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MARLBOROUGH LINES LIMITED

INFORMATION FOR DISCLOSURE

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

MARLBOROUGH LINES LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORD WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
and Amendment Regulations 2000

STATEMENT OF FINANCIAL PERFORMANCE
For the Year ended 31 March 2000

	Notes	2000 \$000	1999 \$000
REVENUE	2	<u>19,706</u>	<u>13,517</u>
NET SURPLUS BEFORE TAX	2	3,440	1,562
LESS TAXATION EXPENSE		1,172	587
NET SURPLUS AFTER TAX		<u>2,268</u>	<u>975</u>

STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ended 31 March 2000

EQUITY AT BEGINNING OF YEAR		<u>14,878</u>	<u>15,534</u>
Net surplus for Year		2,268	975
less dividend		(100)	-
Total Recognised Revenues and Expenses For The Period		<u>2,168</u>	<u>975</u>
Change in Equity due to removal of Metering/Investment Assets		110	(1,631)
Increase in equity due to sale of Metering assets		4,492	-
Adjustment from previous year		(0)	-
EQUITY AT END OF YEAR		<u>21,648</u>	<u>14,878</u>

STATEMENT OF FINANCIAL POSITION
As at 31 March 2000

EQUITY			
Share capital	3	8,736	7,105
Retained earnings		12,912	7,773
TOTAL EQUITY		<u>21,648</u>	<u>14,878</u>
Represented By:			
CURRENT ASSETS			
Cash and Bank		6,350	1,758
Receivables and prepayments	4	1,594	393
Inventories	5	1,291	1,192
Provision for tax and deferred tax		<u>62</u>	<u>554</u>
		9,297	3,897
CURRENT LIABILITIES			
Creditors	6	2,610	2,281
Provision for tax		(188)	-
Term Debt - External		-	3,200
Term Debt - Internal	7	-	-
Dividend		100	-
Employee entitlements	6	<u>43</u>	<u>97</u>
		<u>2,565</u>	<u>5,578</u>
NET CURRENT ASSETS		6,732	(1,681)
NON-CURRENT ASSETS			
Fixed assets	8	14,916	16,559
NET ASSETS		<u>21,648</u>	<u>14,878</u>

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2000

	2000	1999
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Was Provided From:		
Receipts from customers	12,673	13,401
Interest Received	<u>173</u>	<u>(3)</u>
	12,846	13,398
Cash was applied to:		
Payments to Suppliers and Employees	(9,142)	(9,663)
Interest Paid	-	(18)
Income Tax Paid	<u>(871)</u>	<u>(1,011)</u>
	(10,013)	(10,692)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>2,833</u>	<u>2,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds From Sale of Fixed Assets	4,889	10
Cash was Applied To:		
Purchase of Fixed Assets	<u>(1,130)</u>	<u>(1,034)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>3,759</u>	<u>(1,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Was Provided From:		
Internal Debt Raised	-	1,000
Cash Was Applied to:		
Settlement of Internal/Term Debt	<u>(2,000)</u>	<u>(2,375)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(2,000)</u>	<u>(1,375)</u>
Net Increase (Decrease) in Cash Held	<u>4,592</u>	<u>307</u>
Cash at Beginning of Year	<u>1,758</u>	<u>1,451</u>
CASH AT END OF YEAR	<u>6,350</u>	<u>1,758</u>

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

**MARLBOROUGH LINES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000**

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with and for the sole purpose of the requirements of regulation 6 of Electricity (Information Disclosure) Regulations 1999 and amendments to those regulations. These accounts are not comparable with the consolidated financial statements prepared and published with the Company's Annual Report. These accounts cannot and should not be used to assess the actual performance of the Company as they are prepared to the guidelines as laid out in the Act which bear a limited relationship to actual activity.

Contracting, maintenance and construction with their associated revenue and costs have been separated out of these Financial Statements in accordance with the Regulations. These and other business activities are required to function separately and produce commercial rates of return and will continue to be a core part of Marlborough Lines activities.

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

The financial statements comprise separate statements of financial performance and financial position for Network Operations

1.1 GOODS AND SERVICES TAX (GST)

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables which include GST invoiced.

1.2 INCOME TAX

Income tax expense recognises the current obligations and all amounts arising from differences between the accounting results and assessable income for the period. This is the liability method applied on a comprehensive basis.

