



# New Zealand Gazette

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## OTAGO POWER LIMITED

### INFORMATION FOR DISCLOSURE

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

**OTAGO POWER LIMITED****ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 2000****STATEMENT OF ACCOUNTING POLICIES****GENERAL ACCOUNTING POLICIES****SPECIAL PURPOSE FINANCIAL STATEMENTS**

These Financial Statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.

These Financial Statements 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 in accordance with Section 6 of the Regulations.

Otago Power Ltd is registered under the Companies Act 1993 and also registered under the Co-operative Companies Act 1996.

These Financial Statements should be read in conjunction with the Financial Statements and Notes issued to Shareholders for the year ended 31 March 2000.

**MEASUREMENT BASE**

The measurement base adopted is that of historical cost except for the revaluation of certain fixed assets as stated. Reliance is placed on the fact that Otago Power Limited is a going concern.

Accrual Accounting is used to match expenses and revenues.

**PARTICULAR ACCOUNTING POLICIES****1. Valuation of Assets**

1. Investments are recorded at cost plus accumulated interest.
2. Debtor balances are at estimated realisable value after writing off bad debts for the period and making an allowance for doubtful debts.

**2. Fixed Assets**

The assets of the Otago Electric Power Board (O.E.P.B.) were transferred to the Company under the Energy Companies Act 1992 in accordance with the Establishment Plan. The value of assets acquired from O.E.P.B. were determined as set out below with subsequent additions at cost.

1. Distribution system assets, except standby transformers, are valued at cost less accumulated depreciation. Standby transformers are recorded at a current market value established in 1991, as valued by B. Wilkes an independent valuer, less depreciation. This is a departure from the historical cost measurement base.
2. Buildings, Plant and Equipment are recorded at historic cost less accumulated depreciation.
3. Land and Roothing is recorded at historic cost.
4. Motor Vehicles are recorded at historic cost less accumulated depreciation.

All assets, except freehold land and roads are depreciated over their estimated useful lives on a straight line basis or diminishing value basis as considered appropriate, commencing from the time the asset is held ready for use.

The Economic life ranges for the various classes of assets are:-

Buildings and Residences	39 to 48 years
Distribution Equipment	16 to 25 years
Tools, Plant and Equipment	5 years
Motor Vehicles	5 years

### 3. Taxation

The Taxation charge against the result for the year is the estimated liability in respect of that result after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Company follows the liability method of accounting for deferred taxation. Deferred taxation benefits are only recognised when there is virtual certainty of recovery in future periods.

### 4. G.S.T.

These accounts are prepared exclusive of GST except for Accounts Receivable and Accounts Payable which are inclusive of GST.

### 5. Financial Instruments

Otago Power Limited has various financial instruments, in the form of an electricity hedge portfolio, which were originally entered into for the primary purpose of reducing its exposure to fluctuations in electricity spot market prices.

These hedge portfolios were retained when the company sold its energy retail business. Accordingly the hedge portfolio has been valued and accounted for on a mark to market basis. Realised and unrealised gains and losses on disposal of hedge contracts are recognised in the Statement of Financial Performance.

### 6. 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.

*“Investing activities”* are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

*“Financing activities”* are those activities relating to changes in the equity and debt capital structure of the company and group and those activities relating to the cost of servicing the company’s and the group’s equity capital.

*“Operating activities”* include all transactions and other events that are not investing or financing activities.

### 7. Asset Allocation

Under the Electricity (Information Disclosure) Amendment Regulations 1999, Otago Power Limited is defined as a line business. The methodology for allocating costs, revenues, assets and liabilities between the businesses is on the same basis as outlined in the Electricity Disclosure Guidelines as issued by the Ministry of Economic Development.

## CHANGES IN ACCOUNTING POLICIES

The basis for allocating Costs, Revenues, Liabilities, Assets and Capital have changed in accordance with the mandatory requirements in the Information Disclosure guidelines.

**OTAGO POWER LIMITED****STATEMENT OF FINANCIAL PERFORMANCE**

for the year ended 31 March 2000

	NOTE	31.3.00 \$	31.3.99 \$
OPERATING REVENUE	1	11,181,309	9,882,797
Operating Surplus before Interest and Income Tax	2	2,733,692	2,092,463
Rebates		-	-
Interest Expense	3	104	-
Operating Surplus before Income Tax		2,733,588	2,092,463
Income Tax		-	-
Net Surplus after Tax		2,733,588	2,092,463
Dividends Paid & Proposed		7,762,776	197,404
Transferred to Retained Earnings		(5,029,188)	1,895,059

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

**OTAGO POWER LIMITED****STATEMENT OF FINANCIAL POSITION**

as at 31 March 2000

	NOTE	31.3.00 \$	31.3.99 \$
<b>Total Capital Funds</b>	4	<b>15,728,633</b>	<b>14,599,744</b>
<i>These funds are represented by:</i>			
Fixed Assets	5	13,791,096	12,380,317
Current Assets	6	4,414,503	5,583,041
Total Assets		18,205,599	17,963,358
<i>Less</i>			
Current Liabilities	7	2,476,966	3,363,614
Total Liabilities		2,476,966	3,363,614
Net Assets in excess of Liabilities		15,728,633	14,599,744

For and on behalf of the Board:

