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DUNEDIN ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

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

IMPORTANT NOTE

THIS INFORMATION DISCLOSURE REPLACES THAT GAZETTED ON 28 JUNE 2000



Information Disclosure by Dunedin Electricity Ltd
for the year ended 31 March 2000

Pursuant to the
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
and the
ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000

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Important Note

This Information Disclosure replaces that gazetted on 28 June 2000

Information Disclosure Disclaimer

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

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

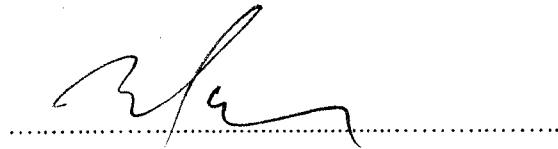
The information should not be used for any other purpose than that intended under the Regulations.

The information disclosed is for the lines business as described in the Regulations. There are also additional activities of the Company that are not required to be reported under the Regulations.

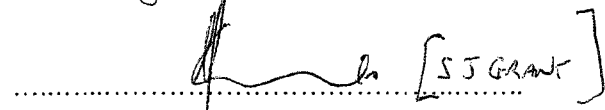
A. STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO SECRETARY OF COMMERCE PURSUANT TO REGULATION 37 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

I, Raymond Stuart Polson of 39 Main Road, Fairfield, Dunedin, being a Director of Dunedin Electricity Ltd, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999.

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



Declared at Dunedin this 30th day of August 2000.



Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration)

B. STATEMENT OF FINANCIAL PERFORMANCE

	note*	2000 \$000	1999 \$000
REVENUE	9	49,476	31,991
LESS OPERATING EXPENSES:			
Transmission charges		15,920	11,525
Maintenance/materials/plant		6,969	4,795
Network management and operation		3,066	1,567
Employee remuneration		-	68
Administration		397	384
Other operating expenses		691	671
Subvention expense		2,000	-
Total		29,043	19,010
EARNINGS BEFORE DEPRECIATION, INTEREST AND TAX		20,433	12,981
LESS: Depreciation		6,261	3,174
Interest Expense		7,989	6
OPERATING SURPLUS BEFORE INCOME TAX		6,183	9,801
LESS TAXATION	1	3,584	4,032
NET SURPLUS AFTER TAX		2,599	5,769
LESS DIVIDENDS		2,000	5,769
TRANSFERRED TO RETAINED EARNINGS		599	-

C. STATEMENT OF MOVEMENTS IN EQUITY

	note*	2000 \$000	1999 \$000
Equity at Beginning of Year		71,470	71,470
Surplus and Revaluations			
Net Profit after tax for period		2,599	5,769
Revaluations		7,105	-
Adjustment Prior Year Deferred Tax Liability		(8,600)	-
Total Recognised Revenues and Expenses		1,104	5,769
Other Movements			
Dividend Distributions		(2,000)	(5,769)
		(2,000)	(5,769)
Equity at End of Year		70,574	71,470

* The accompanying notes form an integral part of these financial statements.

D. STATEMENT OF FINANCIAL POSITION

	note*	2000 \$000	1999 \$000
SHAREHOLDER'S FUNDS	2		
Fully paid capital		2,000	2,000
Revaluation reserve		67,975	69,470
Retained earnings		599	-
		<u>70,574</u>	<u>71,470</u>
REPRESENTED BY			
Current Assets	3	1,261	9,936
Fixed Assets	5	198,653	75,303
Total Assets		<u>199,914</u>	<u>85,239</u>
Current Liabilities	4	5,031	13,769
Term Liabilities	6	124,309	-
Total Liabilities		<u>129,340</u>	<u>13,769</u>
NET ASSETS		<u>70,574</u>	<u>71,470</u>

E. STATEMENT OF CASHFLOWS

	note*	2000 \$000	1999 \$000
Cashflows From Operating Activities			
Cash was Provided From:			
Receipts from Customers		56,677	22,946
		<u>56,677</u>	<u>22,946</u>
Cash was Disbursed to:			
Payments to Suppliers and Employees		28,034	15,241
Income tax paid		4,032	3,945
Interest paid		7,989	-
		<u>40,055</u>	<u>19,186</u>
Net Cash Inflows/(Outflows) From Operating Activities	8	16,622	3,760
Cashflows From Investing Activities			
Cash was Provided From:			
Sale of assets		-	140
Cash was Disbursed to:			
Purchase of fixed assets		122,506	774
Net Cash Inflows/(Outflows) From Investing Activities		<u>(122,506)</u>	<u>(634)</u>
Cashflows From Financing Activities			
Cash was Provided From:			
Proceeds of borrowings		115,000	-
		<u>115,000</u>	<u>-</u>
Cash was Disbursed to:			
Repayment of term liabilities		3,000	85
Dividend distributions		7,769	5,570
		<u>10,769</u>	<u>5,655</u>
Net Cash Inflows/(Outflows) from Financing Activities		<u>104,231</u>	<u>(5,655)</u>
Net Increase/(Decrease) in Cash Held		(1,653)	(2,529)
Cash at Beginning of Year		1,599	4,128
Cash at End of Year		<u>(54)</u>	<u>1,599</u>

* The accompanying notes form an integral part of these financial statements.

