



New Zealand Gazette

OF THURSDAY, 31 AUGUST 2000

WELLINGTON: FRIDAY, 1 SEPTEMBER 2000 — ISSUE NO. 118

THE LINES COMPANY LIMITED

INFORMATION FOR DISCLOSURE

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

**Deloitte
Touche
Tohmatsu**

THE LINES COMPANY LIMITED
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

Auditor's Opinion of Performance Measures

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 The Lines Company Limited and dated 17 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.



Bruce Taylor
Deloitte Touche Tohmatsu
Hamilton
17 August 2000

**Deloitte
Touche
Tohmatsu**

**AUDITOR'S REPORT
TO THE READERS OF THE FINANCIAL STATEMENTS OF THE LINES COMPANY LIMITED
FOR THE YEAR ENDED 31 MARCH 2000**

We have audited the financial statements of The Lines Company Limited. The financial statements provide information about the past financial performance of The Lines Company Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies.

Directors Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of The Lines Company Limited as at 31 March 2000, and results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report to you.

Basis of Opinion

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

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to The Lines Company 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 except that our work has been limited as explained below. 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 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.

We carry out other assignments on behalf of the company in the areas of taxation and consulting advice. Other than in these capacities we have no relationship with or interest in The Lines Company Limited or its subsidiaries.

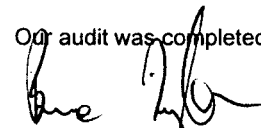
Qualified Opinion

The Electricity (Information Disclosure) Regulations 1999 established the mandatory application of an Avoided Cost Allocation Methodology for the current financial disclosures and in doing so does not require the comparative information to be restated for any changes in allocation basis applied in the current financial year. *FRS 2 Presentation of Financial Reports* issued by the Institute of Chartered Accountants of New Zealand requires that comparative figures be restated to correspond with the classification presented in the current period. In this respect alone we have not obtained all the information and explanations we have required.

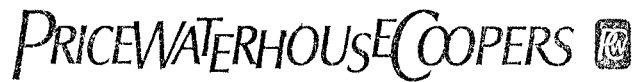
In our opinion except for adjustments that might have been found necessary had the comparative figures been restated:

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

Our audit was completed on 17 August 2000 and our qualified opinion is expressed as at that date.



Bruce Taylor
Deloitte Touche Tohmatsu
Hamilton



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The Directors
The Lines Company Limited
PO Box 281
TE KUITI 2500

22 June 2000

Subject: Auditor's Opinion in Relation to Valuation

Dear Sirs

I have examined the valuation report of The Lines Company Limited and dated June 2000, which report 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 valuations contained in the report, including the total valuation of system fixed assets of \$64,245,394, have been made in accordance with the ODV Handbook.

Yours faithfully

A handwritten signature in cursive script, appearing to read 'w.m. Cook'.

Murray Cook
Partner
Assurance and Business Advisory Services

A handwritten signature in cursive script, appearing to read 'w.m. Cook'.

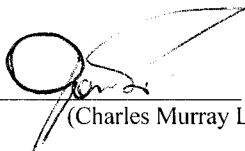
“Certification of Valuation Report of Line Owners”

WE, **Charles Murray Loewenthal** and **Robert Alexander Kidd**, Directors of **The Lines Company Limited**, certify that, having made all reasonable inquiry, to the best of our knowledge,

- (a) The attached valuation report of The Lines Company Limited, prepared for the purposes of Regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The replacement cost of the line business system fixed assets of The Lines Company Limited is \$163,513,811; and
- (c) The depreciated replacement cost of the line business system fixed assets of The Lines Company Limited is \$66,056,371; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of The Lines Company Limited is \$65,944,733; and
- (e) The optimised deprival valuation of the line business system fixed assets of The Lines Company Limited is \$64,245,394 and;
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31st March 2000.