RA Burnside  
*CHAIRMAN*DL Garvan  
*DIRECTOR*

14th August 2000

**OTAGO POWER LIMITED****STATEMENT OF MOVEMENTS IN EQUITY**

for the year ended 31 March 2000

	31.3.00 \$	31.3.00 \$	31.3.99 \$
<b>Capital Fund at Start of Year</b>		<b>14,599,744</b>	<b>17,851,960</b>
Adjustment due to Allocation Method change			(2,389,948)
Adjusted Equity at start of year			15,462,012
Net Surplus after Tax	2,733,588		2,092,462
Total Recognised Revenues Less Expenses		2,733,588	2,092,462
		<b>17,333,332</b>	<b>17,554,474</b>
<b>Add Contributions from Owners during Year</b>			
Rebate B Shares Issued	-		128,855
Retained Earnings Transferred on Sale "Other Business"	7,870,221		-
		<b>7,870,221</b>	<b>128,855</b>
<b>Deduct Distributions to Owners during the Year</b>			
Redemption Ordinary Shares	1,712,144		195,324
Dividend on Shares	7,762,776		197,404
Rebate B Shares Redeemed	-		7,562
Transfer Preference Shares to Current Liabilities	-		2,683,295
		9,474,920	3,083,585
<b>Capital Fund at end of Year</b>		<b>15,728,633</b>	<b>14,599,744</b>

**OTAGO POWER LIMITED****STATEMENT OF CASH FLOWS**

for the year ended 31 March 2000

	31.3.00	31.3.99
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Receipted from Customers	10,501,314	9,250,230
Interest Received	568,759	126,132
Taxes Refunded	-	347,110
	<b>11,070,073</b>	<b>9,723,472</b>
<i>Cash was disbursed to:</i>		
Payment to Suppliers and Employees	6,450,147	6,846,930
Taxes Paid	183,433	258,645
Rebates on Ordinary shares	-	6,146
Interest Paid	104	-
	<b>6,633,684</b>	<b>7,111,721</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,436,389</b>	<b>2,611,751</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Proceeds from the Sale of Fixed Assets	16,138	1,724,288
<i>Cash was applied to:</i>		
Purchase of Fixed Assets	2,640,732	1,036,471
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,624,594)</b>	<b>687,817</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<i>Cash was applied to:</i>		
Ordinary Share Redemption	1,712,144	202,886
Preference Share Redemption	2,683,295	-
Dividend	7,136,986	196,549
	11,532,425	399,435
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(11,532,425)</b>	<b>(399,435)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>(9,720,630)</b>	<b>2,900,133</b>
Opening Cash Brought Forward	4,445,531	1,806,213
Adjustment Methodology Change	7,870,221	(260,815)
Ending Cash Carried Forward	2,595,122	4,445,531

**OTAGO POWER LIMITED****NOTES TO THE FINANCIAL STATEMENT**

for the year ended 31 March 2000

	<b>31.3.00</b>	<b>31.3.99</b>
	<b>\$</b>	<b>\$</b>
<b>1. Operating Revenue</b>		
Revenue from Line/Access charges	10,200,755	9,407,726
Revenue from other Business for services carried out by the Line business	-	332,532
Interest on cash, bank balances and short term investments	568,759	124,231
AC Loss Rental Rebates	188,582	-
Other Operating Revenue not listed	223,213	18,308
<b>Total Operating Revenue</b>	<b><u>11,181,309</u></b>	<b><u>9,882,797</u></b>
<b>2. Operating Surplus before Interest and Income Tax</b>		
The Operating Surplus before Interest and Income Tax was arrived at after providing for the following Expenses:		
<b>Operating Expenditure</b>		
Payment for Transmission charges	3,314,858	2,728,370
Transfer payments to the "other" business for -		
Asset maintenance	2,107,333	2,548,724
Consumer disconnection/reconnection services	-	7,213
Meter data	-	16,946
Consumer based load control services	-	400
Royalty and patent expenses	-	-
Avoided transmission charges on account of own generation	-	78,912
Other goods and services not listed	93,190	231,803
<b>Total transfer payment to the 'other' business</b>	<b>2,200,523</b>	<b>2,883,998</b>
Expense to entities that are not related parties for -		
Asset maintenance	-	-
Consumer disconnection/reconnection services	-	-
Meter data	-	-
Consumer based load control services	-	-
Royalty and patent expenses	-	-
<b>Total of specified expenses to non-related parties</b>	<b>-</b>	<b>-</b>
Employee salaries, wages and redundancies	382,843	327,635
Consumer billing and information system expense	-	-
Depreciation on -		
System fixed assets	998,780	876,385
Other assets not listed in system fixed assets	215,035	305,637
<b>Total depreciation</b>	<b>1,213,815</b>	<b>1,182,022</b>
Amortisation of -		
Goodwill	-	-
Other intangibles	-	-
<b>Total amortisation of intangibles</b>	<b>-</b>	<b>-</b>
Corporate and administration	437,684	343,872
Human resource expenses	-	-
Marketing/advertising	7,486	-
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	122,093	88,244



