



# New Zealand Gazette

OF THURSDAY, 17 AUGUST 2000

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WELLINGTON: MONDAY, 21 AUGUST 2000 — ISSUE NO. 96

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## CENTRALPOWER LIMITED

### INFORMATION FOR DISCLOSURE

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

**Arthur Andersen**

Level 14, 40 Mercer Street  
PO Box 10 648 Wellington  
New Zealand

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**Auditors' Report**

To the readers of the financial statements of CentralPower Limited

We have audited the accompanying financial statements of CentralPower Limited. The financial statements provide information about the past financial performance of CentralPower Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out in Note 1.

**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 CentralPower Limited as at 31 March 2000, and 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 CentralPower Limited's 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. We obtained 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.

Our firm carries out other assignments for CentralPower Limited in the areas of taxation advice, special consultancy projects and the audit of statutory financial statements. The firm has no other interests in CentralPower Limited.

#### **Qualified Opinion**

Paragraph 2.9 of the Electricity Information Disclosure Handbook issued by the Ministry of Economic Development permits energy companies to exclude comparative figures where disclosures are made for the first time for the current disclosure year. CentralPower Limited has applied this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of CentralPower Limited do not comply with Financial Reporting Standard No. 2, Presentation of Financial Reports, or the Electricity (Information Disclosure) Regulations 1999.

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

In our opinion:

- proper accounting records have been maintained by CentralPower Limited as far as appears from our examination of those records; and
- except for the omission of comparative figures referred to above, the financial statements referred to above:
  - a) comply with generally accepted accounting practice; and
  - b) give a true and fair view of the financial position of CentralPower Limited as at 31 March 2000 and of 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 2 August 2000 and our opinion is expressed as at that date.

*Arthur Andersen*

Wellington

**ARTHUR ANDERSEN****Arthur Andersen**

Level 14, 40 Mercer Street  
PO Box 10 648 Wellington  
New Zealand

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**Auditors' Opinion of Performance Measures**

I have examined the attached information, being—

- (a) The derivation table in regulation 16; and
- (b) The annual ODV reconciliation report in regulation 16A; and
- (c) The 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 CentralPower Limited and dated 31 March 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

**KEVIN J. FOX**  
Arthur Andersen  
Level 14, 40 Mercer Street, Wellington  
2 August 2000



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The Directors  
CentralPower  
400 Church Street  
PALMERSTON NORTH

02 August 2000

**Subject: Auditor's Opinion in Relation to Valuation**

Dear Sirs

I have examined the valuation report of CentralPower Limited and dated 3 April 2000, which report contains valuations of system fixed assets as at 31 January 2000.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$134,914,635 have been made in accordance with the ODV Handbook.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. M. Cook'.

Murray Cook  
Partner  
Assurance and Business Advisory Services

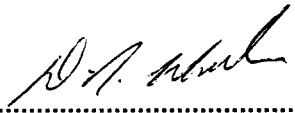
## Form 5

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

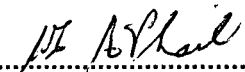
We, Derek Neil Walker and William Cameron McPhail, Directors of CentralPower Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached audited financial statements of CentralPower Limited, 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 CentralPower 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.

These valuations on which those financial performance measures are based are as at 31 January 2000.

  
.....  
D N Walker - Managing Director

Date: 2 August 2000.....

  
.....  
W C McPhail - Director

Date: 2nd August 2000.....

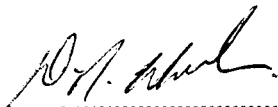
## Form 7

**CERTIFICATION OF VALUATION REPORT OF LINE OWNERS**

We, Derek Neil Walker and William Cameron McPhail, Directors of CentralPower Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached valuation report of CentralPower Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The replacement cost of the line business system fixed assets of CentralPower Limited is \$225,304,502; and
- (c) The depreciated replacement cost of the line business system fixed assets of CentralPower Limited is \$136,949,758; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of CentralPower Limited is \$134,914,635; and
- (e) The optimised deprival valuation of the line business system fixed assets of CentralPower Limited is \$134,914,635; and
- (f) The values in (b) and (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 January 2000.