Signature:



(Charles Murray Loewenthal) Director

Signature:



(Robert Alexander Kidd) Director

Date:

18.8.00

THE LINES COMPANY LIMITED
Line Business Activity
Statement of Financial Performance
For the Year Ended 31 March 2000

	Note	2000 \$000's	1999 \$000's
Income			
Line/Access Charges		16,821	8,886
Provision of Goods & Services to 'Other'		0	0
Line Losses		0	0
AC loss-rental Rebates		298	18
Interest		0	0
Other		0	0
Total Income		<u>17,119</u>	<u>8,904</u>
less customer discount	2	<u>(4,515)</u>	<u>(2,566)</u>
Total Income		<u><u>12,604</u></u>	<u><u>6,338</u></u>
Expenditure			
Transfer Payments:	3		
Payment by Line Busines to "Other"		1,537	1,815
Expense to non-related entities.		1,042	226
Transmission costs		4,094	2,250
Employee salaries/redundances		847	101
Customer Billing and Information System		36	10
Depreciation			
System Fixed Assets	313	79	
Other Assets not included in System	45	113	
Total Depreciation		358	192
Amortisation of:			
Goodwill	0	0	
Other Intangibles	0	0	
Total amortisation of intangibles		0	0
Corporate & Adminstration		147	453
Human Resource		16	6
Marketing & Advertising		53	91
Merger and acquisition expenses		0	0
Takeover defence expenses		0	0
Research and development expenses		0	0
Consultancy & legal expenses		10	1
Donations		22	0
Directors' fees		79	0
Auditors' fees	4	14	12
Cost of offering credit	5	37	16
Local Authority rates expense		3	0
AC loss-rentals (distribution to customers) expense		0	0
Rebate to consumers due to ownership interest		0	0
Subvention payments		0	0
Unusual expenses		0	0
Other		471	122
Total Expenditure		<u>8,765</u>	<u>5,295</u>
Operating surplus before Interest & Tax		<u>3,839</u>	<u>1,043</u>
Interest Expense on Borrowings	6	982	188
Operating surplus before income tax		2,858	855
Tax Expense	7	378	32
Net surplus after Tax		<u><u>2,479</u></u>	<u><u>823</u></u>

THE LINES COMPANY LIMITED
Line Business Activity
Statement of Financial Position
as at the Year Ended 31 March 2000

	Note	2000 \$000's	1999 \$000's
Corporate Funds			
Share Capital		6,021	6,021
Retained Earnings		7,104	4,624
Revaluation Reserve		28,060	18,696
		<u>41,184</u>	<u>29,341</u>
Long Term Assets			
Fixed Assets	8	66,409	31,585
Investments		<u>0</u>	<u>0</u>
Total Tangible Assets		66,409	31,585
Goodwill		0	0
Total Tangible Assets			
Current Assets			
Cash		1,995	2,274
Trade Debtors		823	835
Other Debtors		415	450
Inventory		0	0
Prepayments		<u>0</u>	<u>0</u>
Total Current Assets		3,233	3,558
Total Assets Employed		<u>69,642</u>	<u>35,144</u>
Term Liabilities			
Loans	9	23,763	3,000
Deferred Tax	10	<u>533</u>	<u>489</u>
Total Funding		24,296	3,489
Current Liabilities			
Accounts Payable		1,105	318
Accrued Payroll		60	115
Short Term Loan		500	0
Other Provisions		0	0
Customer Discount Provision		<u>2,496</u>	<u>1,880</u>
Total Current Liabilities		4,161	2,313
Total Liabilities		28,457	5,803
Net Assets Employed		<u>41,184</u>	<u>29,341</u>

Chairman

Date:

18.8.00

Director

Date:

18.08.2000

THE LINES COMPANY LIMITED
Line Business Activity
Statement of Movement in Equity
For the Year Ended 31 March 2000

	2000 \$000's	1999 \$000's
Equity at Beginning of Year	29,341	28,618
Surplus retained for the Year	2,479	823
Increase in Value Of Fixed Assets	9,364	0
Total Recognised Revenue and Expenses	<u>11,843</u>	<u>823</u>
Dividend Paid	<u>0</u>	<u>100</u>
Total Distribution to Owners	<u>0</u>	<u>100</u>
Equity at Year End	<u><u>41,184</u></u>	<u><u>29,341</u></u>

THE LINES COMPANY LIMITED
Line Business Activity
Statement of Cashflows
For the Year Ended 31 March 2000