Donations	-	-
Directors fees	41,581	39,886
Auditors fees		
Audit fees paid to principal auditors	26,989	26,989
Audit fees paid to other auditors	-	-
Fees paid for other services provided by principal and other auditors	10,597	4,675
<b>Total auditors fees</b>	<b>37,586</b>	<b>31,664</b>
Cost of offering credit		
bad debts written off	-	-
Increase in estimated doubtful debts	(100,000)	-
<b>Total cost of offering credit</b>	<b>(100,000)</b>	-
Local authority rates expenses	8,192	-
AC loss-rental rebates (distribution to retailers/customers) expense	188,582	-
Rebates to consumers due to ownership interest	-	-
Subvention payments	-	-
Unusual expenses	-	-
Other expenditure not listed	592,374	164,643
<b>Total Operating Expenditure</b>	<b>8,447,617</b>	<b>7,790,334</b>

### 3. Interest Expense

Interest expense on borrowings	-	-
Financing charges related to finance leases	-	-
Other interest expense not listed	104	-
<b>Total Interest Expense</b>	<b>104</b>	-

	<b>31.3.00</b>	<b>31.3.99</b>
	<b>\$</b>	<b>\$</b>
<b>4. Capital Funds</b>		
<b><u>Share Capital – Fully Paid</u></b>		
		1
<b>Ordinary Shares</b>		
Opening Balance of 8,600,544 Ordinary Shares @ \$1.00 per Share	8,600,544	10,440,921
Rebate B Shares converted to Ordinary Shares	355,688	-
Transfer to 'other' Business due to Allocation method change	-	(1,645,053)
Ordinary Shares Redeemed @ \$1.00 each	1,712,144	(195,324)
<b>Closing Balance of 28,976,352 Ordinary Shares @ 25c per Share</b>	<b><u>7,244,088</u></b>	<b><u>8,600,544</u></b>
<b>Rebate Shares</b>		
Opening Balance of 355,688 Rebate Shares @ \$1.00 per Share	355,688	278,233
Transfer to 'other' Business due to Allocation method change	-	(43,838)
Rebate Shares of \$1.00 each Issued in Lieu of Rebate and purchased for cash	-	128,855
Rebate Shares Redeemed @ \$1.00 each	-	(7,562)
Rebate Shares converted to Ordinary Shares	(355,688)	-
<b>Closing Balance of Rebate Shares @ \$1.00 per Share</b>	<b><u>-</u></b>	<b><u>355,688</u></b>
<b>Redeemable Preference Shares</b>		
Opening Balance of 2,683,295 Redeemable Preference Shares of \$1.00 Each	-	2,683,295
Transferred to Current Liabilities	-	(2,683,295)
<b>Closing Balance</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Share Capital</b>	<b>7,244,088</b>	<b>8,956,232</b>
<b>Rights of Share on Issue</b>		
Ordinary Shares:		

The Nominal Value of Ordinary Shares is 25c each. These shares rank pari passu on return of capital upon liquidation. The shares are not tradeable. Ordinary Shares will have 1 vote for each Ordinary Share held, but a holder will not be able to exercise more than 10% of the total votes cast at a meeting of the Company.

	31.3.00	31.3.99
<b>Retained Earnings</b>		
	\$	\$
Opening Balance	5,643,512	4,449,511
Transfer from Statement of Financial Performance	(5,029,188)	1,895,059
Transfer from 'other' Business due to Allocation Method change	7,870,221	(701,058)
<b>Closing Balance</b>	<b><u>8,484,545</u></b>	<b><u>5,643,512</u></b>
<b>Reserves</b>	-	-
<b>Total Shareholder Equity</b>	<b>15,728,633</b>	<b>14,599,744</b>
<b>Minority Interests in Subsidiary</b>	-	-
<b>Total Equity</b>	<b>15,728,633</b>	<b>14,599,744</b>
<b>Capital Notes</b>	-	-
<b>Total Capital Funds</b>	<b><u>15,728,633</u></b>	<b><u>14,599,744</u></b>

**5. Fixed Assets**

System Fixed Assets	12,333,295	10,355,458		
Centralised Load Control Equipment	-	702,715		
Consumer Billing and Information System Assets	42,849	71,937		
Motor Vehicles	62,230	53,321		
Office Equipment	6,943	154,830		
Land and Buildings	705,323	906,774		
Other Fixed Assets	640,456	135,283		
Capital Works under Construction	-	-		
<b>Total Fixed Assets</b>	<b><u>13,791,096</u></b>	<b><u>12,380,317</u></b>		
Other Tangible Assets not listed	Nil	Nil		

	Cost	Valuation	Total	Accumulated Depreciation	Book Value
	31.3.00	31.3.00	31.3.99	31.3.00	31.3.99
System & Load Control	18,094,986	318,343	18,413,329	6,080,034	12,333,295
Other Assets	2,242,798		2,242,798	784,997	1,457,801
	<u>20,337,784</u>	<u>318,343</u>	<u>20,656,127</u>	<u>6,865,031</u>	<u>13,791,096</u>
					<u>12,380,317</u>

**6. Current Assets**

	31.3.00	31.3.99
	\$	\$
Cash and Bank Balances	-	4,445,531
Short term Investments	2,982,324	-
Inventories	-	-
Account Receivable	967,360	910,459
Other Current Assets	464,819	227,051
<b>Total Current Assets</b>	<b><u>4,414,503</u></b>	<b><u>5,583,041</u></b>

