	115
(e) Low Voltage Reticulation	134

Network Maintenance and Capital Works are charged in accordance with a Fixed Term Contract.

## 15. Term Receivables:

The Term Receivables are repaid in annual amounts expiring in 2003.

DISCLOSURE OF FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES PURSUANT TO REGULATION 15 AND PART 3 OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999.

<b>1. Financial Performance Measures</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
(a) Return on Funds	5.7%	3.6%	2.0%	7.0%
(b) Return on Equity	6.7%	2.2%	2.1%	5.3%
(c) Return on Investment	6.6%	2.2%	8.9%	6.5%

<b>2. Efficiency Performance Measures</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
(a) Direct line cost per kilometre	\$1,057	\$1,034	\$1,139	\$1,063
(b) Indirect line cost per electricity customer	\$43	\$57	\$83	\$79

DISCLOSURE OF RECONCILIATION OF ODV VALUATION PURSUANT TO REGULATION 16A OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	<b>2000</b>
	<b>\$000's</b>
ODV Valuation 1 April	113,903
Additions for Year	4,134
Disposals for Year	-
Annual Depreciation	3,671
ODV Valuation 31 March	114,366

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

	2000	1999	1998	1997
<b>1. Energy Delivery Efficiency</b>				
<b>Performance Measures</b>				
(a) Load Factor	73.18%	70.59%	73.18%	68.70%
(b) Loss Ratio	3.33%	3.62%	3.64%	4.10%
(c) Capacity Utilisation	33.47%	34.78%	35.61%	39.60%
<b>2. Statistics</b>				
(a) System length, broken down by voltage:				
- 33 kV	202.6 km	202.6 km	202.6 km	191.8 km
- 11 kV	3366.0 km	3163.3 km	3143.4 km	3081.3 km
- 400V	1708.9 km	1704.2 km	1698.5 km	1714.1 km
- Total	5277.5 km	5070.1 km	5044.5 km	4987.2 km
(b) Circuit length of overhead lines, broken down by voltage:				
- 33 kV	190.0 km	190.0 km	190.0 km	181.1 km
- 11 kV	3292.0 km	3113.8 km	3094.6 km	3029.6 km
- 400V	1510.5 km	1509.8 km	1508.1 km	1515.1 km
- Total	4992.5 km	4813.6 km	4792.7 km	4725.8 km
(c) Circuit length of underground cables broken down by voltage:				
- 33 kV	12.6 km	12.6 km	12.6 km	10.7 km
- 11 kV	74.0 km	49.5 km	48.7 km	51.7 km
- 400V	198.4 km	194.4 km	190.4 km	199.0 km
- Total	285.0 km	256.5 km	251.7 km	261.4 km
(d) Transformer capacity	386,198 kVA	376,189 kVA	360,620 kVA	328,141 kVA
(e) Maximum demand	129,256 kW	130,840 kW	128,298 kW	129,939 kW
(f) Total electricity supplied from the system - kWh	801,003,409	779,779,003	792,983,840	758,234,709
(g) Total electricity conveyed through the system for other retailers				
- Meridian Energy	662,501,457	*807,406,700	*821,319,247	*763,637,095
- Trust Power	99,212,506			
- Mercury Energy	3,436,319	*1,427,301	*529,204	*8,842,604
- TransAlta	61,455,480	*281,231		
- Genesis	1,475,776			
- Energy Waikato	371,670			
- Mighty River	140,776			
- Empower	22,917			
- Contact Energy	372			
	*Restated to include losses			
(h) Total Customers	44,674	44,158	43,371	43,202

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6  
OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