F. NOTES TO THE ACCOUNTS

	2000 \$000	1999 \$000
Note 1 : Taxation		
Net Profit Before Tax	6,183	9,801
Permanent Difference	4,678	2,418
	<u>10,861</u>	<u>12,219</u>
Tax at 33 Cents in the Dollar	3,584	4,032
Income Tax Charge	<u>3,584</u>	<u>4,032</u>
Income Tax Charge comprises:		
Current Taxation	(125)	4,032
Deferred Taxation	3,709	-
	<u>3,584</u>	<u>4,032</u>
Note 2 : Shareholders Funds		
Issued and paid up capital 2,000,000 ordinary shares	<u>2,000</u>	<u>2,000</u>
Reserves		
Asset Revaluation Reserve		
Balance at beginning of year	69,470	69,470
Revaluation	7,105	-
Adjustment for Prior Year Deferred Tax Liability	(8,600)	-
Balance at end of year	<u>67,975</u>	<u>69,470</u>
Retained Earnings		
Balance at Beginning of year	-	-
Net surplus for year	2,599	5,769
Dividend Distributions	(2,000)	(5,769)
	<u>599</u>	<u>-</u>
Total Shareholders Funds	<u>70,574</u>	<u>71,470</u>

2000	1999
\$000	\$000

Note 3 : Current Assets

Accounts Receivable – Trade Debtors	1,136	8,328
– Prepayment	-	9
Bank	-	1,599
Taxation refund	125	-
	<u>1,261</u>	<u>9,936</u>

Note 4 : Current Liabilities

Accounts Payable	4,977	3,968
Taxation Payable	-	4,032
Dividend Payable	-	5,769
Bank Overdraft (unsecured)	54	-
	<u>5,031</u>	<u>13,769</u>

Note 5 : Fixed Assets

1999 Book Value \$000		AS AT 31 MARCH 2000		
		Cost or Revaluation \$000	Accumulated Depreciation \$000	Book Value \$000
Line Business				
71,129	Network	199,032	6,540	192,492
2,838	Buildings	3,027	294	2,733
932	Land	932	-	932
83	Plant	127	51	76
-	Motor Vehicles	1	1	-
4	Furniture	10	7	3
90	Capital Work in Progress	1,768	-	1,768
227	Load Control Equipment	696	47	649
<u>75,303</u>		<u>205,593</u>	<u>6,940</u>	<u>198,653</u>

Capital Work in Progress Comprises:

35	Distribution Substations	326
20	Low Voltage Reticulation	652
35	Distribution Lines and Cables	652
-	Distribution Transformers	138
<u>90</u>		<u>1,768</u>

	2000 \$000	1999 \$000
Note 6 : Term Liabilities		
Deferred Tax liability		
Balance at beginning of year	-	-
Movement from income tax charge	3,709	-
Adjustment for prior year deferred tax liability	8,600	-
	<u>12,309</u>	<u>-</u>
Balance at end of year	<u>12,309</u>	<u>-</u>
Term Debt		
Balance at beginning of year	-	-
Current year borrowing	115,000	-
Current year repayment	(3,000)	-
	<u>112,000</u>	<u>-</u>
Balance at end of the year	<u>112,000</u>	<u>-</u>

The Line Business has a borrowing facility allowing it to draw funds up to the amount of \$115 million. At year-end, \$112.0 million had been drawn on the facility.

The weighted average interest rate on the advances at 31 March 2000 was 7.14%.

The repayment period on the advances is between 2 and 10 years as follows:

1 - 2 years	17,000
2 - 5 years	15,000
5 years and greater	80,000
	<u>112,000</u>

In addition a call facility exists with a floating interest rate.

Note 7 : Commitments

As 31 March 2000, capital expenditure contracted for was \$2,035,000 (1999 : \$116,472,792).

Note 8 : Reconciliation of Net Surplus for the Year to Date Cashflows from Operating Activities

	2000 \$000	1999 \$000
Net profit after tax	2,599	5,769
Items not Involving Cashflows Depreciation	6,261	3,174
Impact of Changes in Working Capital Items		
(Increase)/Decrease in Accounts Receivable	7,201	(8,254)
(Increase)/Decrease in Inventories	-	87
(Increase)/Decrease in Tax Refund	(125)	-
Increase/(Decrease) in Taxation Payable	(4,032)	87
Increase/(Decrease) in Accounts Payable	1,009	3,015
Increase/(Decrease) in Term Liabilities	-	(85)
Gain on Sale of Assets	-	(33)
Increase/(Decrease) in Deferred Tax Liability	3,709	-
	<u>16,622</u>	<u>3,760</u>
Net Cash Inflows/(Outflows) From Operating Activities	<u>16,622</u>	<u>3,760</u>

	1999 \$000	1998 \$000
Note 9 : Revenue		
Use-of-System Charges	47,008	31,115
Other	1,612	118
AC Loss Rental Rebates	856	758
	<hr/>	<hr/>
	49,476	31,991
	<hr/>	<hr/>

Note 10 : Contingent Liabilities

There were no contingent liabilities as at 31 March 2000 (1999 nil).

Note 11 : Financial Instruments

Financial instruments which potentially subject the Lines Business to credit risk principally consist of cash and accounts receivable.

Credit Risk

Contracts have been entered into with various counter-parties having such credit ratings and in accordance with dollar limits as set forth by the board of directors.

Collateral

The Lines Business does not generally require collateral or other security to support service contracts. While the Lines Business may be subject to credit losses up to the notional value of the services or goods supplied in the event of non-performance by counter-parties, it does not expect such losses to occur.

Concentration of Credit Risk

Financial instruments which potentially subject the Lines Business to concentrations of credit risk principally consist of cash and accounts receivable.