1.3 RECEIVABLES

Receivables are stated at the amount they are expected to realise. An estimate for doubtful debts is made and bad debts are written off during the year in which they are identified.

1.4 INVENTORIES

Inventories are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with chargeable overheads.

1.5 FIXED ASSETS AND DEPRECIATION

All fixed assets are recorded at cost. The cost of assets constructed by the company includes all materials used in construction, direct labour and direct overheads. Capital contributions are credited against the cost of the reticulation assets. Where commitments arise offshore for capital purchases the exchange rates are fixed forward to minimise foreign currency risk. All costs and exchange variations are included in the capitalised cost of the asset.

Depreciation rates used are in accord with the determinations issued from time to time by the Inland Revenue Department. These rates are as follows:

Buildings (concrete)	1 % on cost price
Buildings (wooden)	2 - 3.6 % on cost price
Reticulation system (global)	5 % on cost price
Reticulation system (from 1.4.87)	5 - 18 % on diminishing value
Substation equipment	7.5 - 39.6 % on diminishing value
Plant	10 - 62.5 % on diminishing value
Motor vehicles, office, communications	20 - 25 % on diminishing value

1.6 EMPLOYEE ENTITLEMENTS

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees. Allowance is made for the present value of future staff retirement gratuity benefits. The calculations provide also for the probability of the employees completing the appropriate period of service.

1.7 FINANCIAL INSTRUMENTS

Financial instruments carried in the statement of financial position include cash and bank balances, receivables, trade creditors and borrowing's. These instruments are generally carried at their estimated fair value. For example receivables are carried net of estimated doubtful debts.

1.8 COMPARATIVE FIGURES

The Electricity (Information Disclosure) Amendment Regulations 2000, issued in June 2000 require in the main changes to the Electricity (Information Disclosure) Regulations 1999, affecting the financial statements in the following areas:

- an ODV valuation reconciliation report, see note 8.1 and
- further disclosure of expense items and line charges.

Paragraph 2.9.1 of the Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits the use of figures disclosed in previous years to be used as comparatives even though they may have been arrived at using a different methodology. It also permits the exclusion of comparative figures where the figures are disclosed for the first time in the current year.

Accordingly comparatives have not been restated or provided where the figures are disclosed for the first time this year.

2. OPERATING SURPLUS BEFORE TAXATION

	2000	1999
	\$000	\$000
2.1 The operating surplus before taxation has been determined after:		
Crediting as revenue:		
Interest Income	173	(3)
Property Rentals	147	143
Surplus on Disposal of Fixed Assets	398	10
Charging as expense:		
Audit Fees Paid to Principal Auditor	37	49
Directors Fees	90	97
Depreciation	1,219	1,162
Interest on Term Debt	-	18
Donations(Educational Grants)	19	17
Rental Expense on Operating Leases	22	25

2.2 Revenue in 2000 reflects \$5.1m discounts paid to line consumers in March 2000.

3. SHARE CAPITAL

3.1 Marlborough Electric's shares are held by the trustees to the Marlborough Electric Power Trust.

3.2 SHARE CAPITAL

Issued and Paid up Capital ordinary \$1.00 shares	8,736	7,105
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4. ACCOUNTS RECEIVABLE

The balance of Accounts Receivable comprises:

Electricity and other trade debtors	1,594	393
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5. INVENTORIES

Reticulation stock	1,291	1,192
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Some inventories are subject to retention of title clauses.

6. CREDITORS AND ACCRUALS.

In current liabilities the balance of creditors and accruals comprises:

Trade Creditors and Accruals	2,610	2,281
Employee Entitlements	43	97
Total	<u>2,653</u>	<u>2,378</u>

6.1 Employee entitlements in non current liabilities recognises the Company's liability for retirement gratuities.

7. TERM LOANS

Bank Term Debt Facility	-	-
Inter-divisional debt	-	3,200

No security has been issued in respect of Marlborough Electric's term loans. Interest rate is linked to the 90 Day Bank Bill Rate (Bank buy rates). The effective rate at 31 March 2000 was 5.7%. (1999 5.05%)