	2000 \$000's	1999 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	19,378	11,748
Less special discounts	(3,025)	(850)
	<u>16,353</u>	<u>10,898</u>
Cash was distributed to:		
Payment to suppliers & employees	11,846	8,423
Taxes paid	106	215
Interest paid	982	188
	<u>12,934</u>	<u>8,826</u>
CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>3,419</u></u>	<u><u>2,072</u></u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Investment	0	0
Proceeds from sale of fixed assets	0	6
	<u>0</u>	<u>6</u>
Cash was applied to:		
Fixed asset purchase	24,960	911
NET CASHFLOW FROM INVESTING ACTIVITIES	<u><u>(24,960)</u></u>	<u><u>(905)</u></u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Loan from Economic Energy Ltd	0	0
Loan from "Other" Activities	9,763	
Loan - BNZ	11,500	0
NET CASHFLOWS FROM FINANCING ACTIVITIES	<u><u>21,263</u></u>	<u><u>0</u></u>
Net cashflow from operating	3,419	2,072
Net cashflow to investing	(24,960)	(905)
Net cashflow to financing	21,263	0
Net increase in cash held	<u>(278)</u>	<u>1,167</u>
Nominal cash carried forward	2,274	1,107
Total Cash	<u><u>1,995</u></u>	<u><u>2,274</u></u>

THE LINES COMPANY LIMITED
Lines Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 2000

NOTE 1:
STATEMENT OF ACCOUNTING POLICIES

The following particular accounting policies that materially affect the measurement of profit and the financial position have been applied:

REPORTING ENTITY

The Lines Company Limited is owned by: Waitomo Energy Services Customer Trust (75%) and King Country Electric Power Trust (25%) and is incorporated under the Companies Act 1993. The accounts are prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993, and the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

The principal activity of the entity is the provision of electricity distribution services.

MEASUREMENT BASE

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed except where revaluation of assets are incorporated, and other items disclosed in the accounting policies listed below.

Accrual accounting is used to match expenses with revenues. Reliance is placed on the fact that the Company is a going concern.

(a) Receivables

Receivables are stated at their estimated realisable value.

(b) Fixed Assets

The Company has four classes of fixed assets:

- Freehold Land
- Freehold Buildings
- Motor Vehicles, Plant and Equipment
- Distribution System

Land and Buildings were independently valued by Hughes Valuations on 31st March 2000 based on estimated market value.

The distribution system has been independently valued based upon optimised deprival value (ODV) by an electrical engineer and PriceWaterhouseCoopers, as at 31 March 2000, with the exception of the 11kV and low voltage distribution lines which have been valued at 85% of ODV. This discount has been made in recognition of imminent changes to the ODV methodology, which will lead to a greater discounting of remote rural lines.

Increases in valuations have been transferred to the Revaluation Reserve in Shareholders Equity.

Motor Vehicles, Plant and Equipment and all other fixed assets have been valued at cost less accumulated depreciation.

(c) Staff Leave and Gratuity Payments

Provision is made in respect of the Company's liability for annual leave and gratuity payments. At the balance date retiring gratuities have been accrued in respect of all employees:

1. who have more than 10 years service with the Company and who are aged 45 years or over or
2. whose gratuity entitlement was recognised in the transfer of employment from their previous employer.

THE LINES COMPANY LIMITED
Lines Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 2000

(d) Depreciation

Depreciation is provided on either a straight line or a diminishing value basis on all fixed assets other than freehold land and perpetually renewable distribution assets, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful life. Assets purchased post 1 April 1999 have been depreciated on a straight line basis.

Major depreciation rates and methods:

Buildings	40-100 years	Straight Line
Motor Vehicles, plant & equipment	10% to 50%	Diminishing Value or Straight Line
Network plant & equipment	20 - 50 years	Straight Line
Network Lines	Are not depreciated	
Land	Is not depreciated	

Infrastructural accounting has been adopted for those parts of the distribution asset that are perpetually renewed. This means that a deduction is made against current expenditure of an amount equivalent to the average annual amount that will need to be expended on those assets over the next twenty years to maintain their current condition. Expenditure on renewals is capitalised.

Components that are separately identifiable and have a finite life e.g. 33kV substation transformers, are depreciated.

(e) Inventory

Stocks are stated at the lower of cost, determined on an average cost basis, or net realisable value.