The Lines Business places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

The Lines Business has several large customers for which no collateral is required. These debtors are subject to normal on-going credit control procedures.

G. DISCLOSURE OF INFORMATION RELATING TO TRANSACTIONS BETWEEN PERSONS IN A PRESCRIBED BUSINESS RELATIONSHIP AND RELATED PARTIES
(REGULATION 9)

<u>The Line Business:</u>	2000 \$000	1999 \$000	1998 \$000	1997 \$000
Purchased the following services from the Contracting Business:				
Maintenance associated with distribution substations	-	132	577	755
Maintenance associated with LV and HV lines and cables	-	543	2,225	2,368
Maintenance associated with zone substations	-	192	728	526
Maintenance associated with subtransmission	-	88	473	509
Maintenance associated with system control operation	-	135	335	105
	-	1,090	4,338	4,263
Capital work relating to the development/improvement of the Network	-		834	1,088
Distribution Substations	-	80		
Low Voltage Reticulation	-	64		
Distribution Lines and Cables	-	135		
	-	279		
	-	1,369	5,172	5,351

In respect of the maintenance work, approximately 50% was subject to open tender with the remaining balance being charged on unit or market rates. All capital work was subject to open tender or established market rates.

At balance date no monies were owed to the Contracting Business.

Purchased the following services from the Generation Business:

Share of avoided Transpower charges associated with the Waipori 33kV connection.	-	651	957	400
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Supplied the following service to the Generation Business:

Waipori 33kV use-of-system fee.	-	65	92	92
Net Cost	-	586	6,037	5,659

At balance date no monies were owed to/from the Generation Business.

Purchased the following services from DELTA Utility Services Ltd:

Maintenance associated with Distribution Substations	946	580	-	-
Maintenance associated with LV and HV Lines and Cables	4,167	2,150	-	-
Maintenance associated with Zone Substations	1,161	436	-	-
Maintenance associated with Subtransmission	598	108	-	-
Maintenance associated with System Control Operation	125	73	-	-
Network Management and Operation	3,066	1,589	-	-
Other	28	141	-	-
Total	10,091	5,077	-	-

Network Capital Work and Development

Distribution Substations	725	120	-	-
Low Voltage Reticulation	1,197	165	-	-
Distribution Lines and Cables	1,242	161	-	-
Transformers	1,210	-	-	-
Zone Substations	39	-	-	-
Total	4,413	446	-	-

Network operation and maintenance is charged in accordance with a Fixed Term Contract.

All capital work is subject to open tender, established market rates, or competitive pricing.

At Balance Date \$2,029,880 was owed to *DELTA* Utility Services Ltd. Of this, \$1,253,630 was due and payable on 20 April, while \$776,250 was being withheld in accordance with the Contract until year-to-date reliability levels were achieved.

Other Line Business Related Parties:

The Lines Business has a borrowing facility with Dunedin City Treasury Ltd. During the year it paid \$7.989 million interest (1999 nil) and as at 31 March 2000 \$112 million of loan monies were outstanding (1999 nil).

During the year the Lines Business also undertook the following transactions with Dunedin City Holdings Ltd:

Purchase of subvention expense	\$2.0 million (1999 nil)
Dividends provided	\$2.0 million (1999 \$5.769 million)

As at 31 March 2000, \$1.45 million was outstanding.

The Generation Business:

	2000 \$000	1999 \$000	1998 \$000	1997 \$000
Purchased the following service from the Line Business:				
Waipori 33kV use-of-system fee	-	65	92	92
Supplied the following service to the Line Business:				
Share of avoided <i>Transpower</i> charges associated with the Waipori 33kV connection.	-	651	957	400
Net Revenue	-	586	865	308

Purchased the following services from *DELTA* Utility Services Ltd:

Operation and maintenance of the Waipori facility	-	376
Development and miscellaneous work	-	152

Charged for in accordance with an agreed formula based on market rates.

At balance date no monies were owing to *DELTA* Utility Services Ltd.

The Contracting Business:

	2000 \$000	1999 \$000	1998 \$000	1997 \$000
Supplied the following services to the Network Business:				
Maintenance associated with distribution substations.	-	132	577	755
Maintenance associated with LV and HV lines and cables.	-	543	2,225	2,368
Maintenance associated with zone substations.	-	192	728	526
Maintenance associated with sub transmission.	-	88	473	509
Maintenance associated with system control operation.	-	135	335	105
	-	1,090	4,338	4,263
Capital work relating to the development/improvement of the Network	-	279	834	1,088

In respect of the maintenance work, approximately 50% is subject to open tender with the remaining balance being charged on unit or market rates. All capital work is subject to open tender or established market rates.

H. DISCLOSURE OF INFORMATION REQUIRED TO BE DISCLOSED IN FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 SCHEDULE 1 PART 2

	2000 \$000	1999 \$000
1. Current Assets		
(a) Cash and Bank Balances	-	1,599
(b) Short Term Investments	-	-
(c) Inventories	-	-
(d) Accounts Receivable	1,136	8,337
(e) Other Current Assets Not Listed in (a) to (d):	125	-
(f) Total Current Assets	1,261	9,936
2. Fixed Assets		
(a) System Fixed Assets	193,217	71,439
(b) Customer Billing and Information System Assets	-	-
(c) Motor Vehicles	-	-
(d) Office Equipment	3	4
(e) Land and Buildings	3,665	3,770
(f) Capital Works Under Construction	1,768	90
(g) Other Fixed Assets Not Listed in (a) to (f)	-	-
(h) Total Fixed Assets	198,653	75,303
3. Other Tangible Assets Not Listed Above	-	-
4. Total Tangible Assets	199,914	85,239
5. Total Intangible Assets		
(a) Goodwill	-	-
(b) Other Intangible Assets Not Listed in (a)	-	-
(c) Total Intangible	-	-
6. Total Assets	199,914	85,239
7. Current Liabilities		
(a) Bank Overdraft	54	-
(b) Short Term Borrowings	-	-
(c) Accounts Payables and Accruals	4,977	3,968
(d) Dividend Provision	-	5,769
(e) Provision for Income Tax	-	4,032
(f) Other Current Liabilities not listed in (a) to (e)	-	-
(g) Total Current Liabilities	5,031	13,769

