



# New Zealand Gazette

OF THURSDAY, 17 AUGUST 2000

---

WELLINGTON: TUESDAY, 22 AUGUST 2000 — ISSUE NO. 102

---

## COUNTIES POWER LIMITED

### INFORMATION FOR DISCLOSURE

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

**COUNTIES POWER LIMITED – LINE BUSINESS  
ELECTRICITY (INFORMATION DISCLOSURE)  
REGULATIONS 1999**

Counties Power's electricity business for the year ended 31 March 2000 consisted of line business activities, electrical contracting and other business activities. To provide the best service to customers these activities were undertaken as a single operation. Accordingly statutory financial reporting and management reporting do not distinguish between line business and other activities. For the purposes of these financial statements the reporting entity has been established using the prescribed allocation methodology to provide accounting separation.

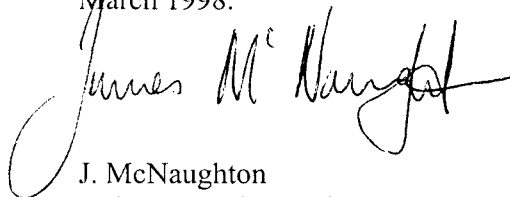
Note that the accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6 (2) and 6 (3) of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

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

We, James McNaughton and Paul Muir, principals of Counties Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

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

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



J. McNaughton  
Chief Executive Officer



P. G. Muir  
Director

2 August 2000



PricewaterhouseCoopers  
113-119 The Terrace  
PO Box 243  
Wellington, New Zealand  
Telephone +64 4 462 7000  
Facsimile +64 4 462 7001

**To the readers of the financial statements of Counties Power Limited  
Line Business for the year ended 31 March 2000.**

We have audited the accompanying financial statements of Counties Power Limited Line Business. The financial statements provide information about the past financial performance of Counties Power Limited Line Business and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out in the Statement of 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 Counties Power Limited Line Business as at 31 March 2000, and results of operations and cash flows for the year then ended.

**Auditors' 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 A S Wotton of PricewaterhouseCoopers to undertake the audit.

**Basis of opinion**

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

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Counties Power Limited Line Business 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 Counties Power Limited Line Business

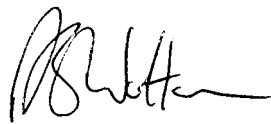
**Unqualified opinion**

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

In our opinion:

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

Our audit was completed on 2 August 2000 and our unqualified opinion is expressed as at that date.



A S Wotton  
PricewaterhouseCoopers  
On behalf of the Controller and Auditor-General  
Wellington, New Zealand

**Counties Power Limited – Line Business**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the Year ended 31 March 2000**

	Notes	31 March 2000 \$000	31 March 1999 \$000
TOTAL OPERATING REVENUE	(2)	23,965	22,233
TOTAL OPERATING EXPENDITURE	(3)	<u>(16,316)</u>	<u>(16,160)</u>
OPERATING SURPLUS BEFORE INTEREST AND INCOME TAX		7,649	6,073
INTEREST EXPENSE	(3)	<u>(427)</u>	<u>(448)</u>
OPERATING SURPLUS BEFORE INCOME TAX		7,222	5,625
INCOME TAX	(4)	(2,397)	(1,051)
NET SURPLUS AFTER TAX		<u>4,825</u>	<u>4,574</u>

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

		31 March 2000 \$000	31 March 1999 \$000
EQUITY AT BEGINNING OF YEAR		33,863	32,963
NET PROFIT FOR YEAR		4,825	4,574
TRANSFER OF METERS TO "OTHER" BUSINESS	(17)	-	(3,674)
DIVIDEND Ordinary Shares		(250)	-
EQUITY AT END OF YEAR		<u>38,438</u>	<u>33,863</u>