8. FIXED ASSETS

8.1 Schedule 4 Part 8
Annual Valuation Reconciliation Report for Year ending 31 March 2000

		\$000
	System Fixed Assets at ODV at 31 March 1999	70,119
Add	System Fixed Acquired During the Year at ODV	1,683
Less	System Fixed Assets Disposed off During the Year at ODV	-
Less	Depreciation on System Fixed Assets	(2,511)
Add	Revaluations of System Fixed Assets	-
Equals	System Fixed Assets at ODV at 31 March 2000	<u>69,291</u>

8.2 TABLE OF FIXED ASSETS

	2000	1999
	\$000	\$000
Land	479	1,202
Buildings	3,758	3,444
less Depreciation	1,055	845
	<u>2,703</u>	<u>2,599</u>
Reticulation System	20,399	20,630
less Depreciation	9,405	8,701
	<u>10,994</u>	<u>11,929</u>
Plant and Equipment	1,687	1,659
less Depreciation	1,273	1,236
	<u>414</u>	<u>423</u>
Motor Vehicles	284	418
less Depreciation	147	300
	<u>137</u>	<u>118</u>
Capital Works under Construction	189	288
Totals	<u>14,916</u>	<u>16,559</u>

Capital work under construction includes transfer payments and purchases from outside organisations as well as from "Other".

8.3 VALUATION

The latest Government valuations for land and improvements dated September 1996 and September 1997 show the following values.

	Land	Improvements
Other Properties	1,580	3,808

9. CAPITAL CONTRIBUTIONS

Customer capital contributions totalling \$65,000 (1999 \$78,000) were credited against the cost of reticulation Network assets during the year. As at 31 March 2000 the accumulated value of such contributions credited to fixed assets was \$2,206,000 (1999 \$2,140,000).

10. CAPITAL COMMITMENTS

Total capital expenditure committed to but not recognised in the financial statements.	453	141
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11. CONTINGENT LIABILITIES

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

12. FINANCIAL INSTRUMENTS

12.1 CREDIT RISK

Credit risk is the risk that an outside party will not be able to meet its obligations to the company. Financial instruments which potentially subject the company to concentrations of credit risk consist principally of cash deposits, short term deposits and trade receivables. The maximum credit risk is the book value of these financial instruments however, the company considers the risk of non-recovery of these amounts to be minimal.

The company places its cash deposits with high credit quality financial institutions. Credit risk exists in respect to accounts receivable. The Company is able to impose bond requirements on retailers trading across its network in accord with the use of system agreements held with the retailers.

12.2 INTEREST RATE RISK

Interest Rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The company's short term deposits are at fixed interest rates and mature within one year. Interest rates on non-current borrowing's are linked to the 90 day bank bill rate (National Bank / Bank of New Zealand buy rate).

12.3 CURRENCY RISK

Currency risk is the risk that amounts payable in foreign currencies will change due to movements in exchange rates. The company enters into foreign currency forward exchange contracts in order to manage its exposure to fluctuations in foreign currency exchange rates on the purchase of specific plant and equipment items from overseas suppliers. Total cover under forward exchange contracts at balance date was \$nil (1999 \$nil).

12.4 FAIR VALUES

The carrying amount of cash, short term deposits and trade receivables reflect their fair values. The fair value of foreign currency forward exchange contracts represents the estimated amount the company would receive on termination of the contract at balance date, thereby taking into account the unrealised gain of open contracts.

13. RECONCILIATION OF OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2000	1999
	\$000	\$000
Operating Surplus after Taxation	2,268	975
Less Net Interest Revenue/Expense	(173)	
Non Cash Items		
Depreciation	1,219	1,162
Change in Future Income Tax Benefits	6	64
Change in Non Current Employee Entitlements	(53)	31
(Profit)/loss on Sale of Fixed Assets	239	-
	<u>3,506</u>	<u>2,232</u>
Movements in Working Capital Items		
(Increase)/Decrease in Accounts Receivable	(1,201)	383
(Increase)/Decrease in Inventories	(99)	113
Increase/ (Decrease) in Accounts Payable	329	470
Increase/ (Decrease) in Taxation Payable	298	(492)
	<u>(673)</u>	<u>474</u>
Net Cash Flows from Operating Activities	<u>2,833</u>	<u>2,706</u>

14. RELATED PARTIES

Transactions with the related parties are for the period 1 April 1999 to 31 March 2000
No related party debt has been written off or forgiven.

14.1 PARTIES ASSOCIATED WITH DIRECTORS

The company contracted with parties associated with certain directors of Marlborough Lines Limited. These transactions involve the provision of legal and consulting services. All transactions were at commercial rates.