	2000 \$000	1999 \$000
8. Non-Current Liabilities		
(a) Payables and Accruals	-	-
(b) Long-term Debt	112,000	-
(c) Deferred Taxation	12,309	-
(d) Other funding not listed in (a) or (b)	-	-
(e) Total Non-Current Liabilities	124,309	-
9. Equity		
(a) Shareholder's Equity:		
(i) Share capital	2,000	2,000
(ii) Retained earnings	599	-
(iii) Reserves	67,975	69,470
(iv) Total Shareholder's Equity	70,574	71,470
(b) Minority Interests in Subsidiaries	-	-
(c) Total Equity	70,574	71,470
(d) Capital Notes	-	-
(e) Total Capital Funds	70,574	71,470
10. Total Equity and Liabilities (7(a) + 8(e) + 9(e))	199,914	85,239
11. Operating Revenue		
(a) Revenue from line/access charges	47,008	31,115
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Interest on short-term investments, cash and bank balances	-	-
(d) AC loss-rental rebates	856	758
(e) Other Revenue not listed in (a) to (e)	1,612	118
(f) Total Operating Revenue	49,476	31,991
12. Operating Expenditure		
(a) Transmission charges	15,920	10,874
(b) Transfer payments to "Other" business:		
(i) asset maintenance	6,959	4,604
(ii) consumer disconnections and reconnections	-	-
(iii) meter data	-	-
(iv) consumer-based load control	-	-
(v) royalty and patent expenses	-	-
(vi) avoided transmission charges for own generation	-	651
(vii) other goods and services	3,132	1,643
(viii) total transfer payment to other business	10,091	6,898

	2000 \$000	1999 \$000
(c) Payments to non-related entities for:		
(i) asset maintenance	10	191
(ii) consumer disconnections and reconnections	-	-
(iii) meter data	-	-
(iv) consumer-based load control	-	-
(v) royalty and patent expenses	-	-
(vi) total of specified expenses to non-related parties	10	191
(d) Employee salaries, wages and redundancies	-	68
(e) Consumer billing and information system expense	-	-
(f) Depreciation on:		
(i) system fixed assets	6,260	3,169
(ii) other assets not listed in (i)	1	5
(iii) total depreciation expense	6,261	3,174
(g) Amortisation of:		
(i) goodwill	-	-
(ii) other intangibles	-	-
(iii) total amortisation of intangibles	-	-
(h) Corporate and administration	763	516
(i) Human resource expenses	-	-
(j) Marketing and advertising	-	-
(k) Merger and acquisition expenses	-	300
(l) Take-over defence expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	73	9
(o) Donations	-	-
(p) Directors' fees	60	61
(q) Auditor's fees:		
(i) audit fees to principal auditor	38	28
(ii) audit fees to other auditors	-	-
(iii) fees paid for other services provided by principal and other auditors	-	-
(iv) total auditor's fees	38	28
(r) Cost of offering credit:		
(i) bad debts written off	-	-
(ii) increase in estimated doubtful debts	-	-
(iii) total cost of offering credit	-	-
(s) Local Authority rates expense	88	65
(t) AC loss rental rebates	-	-
(u) Rebates to consumers due to ownership interest	-	-
(v) Subvention payments	2,000	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	-	-
13. Total Operating Expenditure (sum (12(a) to 12(x))	35,304	22,184

	2000 \$000	1999 \$000
14. Operating Surplus Before Interest and Income Tax	14,172	9,807
15. Interest Expense:		
(a) Interest expense on borrowings	7,989	6
(b) Financing charges relating to finance leases	-	-
(c) Other interest expense not listed in (a) or (b)	-	-
(d) Total interest expense	<u>7,989</u>	<u>6</u>
16. Operating Surplus Before Income Tax	6,183	9,801
17. Income Tax	3,584	4,032
18. Net Surplus After Tax	2,599	5,769

I. STATEMENT OF ACCOUNTING POLICIES

GENERAL ACCOUNTING POLICIES

The general policies adopted in the preparation of these financial statements are:

- Unless otherwise stated, the measurement base adopted is historical cost.

SPECIAL PURPOSE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with generally accepted accounting practice (GAAP) for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 and Amendment Regulations 2000, and relate to:

- The Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services.
- An Electricity Generating Business being the financial accounts of Waipori Power Generation Ltd prepared by Dunedin Electricity Ltd pursuant to section 3 (c)(2)(a) of the Electricity (Information Disclosure) Regulations 1999.
- Waipori Power Generation Ltd was sold to TrustPower on 22 October 1998.
- The Company's Contracting Business incorporating the maintenance of electrical appliances, fittings and associated equipment, the management of a hydro-electricity generating complex, and provision of street lighting services.
- On 1 July 1998, the Operations carried out by the Company's Contracting Business were transferred to a 100% owned subsidiary company *DELTA* Utility Services Ltd.