**Counties Power Limited – Line Business**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2000**

	Notes	31 March 2000 \$000	31 March 1999 \$000
<b>CURRENT ASSETS</b>			
Cash and bank balances		-	4,647
Short-term investments		-	-
Inventories		-	-
Accounts receivable	(6)	2,250	517
Other current assets		-	-
<b>TOTAL CURRENT ASSETS</b>		<u>2,250</u>	<u>5,164</u>
<b>FIXED ASSETS</b>			
	(9)	46,221	42,057
<b>OTHER TANGIBLE ASSETS</b>			
		-	-
<b>TOTAL TANGIBLE ASSETS</b>		<u>48,471</u>	<u>47,221</u>
<b>INTANGIBLE ASSETS</b>			
Goodwill		-	-
Other Intangibles		-	-
<b>TOTAL INTANGIBLE ASSETS</b>		<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u><u>48,471</u></u>	<u><u>47,221</u></u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft		-	-
Borrowings	(7)	4,911	2,000
Payables and accruals	(8)	3,108	2,978
Provision for dividend payable		-	-
Provision for income tax		13	-
Other current liabilities		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>8,032</u>	<u>4,978</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables and accruals		-	-
Borrowings	(7)	-	6,667
Deferred taxation	(4)	2,001	1,713
Other non-current assets		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,001</u>	<u>8,380</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	(5)	29,311	29,311
Retained earnings		9,127	4,552
Reserves		-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>38,438</u>	<u>33,863</u>
<b>MINORITY INTERESTS IN SUBSIDIARIES</b>			
		-	-
<b>CAPITAL NOTES</b>			
		-	-
<b>TOTAL CAPITAL FUNDS</b>		<u>38,438</u>	<u>33,863</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>48,471</u></u>	<u><u>47,221</u></u>

**Counties Power Limited – Line Business**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March 2000**

	Notes	31 March 2000 \$000	31 March 1999 \$000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from customers		21,620	22,245
Interest from cash management		144	-
		<u>21,764</u>	<u>22,245</u>
Cash was applied to:			
Payments to suppliers and employees		(12,210)	(9,978)
Income tax paid		(1,628)	(870)
Interest Paid		(427)	(448)
Net GST paid		(1,174)	(832)
		<u>(15,439)</u>	<u>(12,128)</u>
Net Cashflows from operating activities	10	6,325	10,117
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of plant & property		103	66
Transfer of fixed assets to other business		351	-
		<u>454</u>	<u>66</u>
Cash was applied to:			
Purchase and construction of fixed assets		(7,420)	(8,317)
		<u>(7,420)</u>	<u>(8,317)</u>
Net cash (used)/generated by investing activities		(6,966)	(8,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Loan drawdowns		4,911	5,417
		<u>4,911</u>	<u>5,417</u>
Cash was applied to:			
Term Loan repayments		(8,667)	-
Dividend Paid		(250)	-
		<u>(8,917)</u>	<u>-</u>
Net cash (used)/generated by financing activities		(4,006)	5,417
Net increase/(decrease) in cash held		(4,647)	7,283
Add opening cash/(borrowings) brought forward		4,647	(2,636)
Ending cash carried forward		<u>-</u>	<u>4,647</u>
Represented by:			
Bank, Cash and Short-term Investments		<u>-</u>	<u>4,647</u>

**Counties Power Limited – Line Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2000**

**1. STATEMENT OF ACCOUNTING POLICIES**

These financial statements are presented in accordance with Regulation 6 of the Electricity (Information Disclosure) Regulations 1999.

**REPORTING ENTITY**

Counties Power's electricity business for the year ended 31 March 2000 consisted of line business activities, electrical construction, garage workshop services and other related activities. To provide the best service to customers these activities were undertaken as a single operation. Accordingly statutory financial reporting and management reporting do not distinguish between line business and other business activities. For the purposes of these financial statements the reporting entity has been established using the prescribed allocation methodology to provide accounting separation.

**GENERAL ACCOUNTING POLICIES**

The general accounting policies recognised as appropriate for the measurement and reporting of results, cash flows and the financial position based on historical cost, have been followed. Accrual accounting is used to match expenses and revenues.

Reliance is placed on the fact that the Company is a going concern.

**PARTICULAR ACCOUNTING POLICIES**

The following particular accounting policies which materially affect the measurement of financial performance and financial position are consistently applied:

**Sales**

Sales shown in the statement of financial performance comprise the amounts received and receivable by the company for goods supplied to customers in the ordinary course of business. The sales are shown exclusive of Goods and Services Tax collected from customers.



**Line Revenue**

Line revenue is mainly charged to Electricity Retailers based upon the volume of energy transmitted through lines. The volume of energy upon which invoicing is based, is advised to the Company by Electricity Retailers. This information is in turn based upon a combination of actual meter reads and assessments.

In the year ended 31 March 1999 line revenue was derived from direct billing of end use customers.

**Accounts Receivable**

Accounts receivable are stated at expected net realisable value after providing against debts where collection is doubtful.

**Statement of Cash Flows**

The following are the definitions of the terms used in the statement of cash flows:

- a) Cash is considered to be cash on hand, current accounts in banks net of bank overdrafts and short term deposits with banks.
- b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments include securities not falling within the definition of cash.
- c) Financing activities are those activities which result in changes in the size and composition of the equity and debt structure of the Company. Dividends paid in relation to the capital structure are included in financing activities.
- d) Operating activities include all transactions and other events that are not investing or financing activities.

**Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation, less any amount written off for permanent impairment in value.