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**7. Current Liabilities**

	31.3.00	31.3.99
	\$	\$
Bank Overdraft	387,202	-
Short term borrowings	-	-
Payables and Accruals	441,814	573,308
Employee entitlements	7,190	8,392
Provision for Dividend Payable	724,409	98,619
Provision for Income Tax	-	-
Other Current Liabilities not listed	916,351	2,683,295
<b>Total Current Liabilities</b>	<b><u>2,476,966</u></b>	<b><u>3,363,614</u></b>

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**8. Cash Flow Reconciliation with Reported Operating Surplus**

	31.3.00	31.3.00	31.3.99
	\$	\$	\$
Reported Net Profit after Tax and Rebates		2,733,588	2,092,463
<i>Add/(Less) non-cash items:-</i>			
Depreciation		1,213,815	1,182,022
Rebates Applied to Share Capital		-	128,855
Gain on Sale of Fixed Assets		-	(415,194)
Doubtful Debt Provision		100,000	
		4,047,403	2,988,146
<i>Add/(Less) Movements in other working Capital items:</i>			
Accounts Receivable	(156,901)		86,256
Accounts Payable	(132,696)		(9,088)
Other Current Assets	(237,768)		88,465
Provision for Rebates/Dividend	-		(312,500)
Other Current Liabilities	916,351		(229,528)
		388,986	376,395
<b>Net Cash Flows from Operating Activities</b>		<b>4,436,389</b>	<b>2,611,751</b>

**9. Intangible Assets**

	31.3.00	31.3.99
	\$	\$
Goodwill	-	-
Other Intangibles not listed	-	-
<b>Total Intangible Assets</b>	<u>-</u>	<u>-</u>

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**10. Total Assets**

	31.3.00	31.3.99
	\$	\$
Current Assets	4,414,503	5,583,041
Fixed Assets	13,791,096	12,380,317
Other Tangible Assets	-	-
Total Tangible Assets	<u>18,205,599</u>	<u>17,963,358</u>
Intangible Assets	-	-
<b>Total Assets</b>	<u>18,205,599</u>	<u>17,963,358</u>

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**11. Non Current Liabilities**

	31.3.00	31.3.99
	\$	\$
Payables and Accruals	-	-
Borrowings	-	-
Deferred Tax	-	-
Non Current Liabilities not listed	-	-
<b>Total Non Current Liabilities</b>	<u>-</u>	<u>-</u>

**12. Total Equity and Liabilities**

	31.3.00	31.3.99
	\$	\$
Current Liabilities	2,476,966	3,363,614
Non Current Liabilities	-	-
Equity	15,728,633	14,599,744
<b>Total Equity and Liabilities</b>	<b><u>18,205,599</u></b>	<b><u>17,963,358</u></b>

**13. Financial Instruments**Company policy

It is company policy to request a retailer sign a 'Use of System Agreement' before that retailer is allowed to use the companies lines to sell energy. As part of the 'Use of System Agreement' it is company policy that a retailer maintain an acceptable credit rating of at least A3 (Moody's Investor Service Inc), A- (Standard & Poors rating group) or B+ (AM Best). If the retailer cannot supply an acceptable credit rating then the retailer must supply a cash bond or an irrevocable letter of credit equal to 3 months lines charges. It is company policy to review the level of bond every 6 months and where appropriate adjustments to levels are requested.

Interest Rate Risk

The Company is subject to normal fluctuations of interest rates.

Concentration of Credit Risk

The concentrations of credit risk in respect of energy retailers using the Network is limited because any retailer is required to maintain certain prudential requirements including an acceptable long term credit rating of at least A3 (Moody's Investor Service Inc), A – (Standard and Poors Rating Group) or B+ (AM Best). If no such rating is provided by a retailer Otago Power Limited has the ability to charge a cash bond equal to an estimated 3 months charge payable by the retailer with a review of the level of Bond every six months.

Fair Values

All financial instruments shown in the Statement of Financial Position are recorded at fair value.

Currency Risk

The Company is not exposed to any direct currency risk.

Revenue - Electricity Price Hedging Contracts

Prior to the sale of the energy retail business on 31 March 1999 Otago Power Limited had entered into electricity price hedges with generators. Under these agreements Otago Power Limited agreed with electricity generators a fixed price (hedge price) for a percentage of its estimated electricity needs. On the sale of the energy retail business the hedge contracts were retained.

On maturity of the electricity price hedges any difference between the hedge and the spot market price is settled between the parties. Settlement occurs irrespective of the amount of electricity actually supplied. If this spot market price is greater than the hedge price, electricity generators must settle the difference with Otago Power Limited. Conversely if the spot market price is less than the hedge price, Otago Power Limited must settle the difference with the electricity generators. At balance date the hedge contracts have been marked to market and the unrealised loss recognised in the Statement of Financial Performance.

Credit Risk - Electricity Price Hedging Contracts

With respect to electricity price hedges, Otago Power Limited's exposure is on any potential difference between the spot price and the hedge price, where on maturity of these agreements the spot price is greater than the hedge price. Otago Power Limited does not anticipate any non-performance of any obligations which may exist on maturity of these agreements.