SPECIFIC ACCOUNTING POLICIES

In accordance with clause 6 of the Regulations, the methodology adopted to allocate costs, revenues, assets and liabilities among the businesses is in accordance with the Guidelines.

The particular accounting policies adopted in the preparation of these financial statements are:

(a) **Revenue**

Revenue shown in the Statement of Financial Performance for:

- The Line Business relates to the provision of electricity distribution.

(b) **Expenditure**

Expenditure shown in the Statement of Financial Performance is derived as follows:

Line Business

- Transmission charges, employee remuneration, administration and operating expenses are directly attributable to the Line Business.
- Maintenance provided up to 30 June 1998, by the Company's Contracting Group and external contractors was at market rates.
- Maintenance and operation costs from 1 July 1998 onward, is provided in accordance with a 10 year Asset Management Services Contract with *DELTA* Utility Services Ltd.
- Other costs are allocated in accordance with the avoidable cost allocation methodology.

(c) **Dividends**

Dividends have been calculated in accordance with the Company's dividend policy.

(d) **Allocation of Assets and Liabilities**

Assets and liabilities are those which are directly related to the Lines Business.

(e) **Current Assets**

Accounts receivable are those directly related to the Lines Business and are valued at expected realisable value less provision for doubtful debts.

(f) **Fixed Assets**

Dunedin network assets held at 1 January 1997 were revalued to the 1 January 1997 Optimised Deprival Valuation of those assets. This valuation was carried out in accordance with the statutory requirements of the Electricity (Information Disclosure) Regulations 1994, prepared and certified by Coopers and Lybrand.

Dunedin network assets were revalued to the 1 January 2000 Optimised Deprival Valuation of those assets. This valuation was carried out in accordance with the statutory requirements of the Electricity (Information Disclosure) Regulations 1999, prepared and certified by Catherall Taylor Associates. Additions to the Dunedin network since the latest revaluation are carried at cost less depreciation.

On 1 April 1999, the Lines Business purchased the network related assets of Central Electric Ltd. Central network assets are carried at cost less depreciation.

Furniture and fittings, plant and equipment, and motor vehicles are valued at market value as at 31 December 1992 and have been adjusted by accumulated depreciation, subsequent additions at cost and disposals at book value.

SPECIFIC ACCOUNTING POLICIES (continued)

(g) Distinction Between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure on the creation of a new asset, and any expenditure which results in a significant improvement to the original function of an existing asset.

Revenue expenditure is defined as expenditure which maintains an asset in working condition and expenditure incurred in maintaining and operating the Company.

(h) Depreciation

Fixed assets are depreciated on the basis of valuation or cost price less estimated residual value on a straight line basis over their estimated useful life.

Rates used are:	Buildings	1 - 2.5%
	Plant and equipment	2.5 - 15%
	Network assets	1 - 5%
	Furniture and fittings	10%
	Computer equipment	20%

(i) Taxation

Income tax expense is charged in the statement of financial performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or income tax losses are only recognised where there is virtual certainty of realisation.

(j) Goods and Services Tax

These accounts are prepared exclusive of GST except for accounts receivable and accounts payable which are GST inclusive.

(k) Financial Instruments

The Lines Business is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position. All revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(l) Comparative Figures

Comparative figures for the 1999 and previous years are in respect of the Dunedin network only.

Figures for the 2000 financial year are in respect of the combined Dunedin and Central networks.

(m) Changes in Accounting Policies

There has been a change in accounting policy to reflect that these financial statements recognise on a comprehensive basis all deferred tax timing differences using the liability method when previously recognised on a partial basis. The change has been made to better reflect the deferred tax liability.

An adjustment of \$8.60 million has been made to the Revaluation Reserve to recognise the deferred taxation liability arising from previous years timing differences. The current year's tax expense recognises all timing differences relating to 1999/2000, amounting to \$3.71 million.

With this exception all other policies have been applied on a basis consistent with that used in previous years.

**J. CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES
AND STATISTICS DISCLOSED BY DUNEDIN ELECTRICITY (REGULATION 32)**

We, ROSS DOUGLAS LIDDELL and RAYMOND STUART POLSON, Directors of Dunedin Electricity Ltd, certify that, having made all reasonable enquiry, to the best of our knowledge

- (a) The attached audited financial statements of Dunedin Electricity Ltd 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 Dunedin Electricity Ltd, 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.

Ross Douglas Liddell
(Director)

Raymond Stuart Polson
(Director)

30 August.....2000

K. PERFORMANCE MEASURES

		Dunedin Area Only			
	2000	1999	1998	1997	
Disclosures of financial performance measures and efficiency performance measures under Regulation 15 of the Electricity (Information Disclosure) Regulations 1999					
1. Financial performance measures					
(a)	Return on funds	13.2%	15.2%	13.1%	14.0%
(b)	Return on equity	29.9%	9.1%	7.7%	8.2%
(c)	Return on investment	10.7%	9.1%	8.9%	14.1%
	Return on investment as restated – see below	(ii) 8.6%	9.1%	8.9%	(i) 8.6%
Notes					
(i) The ODV increased in the 1997 year due to the lives of certain assets being extended. This movement in reported ODV does not reflect an increase in economic value, rather than a change in the basis of calculation. If the ARP had been restated to exclude this portion of the revaluation, it would have been 8.6%.					
(ii) The ODV increased in the 2000 year due to the December 1999 revaluation. The ROI has been restated to exclude the effect of the revaluation.					
2. Efficiency performance measures					
(a)	Direct line costs per kilometre	\$2,325	\$3,314	\$3,083	\$2,996
(b)	Indirect line costs per electricity consumer	\$15.66	\$21.08	\$23.76	\$19.31