(f) Goods & Services Tax

All amounts in the financial statements have been shown exclusive of Goods and Services Tax, with the exception of Accounts Payable and Accounts Receivable which are shown inclusive of Goods and Services Tax.

(g) Investments

Short term deposits and shares are stated at the lower of cost or estimated realisable value.

(h) Taxation

Income tax expense is recognised on the operating surplus before taxation adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, expected to reverse in the foreseeable future, that arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the Statement of Financial Position as a future tax benefit or a provision for deferred tax. The future tax benefit or provision for deferred tax is stated at the income tax rate prevailing at balance date.

Future tax benefits are not recognised unless realisation of the asset is virtually certain.

The Company uses the liability method of accounting for deferred taxation at the income tax rate prevailing at balance date and applies this on a partial basis.

THE LINES COMPANY LIMITED
Lines Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 2000

(i) Basis of Allocations to Business Units

In general the Ministry of Commerce guidelines for allocation of income and expenditure have been applied. Deviations from the guidelines have been used where assumptions made in the guidelines have not held true for The Lines Company Limited. These are as follows:

Various overhead costs that are an integral part of operating each business and have been allocated according to relative fixed assets involved in each business.

Interest costs allocated to the Lines Business reflects those costs associated with the Subordinated Debt and the Swap loan. The Subordinated Debts were set up to ensure the fair cost allocation of low density customers.

(j) Comparative Figures

Comparative figures have not been changed from those reported in prior periods, despite changes to the Financial Statements preparation basis as set by the Ministry of Commerce.

(k) Changes in Accounting Policies

The 30% discount to ODV for the 11kV lines has been removed, increasing asset values by \$4.9 million. The Statement of Corporate Intent advised that it was the directors' intention to remove the existing discount. Since then the Ministry of Economic Development has circulated a paper on economic valuation that will have the effect of lowering the value of rural lines. A further valuation of the network will be required by the Ministry as at 31 March 2001. The directors have therefore decided to retain a discount level of \$3 million which representing their approximation of the reduction that the change in methodology will make to the network valuation. This discount will be removed next year when the new valuation is determined.

(l) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

Definitions of the terms used in the Statement of Cash Flows:

"Cash" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the company and the group as part of their day-to-day cash management.

THE LINES COMPANY LIMITED
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 2000

NOTE 2:	CUSTOMER DISCOUNT	2000
		\$000
Discount Declared		4,515
Less Taxation Effect		(1,490)
		<u>\$ 3,025</u>

NOTE 3:	TRANSFER PAYMENTS	2000	1999
		\$000	\$000
Transfer Payments			
Payments by Line Business to "Other" for:			
Meter Data		0	49
Consumer Based Load control		0	0
Permanent Disconnection/Reconnection Services		4	5
Asset Maintenance Services		1,407	1,616
Avoided Transmission Charges		0	0
Other		<u>125</u>	<u>145</u>
		<u>1,537</u>	<u>1,815</u>

Expense to non-related entities for:			
Meter Data		0	0
Consumer Based Load control		0	0
Permanent Disconnection/Reconnection Services		0	0
Asset Maintenance Services		226	226
Avoided Transmission Charges		816	0
Other		<u>0</u>	<u>0</u>
		<u>1,042</u>	<u>226</u>

Related Party Transactions

- (a) Meter Data, Permanent Disconnection/Reconnection services and a majority of Asset maintenance Services are carried out by the "Other" Business Activities of The Lines Company Limited. Both parties are 100% owned by The Lines Company Limited.
- (b) Permanent Disconnection or Reconnection are charged at \$15.00 per Disconnection or Reconnection plus \$9 per 15 minutes.
- (c) Asset Maintenance Services are carried out by Lines Maintenance Teams, Electricians and Technicians. The labour charge out rate depends on the employment contract the individuals carrying out the work are on. An oncost is added to cover administration costs.
- The rates are as follows (inclusive of oncost)
- | | |
|-------------------|-----------------------------|
| Lines Maintenance | \$17.72 - \$21.58 per hour. |
| Electricians | \$22.06 - \$23.06 per hour. |
| Technicians | \$18.31 - \$30.81 per hour. |

Plant & Vehicle charge out rate ranges from \$9.78 - \$16.45 per hour.