  
.....  
**D N Walker - Managing Director**

Date: 2 August 2000

  
.....  
**W C McPhail - Director**

Date: 20 August 2000

## statement of financial performance

## CentralPower Limited

<i>For the year ended 31 March 2000</i>	<i>Notes</i>	<i>2000 \$000's</i>	<i>1999 \$000's</i>
<b>Operating Revenue</b>		<b>40,039</b>	<b>38,878</b>
<b>Operating Surplus Before Taxation for the Year</b>	<b>2</b>	<b>12,774</b>	<b>12,486</b>
Income tax expense	3	5,454	3,680
<b>Net Surplus for the Year</b>		<b>7,320</b>	<b>8,806</b>

## statement of movements in equity

<i>For the year ended 31 March 2000</i>	<i>Notes</i>	<i>2000 \$000's</i>	<i>1999 \$000's</i>
<b>Equity at the Beginning of the Year</b>		<b>101,210</b>	<b>111,623</b>
Allocation methodology (1999 Regulations adjustment)	1(i)	0	(7,683)
<b>Amended equity at the beginning of the year</b>		<b>101,210</b>	<b>103,940</b>
Net surplus		7,320	8,806
Increase/(decrease) in asset revaluation reserve		(4,071)	(1,570)
<b>Total Recognised Revenues and Expenses for the Year</b>		<b>3,249</b>	<b>7,236</b>
Distributions to owners during the year		(10,432)	(9,966)
<b>Equity at End of the Year</b>		<b>94,027</b>	<b>101,210</b>

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



## statement of financial position

## CentralPower Limited

<i>As at 31 March 2000</i>	<i>Notes</i>	<i>2000 \$000's</i>	<i>1999 \$000's</i>
<b>Current Assets</b>			
Cash and bank balances		0	0
Short-term investments		0	0
Receivables	4	3,478	4,106
Inventories		0	0
Provision for income tax		1,294	981
Other current assets		0	0
<b>Total Current Assets</b>		<b>4,772</b>	<b>5,087</b>
<b>Non-Current Assets</b>			
Fixed assets	8	140,750	134,204
Capital works under construction	9	1,457	2,549
Intangible assets	10	0	0
Deferred tax	3	0	154
<b>Total Non-Current Assets</b>		<b>142,207</b>	<b>136,907</b>
<b>Total Assets</b>		<b>146,979</b>	<b>141,994</b>
<b>Current Liabilities</b>			
Bank overdraft		3,952	53
Short term borrowings	6	0	3,904
Payables and accruals	5	3,782	2,789
Provision for dividends		7,276	5,902
Other current liabilities		18	12
<b>Total Current Liabilities</b>		<b>15,028</b>	<b>12,660</b>
<b>Non-Current Liabilities</b>			
Payables and accruals		0	0
Borrowings		0	0
Deferred tax		9,800	0
Other non-current liabilities	3	0	0
<b>Total Non-Current Liabilities</b>		<b>9,800</b>	<b>0</b>
<b>Equity</b>			
Share capital		29,758	29,758
Asset revaluation reserve	7	64,134	68,557
Retained surplus		135	2,895
<b>Total Shareholders' Equity</b>		<b>94,027</b>	<b>101,210</b>
Minority interests in subsidiaries		0	
Convertible notes		28,124	28,124
<b>Total Liabilities And Equity</b>		<b>146,979</b>	<b>141,994</b>

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

## statement of cash flows

## CentralPower Limited

<i>For the year ended 31 March 2000</i>	<i>Notes</i>	<i>2000 \$000's</i>	<i>1999 \$000's</i>
<b>Cash Flows From/(Used in) Operating Activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers		40,581	38,839
Interest received		5	17
		<u>40,586</u>	<u>38,856</u>
<i>Cash was disbursed to:</i>			
Payments to suppliers		15,479	15,189
Payments to employees		2,405	2,250
Net goods & services tax		(383)	(34)
Income tax paid		4,223	4,745
Interest paid		2,770	2,564
		<u>24,494</u>	<u>24,714</u>
Net cash flows from/(used in) operating activities		<u>16,092</u>	<u>14,142</u>
<b>Cash Flows From/(Used in) Investing Activities</b>			
<i>Cash was provided from:</i>			
Sale of fixed assets		0	90
		<u>0</u>	<u>90</u>
<i>Cash was applied to:</i>			
Purchase of fixed assets		7,336	7,820
		<u>7,336</u>	<u>7,820</u>
Net cash flows from/(used in) investing activities		<u>(7,336)</u>	<u>(7,730)</u>
<b>Cash Flows From/(Used in) Financing Activities</b>			
<i>Cash was provided from:</i>			
Proceeds from loans		0	43,695
		<u>0</u>	<u>43,695</u>
<i>Cash was applied to:</i>			
Repayment of loans		3,904	44,770
Dividends paid		8,751	10,264
		<u>12,655</u>	<u>55,034</u>
Net cash flows from/(used in) financing activities		<u>(12,655)</u>	<u>(11,339)</u>
Net increase/(decrease) in cash held		<u>(3,899)</u>	<u>(4,927)</u>
Add opening cash brought forward		(53)	4,874
Ending cash carried forward		<u>(3,952)</u>	<u>(53)</u>