Fair Value - Electricity Price Hedging Contracts

The fair value of electricity price hedging contracts can vary from day to day as the spot market price for electricity varies. As at balance date the contract amount of electricity hedges amounted to \$3,470,909 (1999 –\$6,490,450) and the fair value \$810,977. The fair value represents the mark to market value at 31 March 2000 and is based on an independent valuation derived from an assessment of the likely forward price curve for electricity. The secondary market for electricity price hedging contracts is not yet sufficiently active and the fair value (or mark to market) assessment is not necessarily the price the hedge contracts would be exchanged for is sold as a portfolio to a third party at the date of valuation. Until the sale of the energy retail business the electricity price hedging contracts represented hedges and until maturity of these agreements there was potentially an asset or liability which previously was not recognised in the financial statements.



**14. Contingent Liabilities**

Otago Power Limited is currently involved in a Tax dispute with the Inland Revenue Department. The Company has made a voluntary payment of the full amount of disputed tax of which \$184,961 is carried as an asset pending the outcome of the dispute. Depending on the outcome of the dispute Otago Power may have a contingent asset or will have to write off the remaining amount carried.

**15. Capital Commitments**

There are no capital commitments as at 31 March 2000.

**16. Related Party Transactions**

There are no related Party Transactions.

**17. Divisional Expenses**

Otago Power Limited operates a division within its company structure that constructs and maintains its assets on its behalf. Transactions are recorded at cost plus an allowance for overheads. There is no profit margin charged to the network in these transactions.

Maintenance costs are recorded in note 2 of these accounts.

Capital transactions are recorded as follows.

	\$
Construction Subtransmission Assets	713,909
Construction of Distribution lines	606,770
SCADA Substation	107,999
Replacement Circuit Breakers	282,812
Consumer Transformers	361,580
	42,874

**18. Annual Valuation Reconciliation Report**

Year ending 31 March 2000

	\$000
System fixed assets at ODV – end of the previous financial year	53,368
<i>Add</i> system fixed assets acquired during the year at ODV <sup>2</sup>	1,937
<i>Less</i> system fixed assets disposed of during the year at ODV	-
<i>Less</i> depreciation on system fixed assets at ODV	2,460
<i>Add</i> revaluations of system fixed assets	2,537
<i>Equals</i> system fixed assets at ODV – end of the financial year	55,382

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	2,733,692				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	2,733,692				
Interest on cash, bank balances, and short-term investments (ISTI)	568,759				
OSBIT minus ISTI	2,164,933 <sup>a</sup>				2,164,933
Net surplus after tax from financial statements	2,733,588				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,733,588 <sup>n</sup>			2,733,588	
Amortisation of goodwill and amortisation of other intangibles	0 <sup>g</sup>		add	0 add	0
Subvention payment	0 <sup>s</sup>		add	0 add	0
Depreciation of SFA at BV (x)	998,780				
Depreciation of SFA at ODV (y)	2,460,000				
ODV depreciation adjustment	-1,461,220 <sup>d</sup>		add	-1,461,220 add	-1,461,220
Subvention payment tax adjustment	0 <sup>s*t</sup>			deduct	0
Interest tax shield	-187,656 <sup>q</sup>			deduct	-187,656
Revaluations	2,537,000 <sup>r</sup>			add	2,537,000
Income tax	0 <sup>p</sup>			deduct	0
<b>Numerator</b>			OSBIT <sup>ADJ</sup> = a + g + s + d	NSAT <sup>ADJ</sup> = n + g + s - s*t + d	OSBIT <sup>ADJ</sup> = a + g - q + r + s + d - p - s*t
			703,713	1,272,368	3,428,369
Fixed assets at end of previous financial year (FA <sub>0</sub> )	12,380,317				
Fixed assets at end of current financial year (FA <sub>1</sub> )	13,791,096				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	962,056				

Adjusted net working capital at end of current financial year (ANWC <sub>t</sub> )	66,824				
Average total funds employed (ATFE)	11,185,182 (or regulation 33 time-weighted average)	c	11,185,182		11,185,182
Total equity at end of previous financial year (TE <sub>0</sub> )	14,599,744				
Total equity at end of current financial year (TE <sub>t</sub> )	15,728,633				
Average total equity	15,164,189 (or regulation 33 time-weighted average)	k		15,164,189	
WUC at end of previous financial year (WUC <sub>0</sub> )	0				
WUC at end of current financial year (WUC <sub>t</sub> )	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct	0 deduct	0
Revaluations	2,537,000	r			
Half of revaluations	1,268,500	r/2			deduct 1,268,500
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0				
Intangible assets at end of current financial year (IA <sub>t</sub> )	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m	add	0	
Subvention payment at end of previous financial year (S <sub>0</sub> )	0				
Subvention payment at end of current financial year (S <sub>t</sub> )	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v	add	0	
System fixed assets at end of previous financial year at book value (SFA <sub>bv0</sub> )	11,058,173				
System fixed assets at end of current financial year at book value (SFA <sub>bv1</sub> )	12,333,295				