	2000 \$000's	1999 \$000's
<b>1. Current Assets</b>		
(a) Cash and Bank Balances	3,755	268
(b) Short Term Investments	-	-
(c) Inventories	198	1,425
(d) Accounts Receivables	719	2,729
(e) Other Current Assets Not Listed in (a) to (d)	116	1,331
(f) Total Current Assets	<u>4,788</u>	<u>5,753</u>
<b>2. Fixed Assets</b>		
(a) System Fixed Assets	102,772	33,882
(b) Customer Billing and Information system Assets	484	764
(c) Motor Vehicles	72	2,087
(d) Office Equipment	516	1,176
(e) Land and Buildings	4,438	8,312
(f) Capital Works Under Construction:	-	-
(i) Subtransmission assets (transfer payments)	-	-
(ii) Zone substations (transfer payments)	-	-
(iii) Distribution lines and cables (transfer payments)	-	-
(iv) Medium voltage switchgear (transfer payments)	-	-
(v) Distribution transformers (transfer payments)	-	-
(vi) Distribution substations (transfer payments)	-	-
(vii) Low voltage lines and cables (transfer payments)	-	-
(viii) Other system fixed assets (transfer payments)	-	-
(g) Other Fixed Assets Not Listed in (a) to (f)	-	-
(h) Total Fixed Assets	<u>108,282</u>	<u>46,221</u>
<b>3. Other Tangible Assets Not Listed Above</b>	<u>1,136</u>	<u>1,448</u>
<b>4. Total Tangible Assets</b>	<u>114,206</u>	<u>53,422</u>
<b>5. Intangible Assets</b>		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a)	-	-
(c) Total Intangible Assets	-	-
<b>6. Total Assets</b>	<u>114,206</u>	<u>53,422</u>
<b>7. Current Liabilities</b>		
(a) Bank Overdraft	-	-
(b) Short Term Borrowings	-	-
(c) Payables and Accruals	2,557	15,960
(d) Provision for Dividend Payable	5,000	-
(e) Provision for Income Tax	726	-
(f) Other Current Liabilities Not Listed in (a) to (e)	-	-
(g) Total Current Liabilities	<u>8,283</u>	<u>15,960</u>
<b>8. Non-current Liabilities</b>		
(a) Payables and Accruals	160	-
(b) Borrowings	-	-
(c) Deferred Tax	-	3,276
(d) Other Non-current Liabilities Not Listed in (a) to (c)	-	-
(e) Total Non-current Liabilities (sum of (a) to (d))	<u>160</u>	<u>3,276</u>

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE  
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2  
Continued

	2000 \$000's	1999 \$000's
<b>9. Equity</b>		
(a) Shareholders' Equity:-		
(i) Share capital	12,460	12,460
(ii) Retained earnings	19,530	16,476
(iii) Reserves	73,773	5,250
(iv) Total Shareholders' Equity (sum of (i) to (iii))	105,763	34,186
(b) Minority Interests in Subsidiaries	-	-
(c) Total Equity (sum of (a) and (b))	105,763	34,186
(d) Capital Notes	-	-
(e) Total Capital Funds (sum of (c) and (d))	105,763	34,186
<b>10. Total Equity and Liabilities (Total Assets)</b>	114,206	53,422
<b>11. Operating Revenue</b>		
(a) Revenue from line/access charges	26,388	23,812
(b) Revenue from "Other" business (transfer payment)	-	315
(c) Interest on Cash, Bank Balances and Short Term Investments	191	481
(d) AC Loss-Rental Rebates	712	1,276
(e) Other Operating Revenue Not Listed in (a) to (d)	1,552	1,439
(f) Total Operating Revenue	28,843	27,323
<b>12. Operating Expenditure</b>		
(a) Payment for Transmission Charges	10,502	13,176
(b) Transfer Payments to the "other" business for:-		
(i) Asset maintenance	2,509	3,116
(ii) Consumer disconnection/reconnection services	10	21
(iii) Meter data	21	81
(iv) Consumer-based load control services	-	6
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges on account of own generation	-	-
(vii) Other goods and services not listed in (i) to (vi)	845	-
(viii) Total transfer payment to the 'Other' business (sum of (i) to (vii))	3,385	3,224
(c) Expense to Entities That Are Not Related Parties for:-		
(i) Asset maintenance	455	
(ii) Consumer disconnection/reconnection services	-	
(iii) Meter data	-	
(iv) Consumer-based load control services	-	
(v) Royalty and patent expenses	-	
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	455	
(d) Employee Salaries, Wages and Redundancies	1,948	3,098
(e) Consumer Billing and Information System Expense	217	148
(f) Depreciation On:-		
(i) System fixed assets	3,595	2,293
(ii) Other assets not listed in (i)	311	302
(iii) Total depreciation (sum of (i) and (ii))	3,906	2,595

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE  
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2  
Continued