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

**Depreciation**

Fixed assets have been depreciated, so as to write off cost less estimated residual value over their estimated useful lives, on the following basis:

Distribution System	4% SL 4% SL for Relays 22% DV for system automation equipment
Buildings	2% SL for majority of buildings (some at 1% SL)
Plant & Equipment	40% DV for computer hardware and software 20% and 25% DV for other items
Motor Vehicles	20% and 25% DV for majority of vehicles

**Taxation**

The statements of financial performance and movements in equity include taxation expense on operating results.

The income tax expense charged to earnings includes both the income tax payable on assessable income in the period and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

**CHANGES IN ACCOUNTING POLICY**

During the period there have been no changes in accounting policies.

**2. REVENUE**

	<b>2000</b> <b>\$000</b>	<b>1999</b> <b>\$000</b>
Revenue from line/access charges	22,273	20,762
Revenue from "Other" Business for services carried out by the line business	-	-
Interest on cash, bank balances and short-term investments	144	-
AC loss-rental rebates	378	482
Other operating revenue	1,170	989
<b>Total Operating Revenue</b>	<u>23,965</u>	<u>22,233</u>

**3. OPERATING EXPENDITURE**

	<b>2000</b> <b>\$000</b>	<b>1999</b> <b>\$000</b>
Transmission charges	5,179	5,243
Transfer payments to the "Other" business for -		
Asset maintenance	1,244	742
Consumer disconnection/reconnection services	-	-
Meter data	-	-
Consumer based load control services	-	-
Royalty and patent expenses	-	-
Avoided transmission charges on account of own generation	-	-
Other goods and services provided by "Other" business	-	-
Total transfer payment to the "Other" business	<u>1,244</u>	<u>742</u>
Expense to entities that are not related parties for -		
Asset maintenance	491	280
Consumer disconnection/reconnection services	-	62
Meter data	-	-
Consumer based load control services	-	-
Royalty and patent expenses	-	-
Total of specified expenses to non-related parties	<u>491</u>	<u>342</u>
Employee salaries, wages and redundancies	1,151	1,725
Consumer billing and information system expense	-	167

Depreciation on -		
System fixed assets	2,152	2,135
Other assets not listed	677	582
Total depreciation	<u>2,829</u>	<u>2,717</u>
Amortisation of -		
Goodwill	-	-
Other intangibles	-	-
Total amortisation of intangibles	<u>-</u>	<u>-</u>
Corporate and administration	676	1,198
Human resource expenses	394	371
Marketing/advertising	192	415
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	110	100
Donations	-	-
Directors' fees	95	83
Auditors' fees -		
Audit fees paid to principal auditors	34	26
Audit fees paid to other auditors	-	-
Fees paid for other services provided by the principal & other auditors	10	5
Total auditors' fees	<u>44</u>	<u>31</u>
Cost of offering credit -		
Bad debts written off	45	64
Increase in estimated doubtful debts	6	-
Total cost of offering credit	<u>51</u>	<u>64</u>
Local authority rates expense	18	25
AC loss-rental rebates (distribution to retailers/customers) expense	-	-
Customer discounts	2,330	2,534
Subvention payments	-	-
Unusual expenses	-	-
Loss on disposal of fixed assets	66	13
Gain on disposal of fixed assets	-	(1)
Other expenditure not listed	1,446	391
<b>Total Operating Expenditure</b>	<u>16,316</u>	<u>16,160</u>
Interest Expense:		
Interest expense on borrowings	427	448
Financing charges related to finance leases	-	-
Other interest expense	-	-
<b>Total Interest Expense</b>	<u>427</u>	<u>448</u>

**4. TAXATION**

	<b>2000</b> <b>\$000</b>	<b>1999</b> <b>\$000</b>
Accounting profit/(loss) before taxation	<u>7,222</u>	<u>5,625</u>
Prima facie taxation/(credit)	2,383	1,856
Plus/(less) taxation effect of:		
Non deductible expenses	6	27
Other permanent differences	8	16
Loss offset with "Other" Business	-	(848)
Income Tax Attributable to Net Operating Surplus/(Loss)	<u>2,397</u>	<u>1,051</u>

**The taxation charge/(credit) is represented by:**

Current Taxation/(Credit)	2,109	517
Deferred Taxation	<u>288</u>	<u>534</u>
	<u>2,397</u>	<u>1,051</u>

**Deferred taxation is represented by:**

Deferred taxation 1 April 1999	1,713	1,179
Current charge/(credit)	288	534
Deferred taxation liability/(benefit)	<u>2,001</u>	<u>1,713</u>

**Imputation credit account:**

Balance as at 1 April 2000	2,341	1,471
Income tax payments made during the period:		
Line Business	1,628	870
Other Business	35	-
Imputation credits attached to dividends paid to shareholders:		
Line Business	(123)	-
Other Business	(3,448)	-
Balance as at 31 March 2000	<u>433</u>	<u>2,341</u>

Imputation credits are recorded for both the Line and Other Businesses, as the two businesses operate as a single legal and tax entity. As a consequence all imputation credits are available for utilisation by either or both businesses.