Disclosures of delivery efficiency performance measures and statistics under Regulation 21 of the Electricity (Information Disclosure) Regulations 1999

1. Energy Delivery efficiency performance measures				
(a) Load factor	56%	56%	57%	53%
(b) Loss ratio	6.0%	5.8%	5.9%	5.6%
Note – the loss ratio is deduced from reports of energy injected by others and reports of retail sales by others. Dunedin Electricity is unable to audit these reports and has little confidence in their accuracy. Accordingly the ratio should be treated with great caution.				
(c) Capacity utilisation	35.0%	36.5%	36.6%	40.0%
2. Statistics				
(a) System length				
Circuit kilometres 33 kV	621.0	225.2	225.2	225.2
Circuit kilometres 11 kV	1,808.9	258.0	257.8	257.7
Circuit kilometres 6.6 kV	751.0	724.0	721.0	720.0
Circuit kilometres 400 V	1,132.0	729.0	729.0	727.0
Circuit kilometres 600 V DC	4.1	4.1	4.1	4.1
Total	4,317.0	1,940.3	1,937.1	1,934.0
(b) System length – overhead				
Circuit kilometres 33 kV	527.0	150.0	150.0	150.0
Circuit kilometres 11 kV	1,580.8	237.0	237.0	237.0
Circuit kilometres 6.6 kV	526.6	492.0	490.0	489.0
Circuit kilometres 400 V	791.0	630.0	630.0	629.0
Circuit kilometres 600 V DC	0.9	0.9	0.9	0.9
Total Overhead	3,426.3	1,509.9	1,507.9	1,505.9

		Dunedin Area Only		
	2000	1999	1998	1997
(c) System length – underground				
Circuit kilometres 33 kV	94.0	75.2	75.2	75.2
Circuit kilometres 11 kV	228.1	21.0	20.8	20.7
Circuit kilometres 6.6 kV	224.4	232.0	231.0	231.0
Circuit kilometres 400 V	341.0	99.0	99.0	98.0
Circuit kilometres 600 V DC	3.2	3.2	3.2	3.2
Total Underground	890.7	430.4	429.2	428.1
(d) Transformer capacity (kVA)	686,994	483,005	483,000	479,000
(e) Maximum demand (kW)	240,400	176,000	171,000	187,000
(f) Total electricity supplied after losses from the system (kWh)	1,118,117,100	817,580,703	835,582,607	837,695,076
(g) Electricity conveyed before losses for each party (kWh)				
Party 1	742,100,150	197,711,000	-	-
Party 2	297,082,494	428,288	-	-
Party 3	96,179,809	47,892,265	8,283,387	6,832,627
Party 4	20,487,800			
Party 5	15,426,021			
Party 6	8,353,689	3,194,052	5,417,336	4,820,842
Party 7	4,984,807			
Party 8	2,794,080			
Party 9	1,506,547			
Party 10	1,072,785			
Party 11		573,288,000	811,095,000	821,639,881
Party 12				49,485,665
Party 13		17,259,149	40,509,996	3,545,862
Party 14		4,308,025	4,260,979	589,719
Party 15		20,783,600	17,953,691	
Party 16		3,254,180		
Total	1,188,915,397	868,118,559	887,520,389	886,914,596
(h) Total consumers	69,494	50,059	49,904	49,864

Disclosures of reliability performance measures under Regulation 22 of the Electricity (Information Disclosure) Regulations 1999

1. Total number of interruptions				
Class A – planned by Transpower	0	0	0	0
Class B – planned by line owners	136	93	113	14
Class C – unplanned by line owners	285	129	131	115
Class D – unplanned by Transpower	3	0	0	0
Class E – unplanned by embedded generation	0	0	0	0
Class F – unplanned by generation on other networks	0	0	0	0
Class G – unplanned by other line owner	0	0	0	0
Class H – planned by another line owner	0	0	0	0
Class I – any other loss of supply	0	0	0	0

	2000	Dunedin Area Only		
		1999	1998	1997
2. No of interruption targets for next financial year				
Class B – planned by line owners	120	100		
Class C – unplanned by line owners	280	130		
3. Average no of interruption targets for next 5 years				
Class B – planned by line owners	115	100		
Class C – unplanned by line owners	280	130		
4. Proportion of Class C interruptions not restored within:				
3 hours	16%	18%		
24 hours	0.7%	0.0%		
5. (a) and (d) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
33 kV	2.9	4.9	4.9	4.4
11 kV	7.5	12.5	21.0	17.6
6.6 kV	2.8	7.1	8.3	5.6
Total	5.5	7.8	10.4	7.9
5. (b) and (d) Target number of faults per 100 circuit kilometres for next financial year				
33 kV	2.9	4.0		
11 kV	8.0	15.9		
6.6 kV	3.0	6.5		
Total	8.1	8.0		
5. (c) and (d) Average target number of faults per 100 circuit kilometres for next 5 years				
33 kV	2.9	4.0		
11 kV	8.0	15.9		
6.6 kV	3.0	6.8		
Total	8.1	8.2		
6. The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
33 kV	1.1	1.3	1.3	4.0
11 kV	3.9	9.5	14.4	4.9
6.6 kV	1.8	3.0	3.5	5.2
Total	2.6	3.1	3.7	4.9
7. The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
33 kV	3.2	6.7	6.7	2.7
11 kV	8.0	21.7	21.6	18.2
6.6 kV	3.2	9.0	10.6	9.8
Total	6.1	9.6	12.9	10.9