PJ Radich (Radich Dwyer Hardy-Jones Clark)	22	30
Amounts owed by the company as at 31 March to be paid as a normal monthly account	1	1

14.2 CONTRACTING DIVISION OF MARLBOROUGH LINES

The contracting division of Marlborough Lines Limited has provided the following services at commercial rates

Construction of subtransmission assets	3	1
Construction of zone substations	21	49
Construction of distribution lines and cables	35	24
Construction of medium voltage switchgear	15	10
Construction of distribution substations	20	14
Construction of low voltage reticulation	128	117
Maintenance of assets	1,225	946
Consumer Connections & Disconnections	-	-
Other services	663	773

The Contracting Division of Marlborough Lines Limited has paid for the following		
Other services	682	601

At year end there were no outstanding balances

14.3 SHAREHOLDERS

The Trustees of the Marlborough Electric Power Trust hold all the Company's shares. The company may from time to time advance funds of a short term nature to the Marlborough Electric Power Trust. The company dividend is also paid to the same trust.

Dividends paid to the trust	150	-
Secretarial costs charged to the trust	6	7
Amounts owed by the trust to the company as at 31 March to be paid as a normal monthly account	18	21

15. EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to balance date requiring reporting.

**Deloitte
Touche
Tohmatsu****AUDIT REPORT**

To the readers of the attached financial statements of Marlborough Lines Limited.

We have audited the accompanying financial statements of Marlborough Lines Limited prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000. The financial statements provide information about the past financial performance of Marlborough Lines Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out on page 3.

Directors' Responsibilities

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

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion 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 Marlborough Lines Limited circumstances, consistently applied and adequately disclosed.

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

Other than in our capacity as auditor we have no relationship with or interests in Marlborough Lines Limited.

Unqualified Opinion

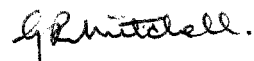
We have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by Marlborough Lines Limited as far as appears from our examination of those records.

In our opinion, the financial statements of Marlborough Lines Limited on pages 1 to 8, prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 and Electricity (Information Disclosure) Amendment Regulations 2000:

- comply with generally accepted accounting practice; and
- give a true and fair view of the financial position of Marlborough Lines Limited as at 31 March 2000 and the results of its operations and cash flows for the year ended on that date; and
- comply with the Electricity (Information Disclosure) Regulations 1999 and Electricity (Information Disclosure) Amendment Regulations 2000.

Our audit was completed on 15 August 2000 and our unqualified opinion is expressed as at that date.


G.R. Mitchell

Deloitte Touche Tohmatsu, Wellington New Zealand
On behalf of the Controller and Auditor-General

**MARLBOROUGH LINES LIMITED NETWORK OPERATIONS
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
and AMENDMENT REGULATIONS 2000**

		2000 \$000	1999 \$000
1	Current assets		
a	Cash and bank balances:	6,350	1,758
b	Short-term investments:	-	-
c	Inventories	1,291	1,192
d	Accounts receivable:	1,594	393
e	Other Current assets not listed in (a) to (d):	-	554
f	Total current assets	9,235	3,897
2	Fixed Assets		
a	System fixed assets:	10,994	11,929
b	Consumer billing and information system assets:	161	64
c	Motor vehicles:	137	118
d	Office equipment:	84	133
e	Land and buildings:	3,182	3,801
f	Capital works under construction:	189	288
g	Other fixed assets not listed in (a) to (f):	169	226
h	Total fixed assets	14,916	16,559
3	Other tangible assets not listed above:	-	-
4	Total tangible assets	24,151	20,456
5	Intangible Assets		
a	Goodwill :	-	-
b	Other intangibles not listed in (a) above:	-	-
c	Total intangible assets	-	-
6	Total assets	24,151	20,456
7	Current liabilities		
a	Bank Overdraft:	-	-
b	Short-term borrowing's:	-	-
c	Payables and Accruals:	2,610	2,281
d	Provision for dividend payable:	100	-
e	Provision for income tax:	(188)	-
f	Other current liabilities not listed in (a) to (e) above:	-	-
g	Total current liabilities	2,522	2,281
8	Non-current liabilities		
a	Payables and Accruals:	43	97
b	Borrowing's	-	3,200
c	Deferred Tax:	(62)	-
d	Other non-current liabilities not listed in (a) to (c) above:	-	-
e	Total non-current liabilities	(19)	3,297
9	Equity:		
a	Shareholders' equity:		
(i)	Share capital:	8,736	-
(ii)	Retained earnings:	12,912	-
(iii)	Reserves:	-	-
(iv)	Total Shareholders' equity	21,648	14,878
b	Minority interests in subsidiaries:	-	-
c	Total equity:	21,648	-
d	Capital notes:	-	-
e	Total capital funds:	21,648	14,878
10	Total equity and liabilities	24,151	20,456