**5. SHARE CAPITAL**

	<b>2000</b> <b>\$000</b>	<b>1999</b> <b>\$000</b>
Issued and Paid In Capital: 15,000,000 Ordinary Shares	<u>29,311</u>	<u>29,311</u>

**6. ACCOUNTS RECEIVABLE**

	<b>2000</b>	<b>1999</b>
	<b>\$000</b>	<b>\$000</b>
Trade Debtors	1,952	2
Prepayments	111	44
Other Debtors	187	3
Tax Refund Due	-	468
	<u>2,250</u>	<u>517</u>

**7. BORROWINGS**

	<b>2000</b>	<b>1999</b>
	<b>\$000</b>	<b>\$000</b>
<b>CURRENT</b>		
Bank Overdraft	-	-
Loan from Other Business	4,911	-
Term Loan – Current Portion	-	2,000
	<u>4,911</u>	<u>2,000</u>
<b>NON-CURRENT</b>		
Term Loan	-	6,667
	<u>4,911</u>	<u>8,667</u>

There was no security held over the assets of the company (1999 Nil), although a negative pledge agreement exists.

Interest has been charged in respect of the loan provided from the Other Business at the rate of 5.75%. Interest rates in respect of the loans outstanding at 31 March 1999 were 5.40% to 6.00%.

**8. PAYABLES AND ACCRUALS**

	<b>2000</b>	<b>1999</b>
	<b>\$000</b>	<b>\$000</b>
Accounts Payable	2,771	2,805
Other Accruals	205	-
Accrued Payroll	132	173
	<u>3,108</u>	<u>2,978</u>

**9. FIXED ASSETS**

	Cost \$000	Accumulated Depreciation \$000	Net Book Value \$000
	<b>2000</b>		
System fixed assets	54,482	18,737	35,745
Consumer billing & information systems	568	457	111
Motor vehicles	545	285	260
Office equipment	3,279	2,150	1,129
Land	895	-	895
Buildings	2,377	618	1,759
Capital works under construction	7,431	1,109	6,322
Other fixed assets	-	-	-
	<u>69,577</u>	<u>23,356</u>	<u>46,221</u>
	<b>1999</b>		
System fixed assets	47,855	16,586	31,269
Consumer billing & information systems	568	384	184
Motor vehicles	1,183	630	553
Office equipment	3,323	2,436	887
Land	895	-	895
Buildings	2,296	559	1,737
Capital works under construction	7,372	840	6,532
Other fixed assets	-	-	-
	<u>63,492</u>	<u>21,435</u>	<u>42,057</u>

The major property holding of the Line business comprised the depot complex at Glasgow Road and Nelson Street, Pukekohe. This property was valued as at 1 September 1998 by Quotable New Zealand as part of a General Revaluation by the Franklin District Council. This valuation amounted to \$1,805,000. The accounting book value in the Financial Statements in respect of this property as at 31 March 2000 was \$1,851,000.

Other properties with a total accounting book value amounting to \$803,000 were not included in the above valuation.

**10. RECONCILIATION OF NET PROFIT  
AFTER TAXATION WITH CASH INFLOW  
FROM OPERATING ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>\$000</b>	<b>\$000</b>
Reported surplus after taxation	4,825	4,574
Add non-cash items:		
Depreciation	2,802	2,717
Movement in deferred tax	288	534
	<u>3,090</u>	<u>3,251</u>
Add item classified as investing activity		
Net (gain)/loss on disposal of fixed assets	-	12
	<u>-</u>	<u>12</u>
Movement in working capital:		
Increase in accounts payable	130	408
(Decrease)/Increase in taxation payable	13	-
(Increase)/Decrease in taxation receivable	468	(353)
Decrease in accounts receivable	(2,201)	2,547
Decrease in provision for replacement of uneconomic lines	-	(322)
	<u>(1,590)</u>	<u>2,280</u>
Net cash inflow/(outflow) from operating activities	<u>6,325</u>	<u>10,117</u>



**11. OPERATING LEASE COMMITMENT**

Counties Power Limited Line Business had no operating lease commitments (1999 Nil).

**12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

Counties Power Limited Line Business had commitments for future capital expenditure at 31 March 2000 totalling \$1,139,000 (1999: \$75,000).

There were no material contingent liabilities at 31 March 2000.