THE LINES COMPANY LIMITED
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 2000

Construction of the following types of assets was undertaken by the "other Business Activity" for The Lines Company.

- (i) **Distribution Lines and Cables**
Total number of hours 1125.5
Average Labour Cost per hour \$20.22
Average cost of Plant/Vehicles \$9.78 per hour
- (ii) **Zone Substation**
Total number of hours = 260.5
Average labour cost per hour = \$18.11
Average cost of Plant/Vehicles = \$11.35
- (iii) **Medium Voltage Switchgear**
Total number of hours = 670
Average Labour cost per hour = \$21.47
Average cost of Plant/Vehicles = \$12.04
- (iv) **Other Assets**
Total number of hours = 253
Average labour cost per hour = \$23.78
Average Cost of Plant/Vehicles = \$12.57

NOTE 4: AUDITORS FEES

	2000	1999
	\$000	\$000
Audit fees paid to principal auditors	14	12
Audit fees paid to other auditors	0	0
Other services provided by auditors	0	0
	<u>14</u>	<u>12</u>

NOTE 5: COST OF OFFERING CREDIT

	2000	1999
	\$000	\$000
Bad Debts written off	37	16
Increase in estimated doubtful debts	0	0
	<u>37</u>	<u>16</u>

NOTE 6: INTEREST

	2000	1999
	\$000	\$000
Interest Expense on Borrowings	982	188
Financing Charges relating to finance Leases	0	0
Other Interest Expense	0	0
Total	<u>982</u>	<u>188</u>

NOTE 7: TAXATION EXPENSE

	2000	1999
	\$000	\$000
Nominal Profit Before Tax	2,858	3,422
Prima Facie Taxation @ 33%	943	1,129
Add/(Less) Effect of Permanent Tax Diff	(337)	(250)
	<u>606</u>	<u>\$879</u>
Less Tax Loss on 'Other'	(228)	
Net Taxation Expense	<u>378</u>	

THE LINES COMPANY LIMITED
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31 March 2000

Note 8: FIXED ASSETS 1999

	at cost	at valuation	accumulated depreciation	carrying value
Land and Buildings	100,900	260,203	6,847	241,307
Centralised Load Control	565,865		78,700	487,165
Distribution System	1,151,443	28,846,979	65,892	29,932,530
Customer Billing & Info Systems	71,367		30,419	40,948
Motor Vehicles	150,981		86,072	64,909
Office Equipment	25,591		17,500	8,091
Other Plant & Equipment	319,693		58,828	260,865
Capital Work in Progress				
Zone Substations	50,113			
Distribution Lines & Cables	18,744			
Medium Voltage Switchgear	49,830			
Low Voltage Lines & Cables	396			
Other Capital Works	430,511			549,594
	<u>2,385,840</u>	<u>29,107,182</u>	<u>344,258</u>	<u>31,585,409</u>

FIXED ASSETS 2000

	at cost	at valuation	accumulated depreciation	carrying value
Land and Buildings	683,748	260,302	285,413	658,637
Centralised Load Control	3,269,295		564,731	2,704,564
Distribution System	37,252,406	29,993,501	5,127,347	62,118,560
Motor Vehicles	170,681		75,275	95,406
Office Equipment	171,588		84,111	87,477
Other Plant & Equipment	195,050		137,008	58,042
Capital Work in Progress				
Zone Substations	149,365			
Distribution Lines & Cables	394,915			
Medium Voltage Switchgear	0			
Low Voltage Lines & Cables	0			
Other Capital Works	141,560			685,840
	<u>41,742,768</u>	<u>30,253,803</u>	<u>6,273,885</u>	<u>66,408,526</u>

THE LINES COMPANY LIMITED
Line Business Activity
Notes to the Financial Statements
For the Year Ended 31st March 2000

NOTE 9: LOANS

	2000	1999
	\$000	\$000
'Other' (The Lines Company Activities)	9,763	0
Perpetual	3,000	3,000
Bank of New Zealand Swaps	<u>11,000</u>	<u>0</u>
	<u>23,763</u>	<u>3,000</u>

The perpetual loans are subordinated debentures issued to:

- Waitomo Energy Services Customer Trust
\$1,000,000 at a rate of 8.0%
- Northern King Country Development Trust
\$2,000,000 at a rate of 5.0%

The subordinated debentures are unsecured.