## Composition of cash

	<i>2000 \$000's</i>	<i>1999 \$000's</i>
The National Bank of New Zealand Limited	(3,952)	(53)
	<u>(3,952)</u>	<u>(53)</u>

**reconciliation of cash flows with reported net surplus**

	2000 \$000's	1999 \$000's
Net surplus	7,320	8,806
Add/(less) non-cash items:		
Adjustments to fixed assets	0	1,091
Depreciation	5,384	5,364
Movement in deferred tax	9,954	(33)
Deferred tax provided against revaluation reserve	(8,410)	0
	6,928	6,422
Add/(less) movements in other working capital items:		
Decrease/(increase) in accounts receivable	616	(2,917)
Increase/(decrease) in accounts payable	484	1,997
(Decrease)/increase in taxation payable	(313)	(1,067)
Increase/(decrease) in net GST	527	244
	1,314	(1,743)
Net (gain)/loss on disposal of fixed assets	530	657
Net cash inflow from operating activities	16,092	14,142

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

**notes to and forming part of the financial statements****CentralPower Limited***For the year ended 31 March 2000***1. Statement of Accounting Policies**

The financial statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1999.

The measurement base adopted is that of historical cost adjusted by the revaluation of certain assets.

**(a) Fixed Assets**

Land and buildings are initially recorded at cost. Land and buildings are subsequently revalued to net current value or, where the land and building are held for resale, to the lower of cost and net realisable value as determined by an independent valuer.

Network assets are revalued to Optimised Deprival Value (ODV) as determined by an independent valuer.

All other fixed assets are recorded at cost.

**(b) Depreciation**

Depreciation is provided on a straight-line basis on all tangible fixed assets other than freehold land and capital work under construction, at rates calculated to allocate the assets' cost or valuation, less estimated residual value, over their estimated useful lives.

Major depreciation rates are:

Network	35 to 70 years
Buildings	25 to 50 years
Plant and equipment	3 to 15 years
Motor vehicles	3 to 10 years

**(c) Income Tax**

The income tax expense charged to the statement of financial performance includes both the current year liability and the income tax effects of timing differences after allowing for non-assessable income and non-deductible expenses.

Deferred taxation is calculated using the comprehensive basis under the liability method. This method involves recognising the tax effect of all timing differences between accounting and taxable income as a deferred tax asset or liability in the statement of financial position. Debit balances in the deferred tax account arising from net accumulated timing differences and future income tax benefits arising from income tax losses carried forward are only recognised if there is virtual certainty of realisation.

**(d) Contributions for Subdivisions/Uneconomic Lines**

Contributions received from customers and grants towards the cost of reticulating new subdivisions and constructing uneconomic lines are included in the determination of operating surplus before taxation.

**(e) Accounts Receivable**

Accounts receivable have been valued at estimated realisable value.

**(f) Comparatives**

Where any information disclosures are made for the first time as a result of the change in the Regulations, no comparatives are required to be disclosed where there was no corresponding requirement in the 1994 regulations.

**(g) Financial Instruments**

Financial instruments recognised in the statement of financial position include deposits with banks, trade receivables, other receivables and debt. These instruments are entered into in the normal course of business.

The Company does not undertake speculative trading transactions. Accordingly, financial instruments are "marked to market" for disclosure purposes but are not adjusted for in the financial statements.

## notes to and forming part of the financial statements

## CentralPower Limited

**(h) Changes In Accounting Policies****Income Tax**

During the current year the Company changed its accounting policy with respect to treatment of taxation. Income tax is now accounted for using the comprehensive basis under the liability method. Previously deferred taxation was calculated using the liability method on the partial basis. The change was made in the interests of improved financial reporting.