**13. EVENTS OCCURRING AFTER BALANCE DATE**

There were no material contingent liabilities at 31 March 2000 (1999: Nil).

**14. FINANCIAL INSTRUMENTS**

(A) Nature of activities and management policies with respect to financial instruments.

- (i) The company incurs credit risk from transactions with trade debtors and financial institutions in the normal course of business. At balance date the company had a significant concentration of credit risk relating to the amount receivable from Electricity Retailers. The company has a programme to manage this risk concentration, including adhering to specific credit policy requirements, insurance arrangements and having the contractual ability to require security to be provided by these customers under certain circumstances.

The maximum estimated credit exposure in respect of trade debts is:

- Total asset class - \$2.0 million
- Debts subject to significant debt concentration risk - \$2.0 million

The company does not generally require collateral or security to support financial instruments other than as outlined above, due to the quality of the financial institutions dealt with.

- (ii) The company does not generally undertake any transactions denominated in foreign currencies apart from the purchase of distribution system equipment and does not hold any long term borrowings.

## (B) Fair Values

Cash and Liquid Deposits, Short and Long Term Loans, Accounts Payable and Receivable, and Investments.

The carrying value of these items is equivalent to their fair value.

**15. RELATED PARTY TRANSACTIONS**

- (a) The Line business enters into transactions with the “Other” Business. The relationship is managed on an arms length basis, with significant contracts generally awarded by the Line business on a competitive tendering basis.

## (b) &amp; (c)

The services provided by the “Other” Business generally include normal electrical construction, maintenance and fault response services related to the Line business electrical network.

- (d) Services provided were in the following categories and at total prices as indicated in \$000:

	<b>2000</b>	<b>1999</b>
	<b>\$000</b>	<b>\$000</b>
Construction of subtransmission assets	5	24
Construction of zone substations	-	6
Construction of distribution lines and cables	855	848
Construction of medium voltage switch gear	-	-
Construction of distribution transformers	94	127
Construction of distribution substations	94	113
Construction of low voltage reticulation	243	472
Construction of other system fixed assets	19	36
Maintenance of assets	1,242	742

- (e) Services were provided throughout the financial year.
- (f) There were no outstanding trade balances owing at year end for services performed by the Other business for the Line business, as payment is effected by way of accounting entry at the end of each month. Loan funding was provided by the Other business to the Line Business, as disclosed in Note 7. As the Line and Other Businesses operate as a single legal entity no formal loan documentation is prepared in respect of loans between them. The loan has been treated in the Line Business financial statements as being on-call.
- (g) No debts arising from related party transactions have been written off or forgiven during the year.
- (h) No transactions were undertaken at a nil or nominal value, other than minor items as would occur in a normal arms length relationship.

**16. ODV VALUATION**

The ODV valuation of Counties Power Limited Line Business Distribution System assets, excluding meters and relays, was calculated at \$69,196,560 as at 31 March 1998 by Worley Consultants.

**17. METERING BUSINESS**

Meter ownership, income and expenses were prior to 1 April 1998 accounted for as part of the "Line" Business. In the year ended 31 March 1999 Metering income and expenses were accounted for as part of the "Other" Business as required by the Electricity Information Disclosure Handbook. Meter fixed assets were transferred in that year at book value.



PricewaterhouseCoopers  
113-119 The Terrace  
PO Box 243  
Wellington, New Zealand  
Telephone +64 4 462 7000  
Facsimile +64 4 462 7001

**AUDIT OFFICE OPINION OF THE PERFORMANCE  
MEASURES OF COUNTIES POWER LIMITED LINE BUSINESS.**

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 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, -

that were prepared by Counties Power Limited Line Business 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.

A handwritten signature in black ink, appearing to read 'A S Wotton'.

A S Wotton  
PricewaterhouseCoopers  
On behalf of the Controller and Auditor-General  
Wellington, New Zealand  
2 August 2000