Average value of system fixed assets at book value	11,695,734 (or regulation 33 time-weighted average)	f	deduct	11,695,734	deduct	11,695,734	deduct	11,695,734
System Fixed assets at year beginning at ODV value ( $SFA_{odv0}$ )	53,368,000							
System Fixed assets at end of current financial year at ODV value ( $SFA_{odv1}$ )	55,382,000							
Average value of system fixed assets at ODV value	54,375,000 (or regulation 33 time-weighted average)	h	add	54,375,000	add	54,375,000	add	54,375,000
Denominator				53,864,448 $ATFE^{ADJ} = c - e - f + h$	Ave $TE^{ADJ} = k - e - m + v - f + h$	57,843,455 $ATFE^{ADJ} = c - e - 1/2r - f + h$		52,595,948
Financial Performance Measure:				$ROF = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$	$ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$	$ROI = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$		6.2

t = maximum statutory income tax rate applying to corporate entities  
 = 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      subscript '0'

**STATEMENT OF PERFORMANCE MEASUREMENT****INFORMATION DISCLOSURES****ASSET VALUATION**

For the purposes of these Financial Performance Measures and Efficiency Performance Measures Otago Power Limited has used the Optimised Deprival Value method of valuing Assets. This method is a requirement of the Electricity (Information Disclosure) Regulations 1999.

**FINANCIAL PERFORMANCE MEASURES**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Return on Funds	1.33%	2.55%	5.33%	7.08%
Return on Equity	2.2%	2.93%	4.49%	5.49%
Return on Investment	6.2%	2.93%	46.00%	5.56%

**EFFICIENCY PERFORMANCE MEASURES**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Direct Line Costs per Kilometre	\$588	\$761	\$503	\$460
Indirect Line Costs per Electricity Customer	\$92	\$47	\$157	\$127

**ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Load Factor	73.87%	71.04%	65.28%	60.55%
Loss Ratio	6.14%	5.20%	1.70%	6.55%
Capacity Utilisation	37.52%	35.22%	39.57%	36.56%

ODV Valuation for Line Business Assets	\$55,382,000	\$51,313,000	\$51,313,000	\$37,064,261
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**STATISTICS**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
	<b>Kms</b>	<b>kms</b>	<b>kms</b>	<b>kms</b>
System Length	4103.67	4084.23	4060.89	4689.86
Broken down as follows:				

<b>Statistics</b>	<b>Nominal Voltage</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>System Length (Total) (kms)</b>					
	110kV	0.00	0.00	0.00	0.00
	66kV	29.67	29.67	29.50	29.50
	50kV	0.00	0.00	0.00	0.00
	33kV	530.46	518.65	516.50	480.29
	22kV	252.28	245.07	246.63	231.17
	11kV	2,839.17	2,830.83	2,816.85	2,763.41
	6.6kV	64.21	62.91	61.16	35.69
	3.3kV	0.00	0.00	0.00	0.00
	230/400 V	387.88	397.09	390.26	1,149.79
	<b>Total</b>	<b>4,103.67</b>	<b>4,084.23</b>	<b>4,060.89</b>	<b>4,689.86</b>
<b>Circuit Length (Overhead) (kms)</b>					
	110kV	0.00	0.00	0.00	0.00
	66kV	29.67	29.67	29.50	29.50
	50kV	0.00	0.00	0.00	0.00
	33kV	530.15	518.34	516.19	480.29
	22kV	252.28	245.07	246.63	231.17
	11kV	2,834.53	2,826.45	2,812.69	2,763.41
	6.6kV	62.91	61.61	59.86	35.69
	3.3kV	0.00	0.00	0.00	0.00
	230/400 V	372.44	381.65	374.81	1,134.35
	<b>Total</b>	<b>4,081.98</b>	<b>4,062.80</b>	<b>4,039.68</b>	<b>4,674.41</b>
<b>Circuit Length (Underground) (kms)</b>					
	110kV	0.00	0.00	0.00	0.00
	66kV	0.00	0.00	0.00	0.00
	50kV	0.00	0.00	0.00	0.00
	33kV	0.31	0.31	0.31	0.00
	22kV	0.00	0.00	0.00	0.00
	11kV	4.64	4.38	4.16	0.00
	6.6kV	1.30	1.30	1.30	0.00
	3.3kV	0.00	0.00	0.00	0.00
	230/400 V	15.45	15.45	15.45	15.45
	<b>Total</b>	<b>21.69</b>	<b>21.43</b>	<b>21.21</b>	<b>15.45</b>

<b>Transformer Capacity (kVA)</b>	in kVA	128,005	124,848	118,164	126,463
<b>Maximum Demand (kWh)</b>	in kW	48,028	43,972	46,760	46,240
<b>Total Electricity Supplied from System, after losses of electricity (kWh)</b>	in kWh	292,526,791	259,409,222	262,850,444	245,285,407
	Name of retailer/generator				
<b>Total amount of electricity conveyed through the system, before losses of electricity, on behalf of each person that is an electricity generator or electricity retailer or both:</b>	Trustpower	178,392,435	0	0	0
	Meridian	124,709,278	0	0	0
	Phoenix	8,559,520	0	0	0
	Otago Power Limited	0	273,633,706	267,402,909	245,285,407
in kWh	<b>TOTAL</b>	311,661,233	273,633,706	267,402,909	245,285,407
<b>Total number of consumers</b>	Number	14,231	14,861	14,480	14,637

**Reliability Performance Measures**

Total number of interruptions together with a breakdown of the total according to interruptions