The implementation of this new accounting policy has had the following impact on the financial statements for the current year: net surplus has decreased by \$1.7 million, non current liabilities have increased by \$10.1 million, and revaluation reserve has decreased by \$8.4 million.

With the exception of the above there have been no material changes in accounting policies during the year and all other policies have been applied on a consistent basis with previous years.

**(i) Disclosure of Methodologies for Allocation of Costs, Revenues, Assets and Liabilities**

The Electricity (Information Disclosure) Regulations 1994 were replaced by the Electricity (Information Disclosure) Regulations 1999 as from 29 April 1999. The electricity costs, revenues, assets and liabilities of the Company have been allocated using the mandatory avoidable cost allocation methodology as prescribed by the 1999 Regulations. Under the 1994 Regulations, cost allocation guidelines were optional, and a number of allocation methodologies were followed. The change in allocation methodology resulted in a decrease in the opening equity of the line business by \$0 (1999 \$7,683,008).

**2. Operating Surplus Before Taxation for the Year**

	2000 \$000's	1999 \$000's
<b>11 Operating revenue</b>		
(a) (a) Revenue from line/access charges:	37,796	36,476
(b) (b) Revenue from "Other" business for services carried out by the line business (transfer payment):	0	0
(c) (c) Interest on cash, bank balances and short term investments:	5	19
(e) (d) AC loss-rental rebates:	1,283	2,047
(f) (e) Other revenue not listed in (a) to (d):	955	336
(g) <b>Total operating revenue</b>	<b>40,039</b>	<b>38,878</b>
<b>Expenditure (Schedule 1, Part 2)</b>		
<b>Operating expenditure</b>		
(a) Payment for transmission charges	10,712	10,637
(b) Transfer payments to the "Other" business for:		
(i) Asset maintenance:	1,713	2,019
(ii) Consumer disconnection/reconnection services:	0	0
(iii) Meter data:	0	0
(iv) Consumer-based load control services:	0	0
(v) Royalty and patent expenses:	0	
(vi) Avoided transmission charges on account of own generation	668	0
(vii) Other goods and services not listed in (i) to (vi) above	0	0
(viii) <b>Total transfer payment to the "Other" business</b>	<b>2,381</b>	<b>2,019</b>
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance:	419	560
(ii) Consumer disconnection/reconnection services	0	0
(iii) Meter data	0	0
(iv) Consumer-based load control services	0	0
(v) Royalty and patent expenses	0	
(vi) <b>Total of specified expenses to non-related parties (sum of (i) to (v))</b>	<b>419</b>	<b>560</b>
(d) Employee salaries, wages and redundancies	2,405	2,202
(e) Consumer billing and information system expense	184	429
Net loss asset disposal	530	657

## notes to and forming part of the financial statements

## CentralPower Limited

## 2. Operating Surplus Before Taxation for the Year (continued)

	2000 \$000's	1999 \$000's
(f) Depreciation on:		
(i) System fixed assets:	4,545	4,444
(ii) Other assets not listed in (i)	839	920
(iii) <b>Total depreciation</b>	<u>5,384</u>	<u>5,364</u>
(g) Amortisation of:		
(i) Goodwill:	0	0
(ii) Other intangibles:	0	
(iii) <b>Total amortisation of intangibles</b>	<u>0</u>	
(h) Corporate and administration:	1,060	982
(i) Human resource expenses:	344	298
(j) Marketing/advertising:	18	21
(k) Merger and acquisition expenses:	201	0
(l) Takeover defence expenses:	0	0
(m) Research and development expenses:	0	0
(n) Consultancy and legal expenses:	445	399
(o) Donations:	0	
(p) Directors' fees:	156	
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	78	
(ii) Audit fees paid to other auditors:	0	
(iii) Fees paid for other services provided by principal and other auditors:	145	
(iv) <b>Total auditors' fees:</b>	<u>223</u>	
(r) Costs of offering credit:		
(i) Bad debts written off:	(8)	
(ii) Increase in estimated doubtful debts:	0	
(iii) <b>Total cost of offering credit:</b>	<u>(8)</u>	
(s) Local authority rates expense:	22	
(t) AC loss-rentals (distribution to retailers/customers) expense:	0	
(u) Rebates to consumers due to ownership interest:	0	
(v) Subvention payments:	0	0
(w) Unusual expenses:	0	
(x) Other expenditure not listed in (a) to (w)	19	268
Total operating expenditure	<u>24,495</u>	<u>23,179</u>
<b>Operating surplus before interest and income tax</b>	<u>15,544</u>	<u>15,042</u>