Counties Power Limited – Line Business Derivation Table of Financial Performance Measures from Financial Statements Pursuant to Regulation 16 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 7 For the Year Ended 31 March 2000					
Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	7,649				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	7,649				
Interest on cash, bank balances, and short-term investments (ISTI)	-144				
OSBIT minus ISTI	7,505	a	7,505		7,505
Net surplus after tax from financial statements	4,825				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,825	n		4,825	
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	add 0
Subvention payment	0	s	add 0	add 0	add 0
Depreciation of SFA at BV (x)	2,152				
Depreciation of SFA at ODV (y)	2,197				
ODV depreciation adjustment	-45	d	add -45	add -45	add -45
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	93	q			deduct 93
Revaluations	0	r			add 0
Income tax	2,397	p			deduct 2,397
<b>Numerator</b>			<b>7,460</b> OSBIT <sup>ADJ</sup> = a+g+s+d	<b>4,780</b> NSAT <sup>ADJ</sup> = n+g+s*t+d	<b>4,970</b> OSBIT <sup>ADJ</sup> = a+g-q+r+s+d-p-s*t
Fixed assets at end of previous financial year (FA <sub>0</sub> )	42,057				
Fixed assets at end of current financial year (FA <sub>1</sub> )	46,221				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	-2,461				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-858				
Average total funds employed (ATFE)	42,480 (or regulation 33 time-weighted average)	c	42,480		42,480
Total equity at end of previous financial year (TE <sub>0</sub> )	33,863				
Total equity at end of current financial year (TE <sub>1</sub> )	38,438				
Average total equity	36,151 (or regulation 33 time-weighted average)	k		36,151	
WUC at end of previous financial year (WUC <sub>0</sub> )	6,532				
WUC at end of current financial year (WUC <sub>1</sub> )	6,322				
Average total works under construction	6,427 (or regulation 33 time-weighted average)	e	deduct 6,427	Deduct 6,427	deduct 6,427
Revaluations	0	r			
Half of revaluations	0	r/2			deduct 0
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0				
Intangible assets at end of current financial year (IA <sub>1</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>1</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>b,0</sub> )	31,269				
System fixed assets at end of current financial year at book value (SFA <sub>b,1</sub> )	35,745				
Average value of system fixed assets at book value	33,507 (or regulation 33 time-weighted average)	f	deduct 33,507	deduct 33,507	deduct 33,507
System Fixed assets at year beginning at ODV value (SFA <sub>o,b,0</sub> )	74,871				
System Fixed assets at end of current financial year at ODV value (SFA <sub>o,b,1</sub> )	79,301				
Average value of system fixed assets at ODV value	77,086 (or regulation 33 time-weighted average)	h	add 77,086	add 77,086	add 77,086
<b>Denominator</b>			<b>79,632</b> ATFEADJ = c-e-f+h	<b>73,303</b> Ave TEADJ = k-e-m+v-f+h	<b>79,632</b> ATFEADJ = c-e-1/2r-f+h
<b>Financial Performance Measure:</b>			<b>9.4</b> ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100	<b>6.5</b> ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100	<b>6.2</b> ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100

t = maximum statutory income tax rate applying to corporate entities    bv = book value    ave = average    odv = optimised deprival valuation    subscript '0' = end of the previous financial year  
 subscript '1' = end of the current financial year    ROF = return on funds    ROE = return on equity    ROI = return on investment

**Counties Power Limited – Line Business**  
**1 April 1999 to 31 March 2000**

**1. Financial Performance Measures**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
(a) Return on funds, being operating surplus before interest and income tax (as adjusted), divided by average total funds employed (as adjusted).	9.4%	7.3%	4.1%	2.2%
(b) Return on equity, being net surplus after tax (as adjusted), divided by average total equity (as adjusted)	6.5%	6.1%	3.0%	1.8%
(c) Return on investment	6.2%	5.9%	18.5%	1.2%

**2. Efficiency Performance Measures**

	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
(a) Direct line costs per kilometre	\$1,249	\$934	\$1,218	\$1,176
(b) Indirect line cost per consumer (excluding customer discounts as an indirect cost)	\$79	\$83	\$84	\$79
(c) Indirect line cost per consumer (including customer discounts as an indirect cost)	\$156	\$165	\$162	\$161

From 31 March 1999 financial and efficiency performance measures have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1999. These regulations were amended effective 31 March 2000. Figures for previous years were prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994. The methods of calculation specified in the 1994, 1999 and amended 1999 regulations are not identical, and consequently figures using the different methodologies are not directly comparable.

Indirect line cost per consumer has been calculated using estimated average consumer numbers. The methodology used to calculate this estimate is publicly available.

**3. Annual Valuation Reconciliation Report – Year Ending 31 March 2000**

	<b>\$000</b>
System fixed assets at ODV – end of the previous financial year	74,871
Add system fixed assets acquired during the year at ODV	6,627
Less system fixed assets disposed of during the year at ODV	-
Less depreciation on system fixed assets at ODV	(2,197)
Add revaluations of system fixed assets	-
Equals system fixed assets at ODV – end of the financial year	<u>79,301</u>

DISCLOSURE OF ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS PURSUANT TO  
REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999  
SCHEDULE 1 PART 4

	2000	1999	1998	1997
(a) Load Factor ( $= [a/bc]*100/1$ )	60.26%	58.75%	56.78%	57.18%
where -				
a = Kwh of electricity entering system during the financial year	397,735,000	382,604,000	388,137,000	377,336,000
b = Maximum Demand	75,146	74,338	78,034	75,335
c = Total number of hours in financial year	8,784	8,760	8,760	8,760