**TOTAL NUMBER OF INTERRUPTIONS (together with a breakdown of that total according to Interruptions Class)****INTERRUPTION CLASS****Number of Interruptions**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Class A – Planned interruption by Transpower	1	1	0	0
Class B - being a planned interruption by the principal line owner (other than Transpower)	87	184	153	248
Class C - being an unplanned interruption originating within the works of the principal line owner, where those works are used for carrying out line business activities	236	291	289	246
Class D - being an unplanned interruption originating within the works of Transpower, where those works are used for carrying out line business activities	2	4	0	0
Class E - being an unplanned interruption originating within works used, by the principal line owner, for the generation of electricity	0	0	0	0
Class F - being an unplanned interruption originating within works used, by persons other than the principal line owner, for the generation of electricity	0	0	0	0
Class G - being an unplanned interruption caused by another line owner	0	0	0	0
Class H - being a planned interruption caused by another line owner	0	0	0	0
Class I - being an interruption not referred to in any of paragraphs (a) to (h)	0	0	0	0
<b>Total number of Interruptions</b>	<b>326</b>	<b>480</b>	<b>442</b>	<b>494</b>

**INTERRUPTION TARGETS**

	<b>2001</b>	<b>5 Year Average</b>
Class B - being a planned interruption by the principal owner (other than Transpower)	83	63
Class C - being an unplanned interruption originating within the works of the principal line owner where those works are used for carrying out line business activities	206	168
Restoration Times	<b>2000</b>	
The proportion (expressed as a percentage) of the total number of Class C interruptions not restored within:		
3 hours	16.95%	
24 hours	0%	

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Total number of faults per 100 circuit kilometres of prescribed voltage electric line	6.4	7.9	7.9	6.9



		Average Faults Targets	Faults Targets
Faults per 100 circuit kilometres of prescribed voltage electric line	Nominal Voltage	<b>2001/05</b>	<b>2001</b>
Faults for each nominal voltage	110kV	0	0
	66kV	0	0
	50kV	0	0
	33kV	2	2
	22kV	0	0
	11kV	6	6
	6.6kV	0	0
	3.3kV	0	0
	230/400	0	0

		Actual number of faults			
Faults per 100 circuit kilometres of prescribed Voltage electric line	Nominal Voltage	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Faults for each nominal voltage	110kV	0	0	0	0
	66kV	0	0	0	0
	50kV	0	0	0	0
	33kV	2	3	2	4
	22kV	0	6	3	5
	11kV	7	9	10	8
	6.6kV	0	0	0	0
	3.3kV	0	0	0	0
	230/400	0	0	0	0
Total		9	18	15	17

		Actual number of faults			
Faults per 100 circuit kilometres of underground Prescribed voltage electric line	Nominal Voltage	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
	110kV	0	0	0	0
	66kV	0	0	0	0
	50kV	0	0	0	0
	33kV	0	0	0	0
	22kV	0	0	0	0
	11kV	0	0	0	0
	6.6kV	0	0	0	0
	3.3kV	0	0	0	0
	230/400	0	0	0	0
Total		0	0	0	0

Faults per 100 circuit kilometres of overhead prescribed voltage electric line	Nominal Voltage	Actual number of faults			
		2000	1999	1998	1997
Faults for each nominal voltage	110kV	0	0	0	0
	66kV	0	0	0	0
	50kV	0	0	0	0
	33kV	2	3	2	4
	22kV	0	6	3	5
	11kV	7	9	10	8
	6.6kV	0	0	0	0
	3.3kV	0	0	0	0
	230/400	0	0	0	0
Total		9	18	15	17

**INTERRUPTION INDICES****SAIDI**

	2000	1999	1998	1997
Class A - planned interruption by Transpower	19.17	64.8	0	0
Class B - being a planned interruption by the principal line owner (other than Transpower)	143.62	119.8	157.4	82.7
Class C - being an unplanned interruption originating within the works of the principal line owner, where those works are used for carrying out line business activities	177.17	220.8	295.6	113.4
Class D - being an unplanned interruption originating within the works of Transpower, where those works are used for carrying out line business activities	19.62	88.1	0	0
Class E - being an unplanned interruption originating within works used, by the principal line owner, for the generation of electricity	0	0	0	0
Class F - being an unplanned interruption originating within works used, by persons other than the principal line owner, for the generation of electricity	0	0	0	0
Class G - being an unplanned interruption caused by another line owner	0	0	0	0
Class H - being a planned interruption caused by another line owner	0	0	0	0
Class I - being an interruption not referred to in any of paragraphs (a) to (h)	0	0	0	0
Total number of Interruptions	<b>359.58</b>	<b>493.4</b>	<b>453</b>	<b>196</b>

SAIDI Targets	2001	5 Year Average
Class B - being a planned interruption by the principal line owner (other than Transpower)	126	75
Class C - being an unplanned interruption originating within the works of the principal line owner where those works are used for carrying out line business activities	180	143