	2000 \$000	1999 \$000
11 Operating revenue		
a Revenue from line/access charges	17,855	12,213
b Revenue from "Other" business for services carried out by the line business (transfer payment):	682	601
c Interest on cash, bank balances and short term investments:	173	(3)
d AC loss-rental rebates:	227	469
f Other revenue not listed in (a) to (d):	769	237
g Total operating revenue	19,706	13,517
12 Operating expenditure		
a Payment for transmission charges:	3,226	4,128
b Transfer payments to the "Other" business for:		
(i) Asset maintenance:	1,225	946
(ii) Consumer disconnection/reconnection services:	-	-
(iii) Meter data:	-	133
(iv) Consumer based load control services:	11	30
(v) Royalty and patent expenses:	-	-
(vi) Avoided transmission charges on account of own generation:	61	1,259
(vii) Other goods and services not listed in (i) to (vi) above:	652	743
(viii) Total transfer payment to the "Other" business	1,949	3,111
c Expense to entities that are not related parties for:		
(i) Asset maintenance:	420	424
(ii) Consumer disconnection/reconnection services:	-	-
(iii) Meter data:	-	-
(iv) Consumer based load control services:	-	-
(v) Royalty and patent expenses:	-	-
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	420	424
d Employee salaries, wages and redundancies:	1,631	1,363
e Consumer billing and information system expense:	128	34
f Depreciation on:		
(i) System fixed assets:	929	924
(ii) Other assets not listed in (i)	290	238
(iii) Total depreciation:	1,219	1,162
g Amortisation of		
(i) Goodwill:	-	-
(ii) Other Intangibles:	-	-
(iii) Total amortisation of intangibles	-	-
h Corporate and administration:	447	658
i Human resource expense:	178	150
j Marketing/advertising:	78	39
k Merger and acquisition expenses:	272	-
l Takeover defence expenses:	-	-
m Research and development expenses:	48	-
n Consultancy and legal expense:	192	174
o Donations:	19	-
p Directors' fees:	90	-
q Auditors' fees:		
(i) Audit fees paid to principal auditors	37	-
(ii) Audit fees paid to other auditors	4	-
(iii) Fees paid for other services provided by principal and other auditors:	24	-
(iv) Total auditors' fees:	65	-
r Costs 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:	71	-
t AC loss-rentals (distribution to retailers/customers) expense:	-	-
u Rebates to consumers due to ownership interest:	5,111	-
v Subvention payments:	-	-
w Unusual expenses:	-	-
x Other expenditure not listed in (a) to (w):	1,122	694
13 Total operating expenditure	16,266	11,937
14 Operating surplus before interest and income tax	3,440	1,580
15 Interest expense on borrowing's		
a Interest expense on borrowing's	-	18
b Financing charges related to finance leases	-	-
c Other interest expense	-	-
d Total interest expense	-	18
16 Operating surplus before income tax	3,440	1,562
17 Income tax	1,172	587
18 Net surplus after tax	2,268	975

MARLBOROUGH LINES LIMITED
PERFORMANCE MEASURES FOR THE LINES BUSINESS
PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
and ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000

notes Energy conveyed through the system, and the resultant Loss Ratio calculation is reliant on information provided by Electricity Retailers. Due to the inability of some Retailers to provide accurate consumption information, Marlborough Lines cannot assure readers as to the accuracy of performance measures based on these factors, or on the volumes conveyed for some retailers.

Previous Regulations required the system length and consumer numbers to be taken as the average of the opening and closing totals in each year. The June 2000 Amendment to the Regulations removes these requirements. Accordingly, it is assumed that Consumer Numbers and System Length statistics, on which a number of performance measures are based, should be disclosed as the total at 31 March. This results in a one-off abnormal growth in each of these factors.