## Interest expense

(a) Interest expense on borrowings	0	
(b) Financing charges related to finance leases	0	
(c) Other interest expense	2,770	2,556
(d) <b>Total interest expense</b>	<u>2,770</u>	<u>2,556</u>

## notes to and forming part of the financial statements

## CentralPower Limited

## 3. Taxation

	2000 \$000's
Surplus before taxation	12,774
Prima facie taxation at 33% (1999 : 33%)	4,215
Adjusted by the tax effect of:	
Permanent differences	(173)
Previously unrecognised deferred tax liability	1,488
Over provision in prior years	(76)
	5,454
Represented by:	
Current tax	(4,500)
Deferred tax	9,954
	5,454
Opening balance of deferred tax	154
Adjusted for the tax effect of:	
Movement in other provisions	172
Difference between accounting and tax depreciation	(148)
Previously unrecognised deferred tax liability	(9,111)
Deferred tax liability charged against revaluation reserve	(787)
Movement in employee remuneration accruals	(79)
Under provision in previous years	(1)
Closing balance deferred tax	(9,800)

## 4. Receivables

	2000 \$000's	1999 \$000's
Trade receivables	3,411	3,846
Non-trade receivables	67	248
	3,478	4,094

Included in non-trade receivables are the following loans:  
CentralPower Limited employees

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## 5. Payables and Accruals

	2000 \$000's	1999 \$000's
Trade creditors	2,610	2,309
Employee provisions	415	469
Restructuring provision	110	0
Sundry creditors and accruals	647	11
	3,782	2,789

## notes to and forming part of the financial statements

## CentralPower Limited

**6. Unsecured Loans**

	2000 \$000's	1999 \$000's
Bank Loans		
Fixed-term loan with Bank of New Zealand	0	3,150
Short-term advances facility with The National Bank of New Zealand Limited	0	754
Schedule of maturities:		
Due within 1 year	0	3,904

The interest rate on the fixed-term loan with Bank of New Zealand was 8.11%.

**7. Asset Revaluation Reserve**

	2000 \$000's
Opening balance	68,557
Revaluation during the year	4,339
Deferred tax liability resulting from movement in reserves	(8,410)
Disposal of revalued assets	(352)
Closing balance	64,134

**8. Fixed Assets**

	2000 \$000's	1999 \$000's
Land and buildings	3,168	3,098
System fixed assets	136,113	129,510
Consumer billing and information systems	660	970
Motor vehicles	72	104
Office equipment	260	396
Plant	477	126
	140,750	134,204

Fixed assets are classified as follows:

	2000 \$000's	1999 \$000's
Current fixed assets	3,285	0
Non-current fixed assets	137,465	134,204
	140,750	134,204

Current fixed assets in the current year comprise land and buildings that the Company intends to realise. These properties are valued at the lower of cost or valuation.

**Valuations**

Freehold non-current land and buildings have been revalued and are stated at net current value as determined by an independent registered valuer Mr G J Blackmore (FNZIV), of the firm Blackmore and Associates Limited, as at 31 January 2000. Additions and disposals for the period 1 February 2000 to 31 March 2000 have been added to the valuation at cost. Depreciation has been calculated on the opening valuation (performed as at 31 January 1999) for those assets held at the start of the period and on the cost for those assets acquired during the year.

Network lines and equipment have been revalued and are stated at Optimised Deprival Value (ODV) as determined by Worley Consultants Limited, registered valuers, and Mr C S Rice, of the firm PricewaterhouseCoopers, as at 31 January 2000. Depreciation has been calculated on the opening valuation (performed as at 31 January 1999) for those assets held at the start of the period and on the cost for those assets acquired during the year.