		Dunedin Area Only		
	2000	1999	1998	1997
8. The SAIDI for the total number of interruptions (minutes)	208.1	50.9	37.2	58.3
9. SAIDI target for next financial year (minutes)				
Class B – planned by line owners	10.0	3.0		
Class B – unplanned by line owners	80.0	34.5		
10. Average SAIDI targets for next 5 years (minutes)				
Class B – planned by line owners	10.0	3.0		
Class C – unplanned by line owners	80.0	37.5		
11. The SAIDI for the total number of interruptions within each interruption class (minutes)				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	18.9	2.7	4.7	2.1
Class C – unplanned by line owners	175.7	48.2	32.5	56.2
Class D – unplanned by Transpower	13.4	-	-	-
Class E – unplanned by embedded generation	-	-	-	-
Class F – unplanned by generation on other networks	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-
12. The SAIFI for the total number of interruptions	2.19	1.09	1.03	1.00
13. SAIFI target for next financial year				
Class B – planned by line owners	0.07	0.04		
Class C – unplanned by line owners	0.80	0.82		
14. Average SAIFI targets for next 5 years				
Class B – planned by line owners	0.07	0.04		
Class C – unplanned by line owners	0.80	0.82		
15. The SAIFI for the total number of interruptions within each interruption class				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	0.12	0.33	0.06	0.05
Class C – unplanned by line owners	1.62	1.06	0.97	0.96
Class D – unplanned by Transpower	0.45	-	-	-
Class E – unplanned by embedded generation	-	-	-	-
Class F – unplanned by generation on other networks	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-
16. The CAIDI for the total number of interruptions	94.9	46.7	36.1	58.1
17. CAIDI target for next financial year				
Class B – planned by line owners	150.0	72.0		
Class C – unplanned by line owners	100.0	42.2		

	2000	Dunedin Area Only		
		1999	1998	1997
18. Average CAIDI targets for next 5 years				
Class B – planned by line owners	150.0	72.0		
Class C – unplanned by line owners	100.0	45.9		
19. The CAIDI for the total number of interruptions within each interruption class				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	159.9	78.6	78.9	43.3
Class C – unplanned by line owners	108.3	45.7	33.5	58.8
Class D – unplanned by Transpower	29.6	-	-	-
Class E – unplanned by embedded generation	-	-	-	-
Class F – unplanned by generation on other networks	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-

L. 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	14,172							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	14,172							
Interest on cash, bank balances, and short-term investments (ISTI)	0							
OSBIT minus ISTI	14,172	a		14,172				14,172
Net surplus after tax from financial statements	2,599							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,599	n				2,599		
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add	0	add	0
Subvention payment	2,000	s	add	2,000	add	2,000	add	2,000
Depreciation of SFA at BV (x)	6,260							
Depreciation of SFA at ODV (y)	2,943							
ODV depreciation adjustment	3,317	d	add	3,317	add	3,317	add	3,317
Subvention payment tax adjustment	660	s*t			deduct	660	deduct	660
Interest tax shield	2,636	q					deduct	2,636
Revaluations	3,024	r					add	3,024
Income tax	3,584	p					deduct	3,584
Numerator				19,489 OSBIT ^{ADJ} = a + g + s + d		7,256 NSAT ^{ADJ} = n + g + s - s*t + d		15,633 OSBIT ^{ADJ} = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀) **Note (i)	191,158							
Fixed assets at end of current financial year (FA ₁)	198,653							
Adjusted net working capital at end of previous financial year (ANWC ₀)	4,369							
Adjusted net working capital at end of current financial year (ANWC ₁)	-3,841							
Average total funds employed (ATFE)	195,170 (or regulation 33 time-weighted average)	c		195,170				195,170
Total equity at end of previous financial year (TE ₀)	71,470							
Total equity at end of current financial year (TE ₁)	70,574							
Average total equity	71,022 (or regulation 33 time-weighted average)	k				71,022		
WUC at end of previous financial year (WUC ₀)	90							
WUC at end of current financial year (WUC ₁)	1,768							
Average total works under construction	929 (or regulation 33 time-weighted average)	e	deduct	929	deduct	929	deduct	929
Revaluations	3,024	r						
Half of revaluations	1,512	r/2					deduct	1,512
Intangible assets at end of previous financial year (IA ₀)	0							
Intangible assets at end of current financial year (IA ₁)	0							
Average total intangible asset	0 (or regulation 33 time-weighted average)	m			add	0		
Subvention payment at end of previous financial year (S ₀)	0							
Subvention payment at end of current financial year (S ₁)	2,000							
Subvention payment tax adjustment at end of previous financial year	0							
Subvention payment tax adjustment at end of current financial year	660							
Average subvention payment and related tax adjustment	670	v			add	670		
System fixed assets at end of previous financial year at book value (SFA _{bv0}) **Note (ii)	191,068							
System fixed assets at end of current financial year at book value (SFA _{bv1})	196,882							
Average value of system fixed assets at book value	193,975 (or regulation 33 time-weighted average)	f	deduct	193,975	deduct	193,975	deduct	193,975
System fixed assets at year beginning at ODV value (SFA _{odv0})	145,104							
System fixed assets at end of current financial year at ODV value (SFA _{odv1})	149,867							
Average value of system fixed assets at ODV value	147,486 (or regulation 33 time-weighted average)	h	add	147,486	add	147,486	add	147,486
Denominator				147,752 ATFE ^{ADJ} = c - e - f + h		24,274 Ave TE ^{ADJ} = k - e - m + v - f + h		146,240 ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:				13.2 ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100		29.9 ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100		10.7 ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100

t = maximum statutory income tax rate applying to corporate entities 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 bv = book value ave = average odv = optimised deprival valuation