NOTE 10: DEFERRED TAXATION

	2000	1999
	\$000	\$000
Represented by the following timing differences:		
Fixed Assets	1,036	859
Accruals & Provisions	<u>(503)</u>	<u>(370)</u>
	<u>533</u>	<u>489</u>

NOTE 11: SEGMENTAL INFORMATION

The Lines Company Limited operates predominantly in one geographical segment. It is located in the mid-central North Island in the King Country. The head office is located in the township of Te Kuiti.

NOTE 12: RELATED PARTY TRANSACTIONS

During the year the Company paid Waitomo Energy Services Customer Trust \$81,000 of interest on a subordinated debenture.

NOTE 13: SUBSEQUENT EVENTS

As at year end the Company had a capital commitment of \$670,000.

NOTE 14: CASHFLOW RECONCILIATION WITH REPORTED NET PROFIT

	2000
	\$000
Net Profit after Tax and Customer Discount	2,479
Add non cash items	
Gain on sale (Gain)/Loss	0
Depreciation	<u>358</u>
	358
Less Movements in Working Capital	
Increase in Receivables	(47)
Decrease in Stock	0
Decrease/Increase in Creditors	(787)
Increase in Provisions	1,061
Other	<u>(809)</u>
	(582)
Net Cash Flows from Operating Activities	<u>3,419</u>

THE LINES COMPANY LIMITED

Disclosure of financial and efficiency performances measures as required 15 to 22 of the Electricity (Information Disclosure) Regulations 1999.

	Year ended 31 March			
	2000	1999	1998	1997
Regulation 15:				
1. Financial performance measures				
(a) Accounting return on funds	5.57%	4.94%	5.00%	3.69%
(b) Accounting return on equity	5.83%	3.72%	3.83%	2.80%
(c) Accounting return on investment	7.21%	4.26%	3.75%	2.60%
Regulation 17				
1. Efficiency performance measures				
(a) Direct line costs per kilometre	\$539	\$896	\$762	\$706
(b) Indirect line costs per electricity customer.	\$37	\$45	\$66	\$68
Regulation 19:				
5. As at 1st April 2000 the ODV Valuation of the lines business				
As certified by Coopers & Lybrand was \$64.2 million				(without meters & relays)
Regulation 21				
1. (a) Load Factor	60.25%	59.53%	57.73%	60.28%
(b) Loss Ratio	7.31%	7.81%	8.80%	8.64%
(c) Capacity Utilisation	32.20%	36.21%	37.24%	34.12%
2. (a) System lengths (kms)				
- 33kV	396	207	207	204
- 11kV	3,863	2,221	2,221	2,220
- LV	509	139	139	138
- Total	<u>4,768</u>	<u>2,567</u>	<u>2,567</u>	<u>2,562</u>
(b) Circuit length (overhead) (kms)				
- 33kV	396	207	207	204
- 11kV	3,766	2,215	2,215	2,214
- LV	350	123	123	123
- Total	<u>4,512</u>	<u>2,545</u>	<u>2,545</u>	<u>2,541</u>
(c) Circuit length (underground) (kms)				
- 11 kV	97	6	6	6
- LV	159	16	16	15
- Total	<u>256</u>	<u>22</u>	<u>22</u>	<u>21</u>
(d) Transformer capacity (kVA)	167,675	84,517	82,959	82,758
(e) Maximum demand (kW)	53,990	30,600	30,900	28,240
(f) Total electricity supplied (kWh)(000's)	264,848	147,102	142,529	134,571
(g) Total electricity conveyed on behalf of other persons.				
A	0	0	0	0
B	6,726	0	0	0
C	900	0	0	0
D	1,280	0	0	0
E	<u>276,842</u>	0	0	0
	<u>285,748</u>			
(h) Total supplies	20,841	9,954	9,726	9,525
(i) Total customer	*25,259	12,149	11,610	12,948

*Total customer numbers increased due to merger with King Country Energy Ltd.