## notes to and forming part of the financial statements

## CentralPower Limited

## 9. Capital Works Under Construction

	2000 \$000's	1999 \$000's
Subtransmission assets (transfer payment)	543	631
Zone substations (transfer payment)	0	6
Distribution lines and cables (transfer payment)	79	155
Medium voltage switchgear (transfer payment)	2	0
Distribution transformers (transfer payment)	11	0
Distribution substations (transfer payment)	99	0
Low voltage lines and cables (transfer payment)	191	0
Other system fixed assets (transfer payment)	2	
Other capital works under construction	530	1,757
	<u>1,457</u>	<u>2,549</u>

## 10. Intangible Assets

	2000 \$000's
Goodwill	0
Other intangibles	0
Total intangible assets	<u>0</u>

## 11. Annual Valuation Reconciliation Report

	2000 \$000's
System fixed assets at ODV – end of the previous financial year	129,506
Add system fixed assets acquired during the year at ODV	7,342
Less system fixed assets disposed of during the year at ODV	546
Less depreciation on system fixed assets at ODV	4,545
Add revaluation of system fixed assets at ODV	4,356
Equals system fixed assets at ODV – end of financial year	<u>136,113</u>

## 12. Related Parties

During the year the Company transacted with the following related parties:

Name of Related Party	Nature of Relationship	Type of Transactions	2000 \$000's
Energy Connections Limited	Subsidiary company	<ul style="list-style-type: none"> <li>Network reticulation asset maintenance charged by Energy Connections Limited</li> </ul>	1,713
CentralPower Electricity Trust	Shareholder	<ul style="list-style-type: none"> <li>Network reticulation services charged by Energy Connections Limited</li> <li>Grants</li> </ul>	4,036 337
Tararua Wind Power Limited	Subsidiary company	<ul style="list-style-type: none"> <li>Operating costs charged by Tararua Wind Power Limited</li> </ul>	668
Palmerston North City Council	Shareholder	<ul style="list-style-type: none"> <li>Electricity costs charged by CentralPower Limited</li> </ul>	1,373

**notes to and forming part of the financial statements****CentralPower Limited**

Related party payables outstanding at balance date:

Name of Related Party	Type of Transaction	Terms of Settlement	2000 \$000's	1999 \$000's
Energy Connections Limited	Network reticulation services	Monthly terms	875	1,015
CentralPower Employee Share Purchase Trust	Funding advance	Repayment on demand	18	12

No related party debts have been written off or forgiven during the period (1999: \$0).

**13. Segmental Reporting**

The Company operates predominantly in one industry: the distribution of electricity within the Manawatu/Tararua area. All operations are carried out within New Zealand.

**company directory****CentralPower Limited*****Directors***

MD Kennedy

WC McPhail

RG Signal (Deputy Chairman)

RN Taylor (Chairman)

DN Walker (Managing Director)

IA Wilson

***Registered Office***

400 Church Street

Private Bag 11-024

Palmerston North

Telephone:

(06) 952-7550

Facsimile:

(06) 952 7567

***Auditors***

Arthur Andersen

Level 14

40 Mercer Street

Wellington

***Bankers***

The National Bank of New Zealand Limited

158 Broadway Avenue

Palmerston North

***Solicitors***

Fitzherbert Rowe

State Insurance Building

61 – 75 Rangitikei Street

Palmerston North

Russell McVeagh

Mobil on the Park

157 Lambton Quay

Wellington

***Share Registry***

Computershare Registry Services Limited

Level 3, 277 Broadway

Newmarket

Auckland

Disclosure of financial and efficiency performance measures as required by regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) regulations 1999.