	2000 \$000's	1999 \$000's
<b>12. Operating Expenditure continued</b>		
(g) Amortisation of:-		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles (sum of (i) and (ii))	-	-
(h) Corporation and Administration	1,003	658
(i) Human Resources Expenses	-	300
(j) Marketing/Advertising	109	84
(k) Merger and Acquisition Expenses	-	50
(l) Takeover Defence Expenses	-	-
(m) Research and Development Expenses	10	-
(n) Consultancy and Legal Expenses	145	64
(o) Donations	-	-
(p) Directors' Fees	76	70
(q) Auditors' Fees		
(i) Audit fees paid to principal auditors	12	15
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by principal and other auditors	1	6
(iv) Total auditors' fees (sum of (i) to (iii))	13	21
(r) Cost of Offering Credit		
(i) Bad debts written off	-	30
(ii) Increase in estimated doubtful debts	-	-
(iii) Total cost of offering credit (sum of (i) to (ii))	-	30
(s) Local Authority Rates Expense		
(t) AC Loss-Rental Rebates (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)	149	15
<b>13. Total Operating Expenditure (sum of 12 (a) to 12 (x))</b>	<b>21,918</b>	<b>23,533</b>
<b>14. Operating Surplus Before Interest and Income Tax</b>	<b>6,925</b>	<b>3,790</b>
<b>15. Interest Expense</b>		
(a) Interest expense on borrowings	1	-
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total Interest Expense (sum of (a) to (c))	1	-
<b>16. Operating Surplus Before Income Tax (14 - 15 (d))</b>	<b>6,924</b>	<b>3,790</b>
<b>17. Income Tax</b>	<b>909</b>	<b>(1,361)</b>
<b>18. Net Surplus After Tax (16 - 17)</b>	<b>7,833</b>	<b>2,429</b>



DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22  
OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	2000	1999	1998	1997
<b>1. Total Number of Interruptions</b>				
Class A - Planned - by Transpower	1	0	0	1
Class B - Planned - by Line Owners	271	372	628	460
Class C - Unplanned - by Line Owners	267	420	358	370
Class D - Unplanned - by Transpower	3	9	0	8
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other Generation	0	0	0	0
Class G - Any Other Loss of Supply	0	0	0	0
Total	<u>542</u>	<u>801</u>	<u>986</u>	<u>839</u>
<b>2. Interruption Targets for 2000/2001</b>				
Class B - Planned - by Line Owners	250	350		
Class C - Unplanned - by Line Owners	250	340		
<b>3. Average Interruption Targets for Next 5 Yrs</b>				
Class B - Planned - by Line Owners	200	325		
Class C - Unplanned - by Line Owners	200	320		
<b>4. Proportion of Class C</b>	3 Hrs 13.5%	10%		
Interruptions not restored within	24 Hrs 0%	0%		
<b>5. (a) Total No. of Faults per</b>	11 kV 7.84	12.71	10.72	11.62
100 circuit kilometres of	33 kV 2.46	13.79	10.37	9.38
prescribed voltage electric line	Total 7.54	12.77	10.70	10.72
<b>(b) Target for 2000/2001 Year</b>	11 kV 7.50	10.57		
	33 kV 1.40	10.80		
	Total 7.18	10.60		
<b>(c) Average Target for</b>	11 kV <5	10.11		
2000/2001 to 2004/2005 years	33 kV <2	10.30		
	Total <5	10.20		
<b>6. Total No. of Faults per 100 circuit</b>	11 kV 2.70	8.00	6.12	2.00
kilometres of underground	33 kV 0.00	0.00	0.00	0.00
prescribed voltage electric line	Total 2.30	6.35	5.85	1.60
<b>7. Total No. of Faults per 100 circuit</b>	11 kV 7.96	12.78	10.79	11.78
kilometres of overhead	33 kV 2.63	14.74	11.56	10.00
prescribed voltage electric line	Total 7.67	12.89	10.84	11.68
<b>8. The SAIDI for the total No. of Interruptions</b>	131.21	288.25	240.51	379.43
<b>9. SAIDI Targets for 2000/01</b>				
Class B - Planned - by Line Owners	40	55		
Class C - Unplanned - by Line Owners	104	120		
<b>10. Average SAIDI Target for 2000/1 to 2004/5 Yrs</b>				
Class B - Planned - by Line Owners	30	50		
Class C - Unplanned - by Line Owners	90	110		

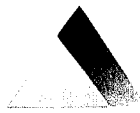
DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22  
OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999  
Continued