	2000	1999	1998	1997
(b) Loss Ratio ( $= a/b*100/1$ )	7.67%	7.50%	7.71%	7.76%
where -				
a = losses in electricity in kWh	30,521,000	28,664,000	29,907,000	29,277,000
b = Kwh of electricity entering system during the financial year	397,735,000	382,604,000	388,137,000	377,336,000

	2000	1999	1998	1997
(c) Capacity Utilisation ( $= a/b*100/1$ )	32.53%	34.10%	35.89%	32.78%
where -				
a = Maximum Demand	75,146	74,338	78,034	75,335
b = Transformer Capacity	231,026	217,981	217,405	229,808

Statistics		Nominal Voltage	2000	1999	1998	1997
(a)	System Length (Total) (kms)					
	110kV		0	0	0	0
	66kV		0	0	0	0
	50kV		0	0	0	0
	33kV		169.41	169.00	169.00	173.00
	22kV		89.70	78.00	78.00	78.00
	11kV		1,722.40	1,708.00	1,677.00	1,471.00
	6.6kV		0	0	0	0
	3.3kV		0	0	0	0
	230/400 V		1,158.30	1,343.00	1,297.00	1,273.00
	Other		0	0	0	0
	Total		3,139.82	3,298.00	3,221.00	2,995.00
(b)	Circuit Length (Overhead) (kms)					
	110kV		0	0	0	0
	66kV		0	0	0	0
	50kV		0	0	0	0
	33kV		169.41	169.00	169.00	173.00
	22kV		88.00	77.00	77.00	77.00
	11kV		1,631.00	1,624.00	1,602.00	1,410.00
	6.6kV		0	0	0	0
	3.3kV		0	0	0	0
	230/400 V		985.60	1,185.00	1,144.00	1,110.00
	Other		0	0	0	0
	Total		2,874.01	3,055.00	2,992.00	2,770.00
(c)	Circuit Length (Underground) (kms)					
	110kV		0	0	0	0
	66kV		0	0	0	0
	50kV		0	0	0	0
	33kV		0	0	0	0
	22kV		1.70	1.00	1.00	1.00
	11kV		91.40	84.00	75.00	61.00
	6.6kV		0	0	0	0
	3.3kV		0	0	0	0
	230/400 V		172.70	158.00	153.00	163.00
	Other		0	0	0	0
	Total		265.80	243.00	229.00	225.00
(d)	Transformer Capacity (kVA)		231,026	217,981	217,405	229,808
(e)	Maximum Demand (kWh)		75,146	74,338	78,034	75,335
(f)	Total Electricity Supplied from System, after losses of electricity (kWh)		367,214,000	353,940,000	358,230,000	348,059,000



Statistics		Name of retailer/ generator	2000	1999	1998	1997
(g)	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:	Retailer A	347,704,000	381,616,000		
		Retailer B	10,466,000	0		
		Retailer C	2,538,000	341,000		
		Retailer D	27,331,000	0		
		Retailer E	6,673,000	647,000		
		Retailer F	838,000	0		
		Retailer G	2,185,000	0		
		Other	0	0		
	in kWh	TOTAL	397,735,000	382,604,000		
(h)	Total number of consumers	Number	30,470	30,859	30,478	29,977

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES PURSUANT TO REGULATION 22 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999  
SCHEDULE 1 PART 5

Interruptions		Average Interruption Targets	Interruption Targets	Actual Interruptions			
	Class	2001/05	2001	2000	1999	1998	1997
1 to 3							
Planned Interruptions	Class A			0	0	0	0
	Class B	240	280	323	196	217	207
	Class C	72	75	86	120	148	258
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	Total			409	316	365	465
				Within 3 Hours	Within 24 Hours		
4	Proportion of Total Class C Interruptions not restored: ( $= a/b \times 100/1$ )						
	where -						
	a = No. of interruptions not restored within				17	0	
	b = Total number of Class C interruptions				86	86	
	Proportion expressed as a percentage				19.77%	0.00%	

5	Faults	Average	Faults	Actual number of faults			
		Faults	Faults				
		Targets	Targets	2000	1999	1998	1997
Faults per 100 circuit kilometres of prescribed voltage electric line							
	Input faults for each nominal voltage	Nominal Voltage					
		110kV	0	0	0	0	0
		66kV	0	0	0	0	0
		50kV	0	0	0	0	0
		33kV	4	5	6	7	10
		22kV	5	5	6	19	27
		11kV	3	4	4	7	18
		6.6kV		0	0	0	0
		3.3kV		0	0	0	0
		230/400 V					
		Other		0	0	0	0
		Other		0	0	0	0
		Other		0	0	0	0
		Total		16	33	23	55