		Year ended 31 March				
		2000	1999	1998	1997	1996
Regulation 22:						
6.	(1) (a) Reliability performance measures					
	Class A	0	0	0	0	0
	Class B	309	271	343	511	350
	Class C	357	273	257	385	369
	Class D	<u>7</u>	<u>6</u>	<u>4</u>	<u>10</u>	<u>12</u>
	Total	<u>673</u>	<u>550</u>	<u>604</u>	<u>906</u>	<u>731</u>
	(b) Planned Interruptions	2001	2002	2003	2004	2005
	Class A	0	0	0	0	0
	Class B	450	450	450	450	450
	Class C	427	384	346	311	280
	Class D	0	0	0	0	0
	(c) Class C Interruptions for 1999	Number		% of Outages		
	Not restored in 3 hours	99		27.73%		
	Not restored in 24 hours	0		0.00%		
(2)(a) Total number of faults per 100 circuit kilometres prescribed voltage electric lines.						
		2000	1999	1998	1997	
		8.2	9.6	10.0	14.7	
(b) Planned Faults per 100 circuit kilometres prescribed voltage electric lines.						
		2001	2002	2003	2004	2005
		Average				
		2001/05				
	33kV	9.0	10.0	9.0	8.6	8.1
	11kV	8.5	7.7	6.9	6.5	6.2
	Total	8.6	7.7	7.0	6.6	6.3
(3)(a) Total number of faults per 100 circuit kilometres of underground prescribed voltage electric lines.						
		2000	1999	1998	1997	
	33kV	0	0	0	0	
	11kV	<u>8.3</u>	<u>16.7</u>	<u>0</u>	<u>16.7</u>	
	Total	<u>8.3</u>	<u>16.7</u>	<u>0</u>	<u>16.7</u>	
(b) Planned number of faults per 100 circuit kilometres of underground prescribed voltage electric lines.						
		2001	2002	2003	2004	2005
		Average				
		2001/05				
	33kV	0	0	0	0	0
	11kV	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
	Total	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
(4)(a) Total number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines.						
		2000	1999	1998	1997	
	33kV	8.7	11.1	15.7	13.2	
	11kV	<u>8.2</u>	<u>9.4</u>	<u>9.5</u>	<u>14.7</u>	
	Total	<u>8.2</u>	<u>9.6</u>	<u>10.0</u>	<u>14.7</u>	

- (b) Planned number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines.

	2001	2002	2003	2004	2005	Average 2001/05
33kV	9.0	8.1	7.3	6.9	6.6	7.6
11kV	<u>8.5</u>	<u>7.7</u>	<u>6.9</u>	<u>6.5</u>	<u>6.2</u>	<u>7.2</u>
Total	8.6	7.7	7.0	6.6	6.3	7.2

- (5)(a) The SAIDI for total of interruptions
- | | 2000 | 1999 | 1998 | 1997 |
|--|-------------|-------------|-------------|-------------|
| | 472.8 | 588.9 | 662.2 | 866.3 |

- (b) The SAIDI for total of interruptions within each interruptions class -

Class A	0	0	0	0
Class B	203.4	239.5	334.5	368.7
Class C	242.4	329.7	303.8	460.5
Class D	27.0	19.7	23.9	37.09

- (c) The SAIDI for planned interruptions within each interruptions class -

	2001	2002	2003	2004	2005	Average 2001/05
Class A	0	0	0	0	0	0
Class B	180.0	170.0	160.0	150.0	150.0	162.0
Class C	200.0	170.0	145.0	145.0	145.0	161.0
Class D	0	0	0	0	0	0

- (6) (a) The SAIFI for total of interruptions
- | | 2000 | 1999 | 1998 | 1997 |
|--|-------------|-------------|-------------|-------------|
| | 7.34 | 8.8 | 9.3 | 11.00 |

- (b) The SAIFI for total of interruptions within each interruption class -

Class A	0	0	0	0
Class B	0.91	1.25	1.79	1.90
Class C	5.25	6.43	6.98	7.76
Class D	1.18	1.20	0.54	1.34

- (c) The SAIFI for planned interruptions within each interruptions class -

	2001	2002	2003	2004	2005	Average 2001/05
Class A	0	0	0	0	0	0
Class B	0.82	0.74	0.70	0.66	0.66	0.7
Class C	4.72	4.00	3.50	3.50	3.50	3.8
Class D	0	0	0	0	0	0