The number of consumers includes a small number of installations where consumption is estimated on the basis of known load, rather than recorded by metering equipment.

1 Financial Performance Measures	2000	1999	1998	1997
(a) Return on Funds	2.28%	0.33%	3.44%	5.15%
(b) Return on Equity	0.90%	-0.08%	1.66%	3.16%
(c) Return on Investment	0.69%	0.23%	8.70%	3.35%
2 Efficiency Performance Measures				
(a) Direct Line Costs per Kilometre	\$964	\$910	\$954	\$958
(b) Indirect Line costs per Consumer	\$104	\$86	\$83	\$70
1 Energy Delivery Efficiency Performance Measures				
(a) Load Factor	58.2%	57.1%	61.7%	60.2%
(b) Loss Ratio	7.3%	5.9%	6.9%	7.4%
(c) Capacity Utilisation	26.0%	26.8%	28.5%	30.4%
2 Statistics				
(a) System Length Break Down in Kilometres				
33kV	259	259	259	258
11kV	2,110	2,089	2,078	1,927
6.6kV	51	51	51	51
LV	492	479	472	285
Total	2,911	2,877	2,860	2,521
(b) Circuit Length of Overhead System in Kilometres				
33kV	257	257	257	256
11kV	2,040	2,022	2,014	1,887
6.6kV	51	51	51	51
LV	401	399	399	219
Total	2,748	2,730	2,721	2,413
(c) Circuit Length of Underground System in Kilometres				
33kV	2	2	2	2
11kV	70	66	64	41
6.6kV	0	0	0	0
LV	91	80	73	65
Total	163	147	139	108
(d) Transformer Capacity in kVA	204,045	200,560	192,355	178,074
(e) Maximum demand in kW	52,976	53,685	54,545	54,051
(f) Total Electricity supplied from the System in kWh	270,664,287	268,712,552	276,622,366	264,244,164

note The above energy volumes have been derived from estimates of metered volumes. Marlborough Lines cannot assure readers as to the accuracy of this information.

(g) Total Electricity Conveyed through the System on behalf of each generator and retailer in kWh

	2000	1999	1998	1997
Retailer A		272,138,278	287,048,837	274,242,896
Retailer B	251,171,415			
Retailer C	20,388,502			
Retailer D	9,201,115			
Retailer E	5,812,149	583,706		
Retailer F	792,451			
Retailer G	3,113,634	1,683,757		
Retailer H		2,154,135		
Retailer I		9,021,740	9,462,620	10,955,104
Total	290,479,266	285,581,616	296,511,457	285,198,000

note These have been restated to include losses

The annual totals of the above are the volumes metered at Grid Exit and Embedded Generation Points. Readers may rely on these totals, but not on the allocation of these volumes over the individual retailers.

(h) Total Consumers	20,572	20,025	19,804	19,517
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Reliability Performance Measures

1 Number of interruptions by class

Class Description	number of interruptions			
A Transpower Planned	0	0	0	0
B ML Ltd Planned	117	156	155	109
C ML Ltd Unplanned	125	133	155	157
D Transpower Unplanned	0	1	2	3
E ECNZ Unplanned	0	0	0	0
F Other Generation	0	0	0	0
G Unplanned	0	0	0	0
Total	242	290	312	269

2 Interruption Targets for the following financial year

Class Description	2001
(a) B ML Ltd Planned	number of interruptions 113
(b) C ML Ltd Unplanned	141

3 Average interruption targets for the subsequent four years

Class Description	2002	2003	2004	2005
(a) B ML Ltd Planned	number of interruptions			
(b) C ML Ltd Unplanned	134	145	131	122
	148	140	132	136

4 Percentage of Class C interruptions not restored within-

	2000
(a) Three hours	% of total class interruptions 22.4%
(b) 24 hours	2.4%

5 Faults (Class C) per 100 kilometres

	2000	1999	1998	1997
(a) Total number of faults per 100 km				
33 kV	0.8	2.7	1.5	4.2
11kV	5.8	6.0	2.3	7.9
6.6kV	2.0	0.0	5.9	3.9
Total	5.2	5.5	6.5	7.0

(b) Total number of faults per 100 km following year

	2001
33 kV	1.2
11kV	6.3
6.6kV	2.0
Total	5.7

(c) Total number of faults per 100 km following years

	2002	2003	2004	2005
33 kV	1.5	1.9	1.1	1.1
11kV	6.4	5.9	5.5	5.5
6.6kV	0.0	0.0	0.0	0.0
Total	5.8	5.4	4.9	5.0