6	Actual number of faults			
	2000	1999	1998	1997
Faults per 100 circuit kilometres of underground prescribed voltage electric line				

SAIDI	Class	Average SAIDI Targets 2001/05	SAIDI Targets 2001	2000	Actual SAIDI		
					1999	1998	1997
SAIDI for total number of interruptions (= a/b)				124.00	225.80	238.69	413.99
where -							
a = sum of interruption duration factors for all interruptions							
b = Total consumers							
SAIDI Targets (=a/b)							
Planned Interruptions	Class B	50	55				
Unplanned Interruptions	Class C	70	75				
where-							
Planned Interruptions (pi)	Class B						
A <sup>pi</sup> = sum of interruption duration factors for all interruptions		1,575,000	1,705,000				
Unplanned Interruptions (ui)	Class C						
A <sup>ui</sup> = sum of interruption duration factors for all interruptions		2,205,000	2,325,000				
b = Projected total consumers		31,500	31,000				
SAIDI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			57.00	71.52	96.73	78.61
	Class C			67.00	154.28	141.96	335.38
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	SAIDI for total of interruptions			124.00	225.80	238.69	413.99
where -							
a = sum of interruption duration factors for all interruptions within the particular interruption class							
	Class A			0	0	0	0
	Class B			1,736,790	2,207,036	2,948,137	2,356,492
	Class C			2,041,490	4,760,926	4,326,657	10,053,686
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = Total consumers				30,470	30,859	30,478	29,977

SAIFI	Class	Average	SAIFI	Actual SAIFI			
		SAIFI Targets	SAIFI Targets	2000	1999	1998	1997
		2001/05	2001				
SAIFI for total number of interruptions (= a/b)				2.43	3.65	4.30	7.40
where -							
a = sum of electricity consumers affected by each of those interruptions							
b = Total consumers							
SAIFI Targets (=a/b)							
Planned Interruptions	Class B	0.35	0.37				
Unplanned Interruptions	Class C	2.50	2.80				
where-							
Planned Interruptions	Class B						
a = projected number of electricity consumers affected by each of those interruptions		11,025	11,470				
b = Projected total customers		31,500	31,000				
Unplanned Interruptions	Class C						
a = projected number of electricity consumers affected by each of those interruptions		78,750	86,800				
b = Projected total customers		31500	31000				
SAIFI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			0.37	0.37	0.59	0.51
	Class C			2.06	3.28	3.71	6.89
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	SAIFI for total of interruptions			2.43	3.65	4.30	7.40
where -							
a = sum of electricity consumers affected by each of those interruptions within that interruption class							
	Class A			0	0	0	0
	Class B			11,274	11,418	17,982	15,288
	Class C			62,768	101,218	113,073	206,542
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = Total consumers				30,470	30,859	30,478	29,977

CAIDI	Class	Average CAIDI Targets	CAIDI Targets	Actual CAIDI			
		2001/05	2001	2000	1999	1998	1997
CAIDI for total number of interruptions (= a/b) where - a = sum of interruption duration factors for all interruptions b = sum of electricity consumers affected by each of those interruptions				51	62	56	56
CAIDI Targets (=a/b)							
Planned Interruptions	Class B	143	149				
Unplanned Interruptions	Class C	28	27				
where-							
Planned Interruptions	Class B						
a = sum of interruption duration factors for all interruptions		1,575,000	1,705,000				
b = projected number of electricity consumers affected by each of those interruptions		11,025	11,470				
Unplanned Interruptions	Class C						
a = sum of interruption duration factors for all interruptions		2,205,000	2,325,000				
b = projected number of electricity consumers affected by each of those interruptions		78,750	86,800				

CAIDI	Class	Average CAIDI Targets	CAIDI Targets	Actual CAIDI			
		2001/05	2001	2000	1999	1998	1997
CAIDI for total number of interruptions within each interruption class (= a/b)							
	Class A			0	0	0	0
	Class B			154	193	164	154
	Class C			33	47	38	49
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	CAIDI for total of interruptions			51	62	56	56
where -							
a = sum of interruption duration factors for all interruptions							
	Class A			0	0	0	0
	Class B			1,736,790	2,207,036	2,948,137	2,356,492
	Class C			2,041,490	4,760,926	4,326,657	10,053,686
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = sum of electricity consumers affected by each of those interruptions within that interruption class							
	Class A			0	0	0	0
	Class B			11,274	11,418	17,982	15,288
	Class C			62,768	101,218	113,073	206,542
	Class D			0	0	0	0
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0