	2000	1999	1998	1997
<b>11. SAIDI For Total No. of Interruptions within each Interruption Class</b>				
Class A - Planned - by Transpower	20.55	0	0	19.28
Class B - Planned - by Line Owners	31.73	58.22	115.36	81.95
Class C - Unplanned - by Line Owners	77.24	158.48	125.16	205.95
Class D - Unplanned - by Transpower	1.69	71.55	0	71.67
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0
Class G - any other loss of supply	0	0	0	0
<b>12. SAIFI for the Total No. of Interruptions</b>	<b>2.38</b>	<b>6.04</b>	<b>4.03</b>	<b>7.66</b>
<b>13. SAIFI Targets for 2000/01</b>				
Class B - Planned - by Line Owners	0.4	0.44		
Class C - Unplanned - by Line Owners	2.8	3.00		
<b>14. Av. SAIFI target for 2000/01 and 2004/05 Yrs</b>				
Class B - Planned - by Line Owners	0.3	0.40		
Class C - Unplanned - by Line Owners	2.5	2.80		
<b>15. SAIFI for the Total No. of Interruptions within Each Interruption Class</b>				
Class A - Planned - by Transpower	0.07	0	0	0.07
Class B - Planned - by Line Owners	0.23	0.46	0.97	0.71
Class C - Unplanned - by Line Owners	1.85	4.28	3.06	4.58
Class D - Unplanned - by Transpower	0.24	1.30	0	2.30
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	0	0	0
<b>16. CAIDI for the Total No. of Interruptions</b>	<b>55.1</b>	<b>47.7</b>	<b>59.7</b>	<b>49.6</b>
<b>17. CAIDI Targets for 2000/01</b>				
Class B - Planned - by Line Owners	125	125		
Class C - Unplanned - by Line Owners	40	40		
<b>18. Av. CAIDI Target for 2000/1 to 2004/5 Yrs</b>				
Class B - Planned - by Line Owners	125	125		
Class C - Unplanned - by Line Owners	39	39		
<b>19. CAIDI for the Total No. of Interruptions within each Interruption Class</b>				
Class A - Planned - by Transpower	283.0	0	0	300.0
Class B - Planned - by Line Owners	139.0	126.8	119.0	115.7
Class C - Unplanned - by Line Owners	41.8	37.0	40.9	45.0
Class D - Unplanned - by Transpower	7.2	55.1	0	31.1
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	0	0	0

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	6,925				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	6,925				
Interest on cash, bank balances, and short-term investments (IST)	191				
OSBIT minus IST	6,734	a	6,734		6,734
Net surplus after tax from financial statements	7,833			7,833	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	7,833	n			
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	3,585				
Depreciation of SFA at ODV (y)	3,671				
ODV depreciation adjustment	-76	d	add	add	add
Subvention payment tax adjustment	0	s <sup>†</sup>	deduct	deduct	deduct
Interest tax shield	-63	q			
Revaluations	0	r			
Income tax	-909	p			
Numerator			OSBIT <sup>Adj</sup> = a + g + s + d	NSAT <sup>Adj</sup> = n + g + s - s <sup>†</sup> + d	OSBIT <sup>Adj</sup> = a + g - q + r + s + d - p - s <sup>†</sup>
			6,658	7,757	7,630
Fixed assets at end of previous financial year (FA <sub>0</sub> )	46,221				
Fixed assets at end of current financial year (FA <sub>1</sub> )	108,282				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	-11,686				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-1,524				
Average total funds employed (ATFE)	70,647 (or regulation 33 time-weighted average)	c	70,647		70,647
Total equity at end of previous financial year (TE <sub>0</sub> )	34,186				
Total equity at end of current financial year (TE <sub>1</sub> )	105,763				
Average total equity	69,975 (or regulation 33 time-weighted average)	k		69,975	
WUC at end of previous financial year (WUC <sub>0</sub> )	0				
WUC at end of current financial year (WUC <sub>1</sub> )	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct	deduct	deduct
			0	0	0





## Audit New Zealand

### REPORT OF THE AUDIT OFFICE TO THE READERS OF THE FINANCIAL STATEMENTS OF NORTHPower LIMITED FOR THE YEAR ENDED 31 MARCH 2000

We have audited the accompanying financial statements of Northpower Limited. The financial statements provide information about the past financial performance of Northpower Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out on pages 1 to 3.

#### **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 Northpower Limited as at 31 March 2000 and the results of its 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 Karen MacKenzie, 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 and performance information. 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 Northpower 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. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

**Unqualified Opinion**

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

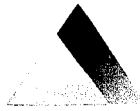
In our opinion:

- proper accounting records have been kept by Northpower Limited as far as appears from our examination of those records; and
- the financial statements of Northpower Limited referred to above:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of Northpower Limited as at 31 March 2000 and the results of its operations and cash flows for the year then ended; and
  - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 30 August 2000 and our opinion is expressed as at that date.



Karen MacKenzie  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Whangarei, New Zealand

**Audit New Zealand****AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES OF  
NORTHPOWER LIMITED**

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 Northpower Limited and dated 30 August 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.

Karen MacKenzie  
Audit New Zealand  
On behalf of the Controller & Auditor-General  
Whangarei, New Zealand  
30 August 2000