6 Faults (Class C) per 100 kilometres underground

	2000	1999	1998	1997
33 kV	0.0	0.0	0.0	3.0
11kV	4.3	3.0	3.1	9.8
Total	4.2	2.9	1.5	9.5

7	Faults (Class C) per 100 km overhead	2000	1999	1998	1997
	33 kV	0.8	2.7	2.3	2.0
	11kV	5.8	6.1	7.3	7.9
	6.6kV	2.0	0.0	0.0	3.9
	Total	5.2	5.6	6.6	6.9
8	SAIDI	2000	1999	1998	1997
	Customer Minutes	172	246	283	190
9	SAIDI target				2001
	(a) Class B				83
	(b) Class C				88
10	SAIDI target	2002	2003	2004	2005
	(a) Class B	76	85	76	74
	(b) Class C	96	121	141	108
11	SAIDI per interruption class	2000	1999	1998	1997
	Class Description		customer minutes		
	A Transpower Planned	0	0	0	0
	B ML Ltd Planned	69	72	92	74
	C ML Ltd Unplanned	102	172	135	83
	D Transpower Unplanned	0	2	56	33
	E ECNZ Unplanned	0	0	0	0
	F Other Generation	0	0	0	0
	G Other	0	0	0	0
	Total	172	246	283	190
12	SAIFI	2000	1999	1998	1997
	Total Interruptions	1.5	2.3	4.1	2.3
13	SAIFI target				2001
	(a) Class B Planned				0.8
	(b) Class C Unplanned				1.5
14	SAIFI target	2002	2003	2004	2005
	(a) Class B Planned	0.5	0.5	0.5	0.4
	(b) Class C Unplanned	1.6	2.5	1.8	1.5
15	SAIFI per interruption class	2000	1999	1998	1997
	Class Description		customer minutes		
	A Transpower Planned	0.0	0.0	0.0	0.0
	B ML Ltd Planned	0.3	0.4	0.5	0.4
	C ML Ltd Unplanned	1.2	1.8	1.6	1.4
	D Transpower Unplanned	0.0	0.0	2.0	0.5
	E ECNZ Unplanned	0.0	0.0	0.0	0.0
	F Other Generation	0.0	0.0	0.0	0.0
	G Other	0.0	0.0	0.0	0.0
	Total	1.5	2.3	4.1	2.3
16	CAIDI	2000	1999	1998	1997
	Customer minutes	113.6	109.0	69.9	83.9
17	CAIDI target				2001
	(a) Class B Planned				109.4
	(b) Class C Unplanned				57.4
18	CAIDI target	2002	2003	2004	2005
	(a) Class B Planned	165.4	173.2	161.9	180.7
	(b) Class C Unplanned	61.8	48.2	76.8	71.0
19	CAIDI per interruption class	2000	1999	1998	1997
	Class Description		customer minutes		
	A Transpower Planned	0.0	0.0	0.0	0.0
	B ML Ltd Planned	227.7	174.2	200.0	191.2
	C ML Ltd Unplanned	84.9	93.4	3.9	60.9
	D Transpower Unplanned	0.0	320.0	27.8	63.8
	E ECNZ Unplanned	0.0	0.0	0.0	0.0
	F Other Generation	0.0	0.0	0.0	0.0
	G Other	0.0	0.0	0.0	0.0