****Note - Adjusted Opening Balance:**

(i) Fixed assets as per last year's accounts	75,303	(ii) System fixed assets as per last year's accounts	75,213
Plus assets acquired from Central Electric Ltd 1 April 1999	115,855	Plus assets acquired from Central Electric Ltd 1 April 1999	115,855
Fixed assets at end of previous financial year (FA₀)	191,158	System fixed assets at end of previous financial year at book value (SFA_{bv0})	191,068

M. SCHEDULE 1 PART 8
ANNUAL VALUATION RECONCILIATION REPORT

	\$000
System fixed assets at ODV-end of previous financial year	80,002
Plus ODV of system fixed assets acquired from Central Electric on 1 April 1999	63,851
Plus adjustment to Central Electric's ODV of 31 March 1999 to restate additions and depreciation on ODV basis.	1,251
	<hr/>
System Fixed Assets at Year Beginning at ODV	145,104
Add system fixed assets acquired during the year at ODV	4,682
Less system fixed assets disposed of during the year at ODV	-
Less depreciation of system fixed assets at ODV	(2,943)
Add revaluation of system fixed assets	3,024
	<hr/>
System Fixed Assets at End of Current Financial Year at ODV	149,867

N. CERTIFICATION OF VALUATION REPORT OF LINE OWNER

We, ROSS JOURNAL KIDSON and RAYMOND STUART POLSON, Directors of Dunedin Electricity Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) the attached valuation report of Dunedin Electricity 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 Dunedin Electricity Limited is \$304,874,000; and
- (c) the depreciated replacement cost of the line business system fixed assets of Dunedin Electricity Limited is \$155,555,000; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Dunedin Electricity Limited is \$149,867,000; and
- (e) the optimised deprival valuation of the line business system fixed assets of Dunedin Electricity Limited is \$149,867,000; and
- (f) the values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2000.

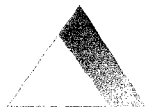
Ross Journal Kidson

(Director)

Raymond Stuart Polson

(Director)

30 August 2000

**Audit New Zealand**

**REPORT OF THE AUDIT OFFICE
TO THE READERS OF THE FINANCIAL STATEMENTS
OF DUNEDIN ELECTRICITY LIMITED
FOR THE YEAR ENDED 31 MARCH 2000**

We have audited the accompanying financial statements of Dunedin Electricity Limited. The financial statements provide information about the past financial performance of Dunedin Electricity Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out on pages 13 to 15.

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 Dunedin Electricity 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 Bruce Robertson, 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 preparation of the financial statements; and
- whether the accounting policies are appropriate to Dunedin Electricity Limited's circumstances, consistently applied and adequately disclosed.

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

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

Unqualified Opinion

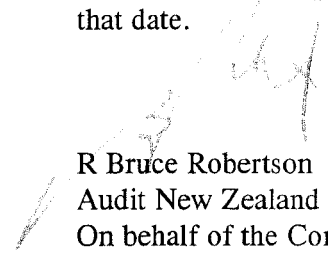
We have obtained all the information and explanations we have required.

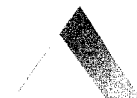
In our opinion:

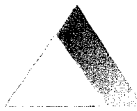
- proper accounting records have been maintained by Dunedin Electricity Limited as far as appears from our examination of those records; and
- the accompanying financial statements:
 - comply with generally accepted accounting practice; and
 - give a true and fair view of the financial position of Dunedin Electricity 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.

This opinion replaces our earlier opinion issued on 23 June 2000 and previously included in New Zealand Gazette No 71, dated 28 June 2000. These financial statements have been revised as a result of a change in Dunedin Electricity Limited's accounting policy for recognition of deferred taxation as outlined in note (m) on page 15 and the information has now been prepared pursuant to the Electricity (Information Disclosure) Amendment Regulations 2000.

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


R Bruce Robertson
Audit New Zealand
On behalf of the Controller and Auditor-General
Dunedin, New Zealand



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

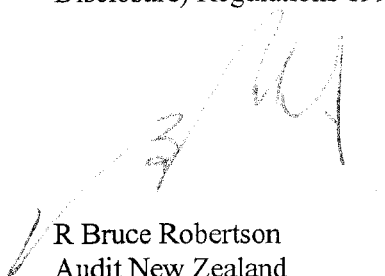
We have examined the information on pages 17 and 22 to 23, being –

- (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 Dunedin Electricity Limited and dated 31 March 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

This performance measures information replaces the information contained in the Information Disclosure of Dunedin Electricity Limited for the year ended 31 March 2000 and previously included in New Zealand Gazette No 71, dated 28 June 2000. The performance measures information has been revised as a result of a change in Dunedin Electricity Limited's accounting policy for recognition of deferred taxation as outlined in note (m) on page 15 and the information has now been prepared pursuant to the Electricity (Information Disclosure) Regulations 2000.

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.



R Bruce Robertson
Audit New Zealand
On behalf of the Controller and Auditor-General
Dunedin, New Zealand
30 August 2000