- (7)(a) The CAIDI for total of interruptions
- | | 2000 | 1999 | 1998 | 1997 |
|--|-------------|-------------|-------------|-------------|
| | 64.4 | 66.3 | 71.18 | 78.78 |

- (b) The CAIDI for total interruptions within each interruption class -

Class A	0	0	0	0
Class B	223.5	191.6	186.73	194.30
Class C	46.2	51.3	43.55	59.35
Class D	22.9	16.4	44.54	27.68

- (c) The CAIDI for planned interruptions within each interruptions class -

	2001	2002	2003	2004	2005	Average 2000/05
Class A	0	0	0	0	0	0
Class B	219.5	230.4	228.6	227.3	227.3	226.6
Class C	42.4	42.5	41.4	41.4	41.4	41.8
Class D	0	0	0	0	0	0

THE LINES COMPANY LIMITED
Line Business Activity
Annual Valuation Reconciliation Report
For the Year Ended 31st March 2000

	2000
	\$000
System Fixed Assets at ODV (Beginning of year)	39,690
Add System Fixed Assets Acquired during year at ODV	25,259
Less System Fixed Assets Disposed of during year at ODV	0
Less Depreciation on System Fixed Assets at ODV	(313)
Add Revaluations of System Fixed Assets	<u>1,773</u>
System Fixed Assets at ODV – end of year	<u>66,409</u>

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

Derivation Table	Input and Calcula	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financia	3839				
Operating surplus before interest and income tax adjusted pur	3839				
Interest on cash, bank balances, and short-term investments (I	0				
OSBIT minus ISTI	3839 a		3839		3839
Net surplus after tax from financial statements	2479				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT	2479 n			2479	
Amortisation of goodwill and amortisation of other intangibles	0 g		add	0 add	0
Subvention payment	0 s		add	0 add	0
Depreciation of SFA at BV (x)	313				
Depreciation of SFA at ODV (y)	313				
ODV depreciation adjustment	0 d		add	0 add	0
Subvention payment tax adjustment	0 s [†]		deduct	0 deduct	0
Interest tax shield	324 q				324
Revaluations	1773 r				1773
Income tax	378 p				378
Numerator			3839	2479	4910

Fixed assets at end of previous financial year (FA0)	56707				
Fixed assets at end of current financial year (FA1)	66409				
Adjusted net working capital at end of previous financial year (1245				
Adjusted net working capital at end of current financial year (A	-928				
Average total funds employed (ATFE)	61717 c	61717	61717	61717	61717
	(or regulation 33 time-weighted average)				
Total equity at end of previous financial year (TE0)	29341				
Total equity at end of current financial year (TE1)	41184				
Average total equity	35262.5 k	35262.5			
	(or regulation 33 time-weighted average)				
WUC at end of previous financial year (WUC0)	550				
WUC at end of current financial year (WUC1)	686				
Average total works under construction	618 e	618 deduct	618 deduct	618 deduct	618
	(or regulation 33 time-weighted average)				
Revaluations	1773 r				
Half of revaluations	886.5 r/2			deduct	886.5
Intangible assets at end of previous financial year (IA0)	0				
Intangible assets at end of current financial year (IA1)	0				
Average total intangible asset	0 m		add	0	
	(or regulation 33 time-weighted average)				
Subvention payment at end of previous financial year (S0)	0				
Subvention payment at end of current financial year (S1)	0				
Subvention payment tax adjustment at end of previous financi	0				
Subvention payment tax adjustment at end of current financial	0				
Average subvention payment & related tax adjustment	0 v		add	0	
System fixed assets at end of previous financial year at book v	53366				

System fixed assets at end of current financial year at book va	62119				
Average value of system fixed assets at book value	57743 f	deduct			57743
	(or regulation 33 time-weighted average)		57743 deduct	57743 deduct	
System Fixed assets at year beginning at ODV value (SFAodv	64812				
System Fixed assets at end of current financial year at ODV v	66408				
Average value of system fixed assets at ODV value	65610 h	add			65610
	(or regulation 33 time-weighted average)		65610 add	65610 add	
Denominator			68966	42512	68080

Financial Performance Measure:

	5.57	5.83	7.21
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