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	3,440				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	3,440				
Interest on cash, bank balances, and short-term investments (ISTI)	173				
OSBIIT minus ISTI	3,266	a	3,266		3,266
Net surplus after tax from financial statements	2,268				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,268	n		2,268	
Amortisation of goodwill and amortisation of other intangibles	-	g	add -	add -	add -
Subvention payment	-	s	add -	add -	add -
Depreciation of SFA at BV (x)	929				
Depreciation of SFA at ODV (y)	2,511				
ODV depreciation adjustment	(1,582)	d	add (1,582)	add (1,582)	add (1,582)
Subvention payment tax adjustment	-	s*t		deduct -	deduct -
Interest tax shield	-	q			deduct -
Revaluations	-	r			add -
Income tax	1,172	p			deduct 1,172
Numerator			1,684	686	512
			OSBIITADJ = a + g + s + d	NSATADJ = n + g + s - s*t + d	ITADJ = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	16,559				
Fixed assets at end of current financial year (FA ₁)	14,916				
Adjusted net working capital at end of previous financial year (ANWC ₀)	(143)				
Adjusted net working capital at end of current financial year (ANWC ₁)	275				
Average total funds employed (ATFE)	15,803 (or regulation 33 time-weighted average)	c	15,803		15,803
Total equity at end of previous financial year (TE ₀)	14,878				
Total equity at end of current financial year (TE ₁)	21,648				
Average total equity	18,263 (or regulation 33 time-weighted average)	k		18,263	
WUC at end of previous financial year (WUC ₀)	288				
WUC at end of current financial year (WUC ₁)	189				
Average total works under construction	239 (or regulation 33 time-weighted average)	e	deduct 239	deduct 239	deduct 239
Revaluations	-	r			
Half of revaluations	-	r/2			deduct -
Intangible assets at end of previous financial year (IA ₀)	-				
Intangible assets at end of current financial year (IA ₁)	-				
Average total intangible asset	- (or regulation 33 time-weighted average)	m		add -	
Subvention payment at end of previous financial year (S ₀)	-				
Subvention payment at end of current financial year (S ₁)	-				
Subvention payment tax adjustment at end of previous financial year	-				
Subvention payment tax adjustment at end of current financial year	-				
Average subvention payment & related tax adjustment	-	v		add -	
System fixed assets at end of previous financial year at book value (SFA _{0bv})	11,929				
System fixed assets at end of current financial year at book value (SFA _{1bv})	10,994				
Average value of system fixed assets at book value	11,462 (or regulation 33 time-weighted average)	f	deduct 11,462	deduct 11,462	deduct 11,462
System Fixed assets at year beginning at ODV value (SFA _{0odv})	70,119				
System Fixed assets at end of current financial year at ODV value (SFA _{1odv})	69,291				
Average value of system fixed assets at ODV value	69,705 (or regulation 33 time-weighted average)	h	add 69,705	add 69,705	add 69,705
Denominator			73,808	76,268	73,808
			ATFE ^{ADJ} = c - e - f + h	Ave TE ^{ADJ} = k - e - m + v + f + h	ATFE ^{ADJ} = c - e - f + h
Financial Performance Measure:			2.28	0.90	0.69

note The adjusted net working capital at end of previous financial year (ANWC₀) is not the end of year figure disclosed for the 1999 year as Regulation 18 (1) of the Amendment Regulations 2000 now require a different methodology to derive results.

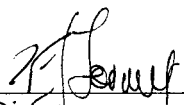
**Certification of Financial Statements, Performance Measures,
and Statistics Disclosed by Line Owners other than Transpower.**

We, Kenneth John Forrest and Geoffrey John Hoare, principals of Marlborough Lines Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-


- (a) The attached audited financial statements of Marlborough Lines Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 and Amendment Regulations 2000 comply with the requirements of those regulations; and
- (b) The attached information, being from the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Marlborough Lines Limited, and having been prepared for the purposes of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999 and Amendment Regulations 2000, comply with the requirements of those regulations.

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

Dated this 14 August 2000.



Director



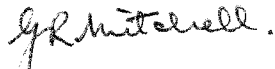
Company Secretary

**Deloitte
Touche
Tohmatsu**

CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Marlborough Lines Limited and dated September 1998, which report contains valuations of system fixed assets at 31 March 1998, and the addendum updating the valuation to 31 March 2000.

We certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of the system fixed assets as at 31 March 2000 of \$69,291,239 have been made in accordance with the ODV Handbook.



G.R. Mitchell

Deloitte Touche Tohmatsu

On behalf of the Controller and Auditor General

Wellington, New Zealand

Date *15th August 2000.*

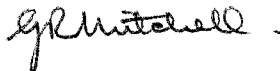
**Deloitte
Touche
Tohmatsu****AUDITOR'S OPINION OF PERFORMANCE MEASURES**

We have examined the attached information, being:

- (a) the derivation table specified in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (c) the financial performance measures specified in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of schedule 1,

and having been prepared by Marlborough Lines Limited and dated 31 March 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.



G. R. Mitchell
Deloitte Touche Tohmatsu
On behalf of the Controller and Auditor General
Wellington, New Zealand
15 August 2000