**INTERRUPTION INDICES****SAIFI**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Class A - Planned interruption by Transpower	0.21	0.22	0	0
Class B - being a planned interruption by the principal line owner (other than Transpower)	0.65	0.87	1.16	0.68
Class C - being an unplanned interruption originating within the works of the principal line owner, where those works are used for carrying out line business activities	1.97	1.58	2.20	1.04
Class D - being an unplanned interruption originating within the works of Transpower, where those works are used for carrying out line business activities	0.84	0.86	0	0
Class E - being an unplanned interruption originating within works used, by the principal line owner, for the generation of electricity	0	0	0	0
Class F - being an unplanned interruption originating within works used, by persons other than the principal line owner, for the generation of electricity	0	0	0	0
Class G - being an unplanned interruption caused by another line owner	0	0	0	0
Class H - being a planned interruption caused by another line owner	0	0	0	0
Class I - being an interruption not referred to in any of paragraphs (a) to (h)	0	0	0	0
<b>The SAIFI for the total number of interruptions</b>	<b>3.67</b>	<b>3.53</b>	<b>3.4</b>	<b>1.7</b>

<b>SAIFI Targets</b>	<b>2001</b>	<b>5 Year Average</b>
Class B - being a planned interruption by the principal line owner (other than Transpower)	0.70	0.5
Class C - being an unplanned interruption originating within the works of the principal line owner where those works are used for carrying out line business activities	1.5	1.3

**INTERRUPTION INDICES****CAIDI**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Class A - Planned interruption by Transpower	91	300.0	0	0
Class B - being a planned interruption by the principal line owner (other than Transpower)	221	137.5	135.3	121.1
Class C - being an unplanned interruption originating within the works of the principal line owner, where those works are used for carrying out line business activities	90	139.6	134.1	109.2
Class D - being an unplanned interruption originating within the works of Transpower, where those works are used for carrying out line business activities	23	102.0	0	0
Class E - being an unplanned interruption originating within works used, by the principal line owner, for the generation of electricity	0	0	0	0
Class F - being an unplanned interruption originating within works used, by persons other than the principal line owner, for the generation of electricity	0	0	0	0

Class G - being an unplanned interruption caused by another line owner	0	0	0	0
Class H - being a planned interruption caused by another line owner	0	0	0	0
Class I - being an interruption not referred to in any of paragraphs (a) to (h)	0	0	0	0
<b>The CAIDI for the total number of interruptions</b>	<b>98</b>	<b>139.7</b>	<b>134</b>	<b>114</b>

<b>CAIDI Targets</b>	<b>2001</b>	<b>5 Year Average</b>
Class B - being a planned interruption by the principal line owner (other than Transpower)	180	150
Class C - being an unplanned interruption originating within the works of the principal line owner where those works are used for carrying out line business activities	120	110

**REPORT OF THE AUDIT OFFICE TO THE READERS OF THE FINANCIAL STATEMENTS OF OTAGO POWER LIMITED FOR THE YEAR ENDED****31 MARCH, 2000**

We have audited the financial statements of Otago Power Limited on pages 3 to 16. The financial statements provide information about the past financial performance of Otago Power 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 2.

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

**Auditor's Responsibilities**

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

The Controller and Auditor-General has appointed Patrick F Heslin of Deloitte Touche Tohmatsu to undertake the audit.

**Basis of Opinion**

An audit include 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 Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Otago Power Limited 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 Otago Power Limited.

**Unqualified Opinion**

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

In our opinion -

- proper accounting records have been maintained by Otago Power Limited as far as appears from our examination of those records; and
- the financial statements on pages 3 to 16 -
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of Otago Power 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 14 August 2000 and our unqualified opinion is expressed as at that date.

PATRICK F. HESLIN

Deloitte Touche Tohmatsu

On behalf of the Controller and Auditor-General

Dunedin, New Zealand

**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 - SCHEDULE 3, FORM 3,  
CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS****AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES OF OTAGO POWER LIMITED**

We have examined the information on pages 16 to 20, being:

- a) The derivation table in regulation 16; and
- b) The annual ODV reconciliation report in regulations 16A; and
- c) The time-weighted averages calculations in regulation 33; and
- d) The financial performance measures in clause 1 of Part 3 of Schedule 1; and
- e) The financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1;

that were prepared by Otago Power Limited and dated 31 March 2000 for the purposes of regulations 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.

Patrick F Heslin  
Deloitte Touche Tohmatsu  
On behalf of the Controller and Auditor-General  
Dunedin, New Zealand

14 August 2000

**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 - SCHEDULE 3, FORM 3,  
CERTIFICATION BY AUDITOR IN RELATION TO VALUATION**

**AUDIT OFFICE OPINION ON THE VALUATION REPORT OF OTAGO POWER LIMITED**

We have examined the valuation report of Otago Power Limited dated 31 March, 1998, which report contains valuations of system fixed assets as at 31 March, 1998

In our opinion, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$51,300,000 have been made in accordance with the ODV Handbook.

Patrick F. Heslin  
Deloitte Touche Tohmatsu  
On behalf of the Controller and Auditor-General  
Dunedin, New Zealand

14 August 2000

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS  
DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER**

We, Robert Adam Burnside and Duncan Lieshman Garvan, Directors of Otago Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Otago Power Limited, prepared for the purpose of regulation 6 of the Electricity (Information Disclosure) Regulations 1999, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- (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 Otago Power 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.
- (c) The attached information contains data in comparative years that is not compatible with this year's information due to methodology changes, brought about by changes in the Electricity (Information Disclosure) Regulations 1999.

The valuations on which those financial measures are based are as at 31 March 1998.

Signed: Robert Adam Burnside

Signed: Duncan Lieshman Garvan

14<sup>th</sup> August 2000