		Years ended 31 March				
		2000	1999	1998	1997	
Regulation 15						
1	Financial performance measures					
(a)	Accounting return on total assets	11.4%	11.29%	12.90%	5.60%	
(b)	Return on equity	7.7%	8.71%	7.60%	4.50%	
(c)	Return on Investment	10.1%	6.70%	14.60%	15.80%	
2	Efficiency performance measures					
(a)	Direct line costs per kilometre	\$800	\$905	\$912	\$858	
(b)	Indirect line costs per electricity customer	\$71	\$67	\$75	\$175	
Regulation 20						
4	The Optimised Deprival Valuation is \$135 million					
Regulation 21						
1	Energy delivery performance measures					
(a)	Load Factor	59.90%	65.03%	62.40%	62.30%	
(b)	Loss Ratio	6.96%	6.24%	5.40%	6.00%	
(c)	Capacity Utilisation	30.51%	26.52%	30.10%	31.80%	
2	Statistics					
(a)	System lengths (kms)	- 33kV	313	292	286	284
		- 11kV	2,793	2635	2,658	2,733
		- 400V	1,484	1,401	1,368	1,210
		Total	4,590	4,328	4,312	4,227
(b)	Circuit lengths (overhead) (kms)	- 33kV	287	271	264	260
		- 11kV	2,507	2,400	2,400	2498
		- 400V	818	821	821	659
		Total	3,612	3,492	3,485	3,417
(c)	Circuit length (underground) (kms)	- 33kV	26	22	23	24
		- 11kV	287	223	233	235
		- 400V	665	584	547	551
		Total	978	829	803	810
(d)	Transformer capacity (kVA)		425,858	436,470	407,210	400,765
(e)	Maximum Demand (kW)		129,950	115,754	122,572	127,410
(f)	Total electricity supplied (after losses of electricity) (kWh)		636,152,348	659,396,704	669,466,947	694,216,524
(g)	Total electricity conveyed on behalf of other persons					
	Powerco Limited		0	28,940,000		
	Mercury Energy Limited		0	4,024,000		
	Power New Zealand Limited		0	2,468,000		
	Scanpower Limited		0	4,794,000		
	Southpower Limited		0	4,086,000		
	Todd Energy Limited		41,287,780	15,435,000		
	Genesis Energy Limited		551,952,431	86,585,000		
	Empower Limited		4,004			
	King Country Energy Limited		4,163,705			
	Mighty River Power Limited		34,336,515			
	Phoenix Energy Limited		1,865,148			
	Meridian Energy Limited		14,620,549			
	Trustpower Limited		14,813,913			
	TransAlta New Zealand Limited		20,722,518			

		Years ended 31 March			
		2000	1999	1998	1997
Total		683,766,563	146,332,000	83,040,966	125,540,210
(h)	Total customers	49,695	48,935	49,717	50,913
Regulation 22					
Reliability Performance Measures					
5	(1)	Total number of interruptions -			
		Class A	0	0	0
		Class B	206	298	457
		Class C	285	320	313
		Class D	0	0	2
		Class E	0	0	0
		Class F	0	0	0
		Class G	0	0	0
		Total	491	618	772
(2) Interruption targets for the following year					
(a)	Planned interruptions for the line owner	Class B	288	320	
(b)	Unplanned interruption targets originating within the works of the line owner	Class C	279	310	
(3) Average Interruption targets for the coming year and subsequent 4 financial years					
(a)	Planned interruptions for the line owner	Class B	286	318	
(b)	Unplanned interruption targets originating within the works of the line owner	Class C	275	306	
(4) The proportion of the total number class C, expressed as a %,					
(a)	not restored within	3 hours	18%	16%	
(b)	not restored within	24 hours	0.60%	0.90%	
(5) Total number of faults per 100 circuit kilometres of prescribed voltage electric lines					
(a)	The total number of faults				
	- 33kV	2.56	9.08		
	- 11kV	7.45	17.13		
	Total	6.95	11.5	9.8	10.7
(b)	The total number of faults targeted for the following financial year				
	- 33kV	6.8	6.8		
	- 11kV	9.7	10.9		
	Total	9.4	10.5		
(c)	Average total number of faults for the coming year and subsequent 4 financial years				
	- 33kV	6.7	6.6		
	- 11kV	9.5	10.7		
	Total	9.3	10.3		
(6) Total number of faults per 100 circuit kilometres of underground prescribed voltage electric lines					

			Years ended 31 March			
			2000	1999	1998	1997
	- 33kV		0	4.76	4.4	0
	- 11kV		4.53	3.3	3.4	5.2
	Total		4.16	3.43	3.5	4.5
(7)	Total number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines					
	- 33kV		2.8	4.3	4.6	7.3
	- 11kV		7.8	13.8	11.7	11.7
	Total		7.3	12.85	11	11.3
(8)	The SAIDI for total of interruptions		100.6	201.85	140	177
(9)	SAIDI targets for the following financial year					
(a)	Planned Interruption by the line owner	Class B	55	60		
(b)	Unplanned Interruption originating from the works of the line owner	Class C	85	100		
(10)	Average SAIDI Interruption targets for the following financial year and subsequent 4 financial years					
(a)	Planned Interruption by the line owner	Class B	53	58		
(b)	Unplanned Interruption originating from the works of the line owner	Class C	81	96		
(11)	The SAIDI for total of interruptions within each interruption class					
	Class A		0	0	0	0
	Class B		39.45	57.15	55	77.9
	Class C		61.15	144.7	84.2	95.5
	Class D		0	0	0	3.6
	Class E		0	0	0	0
	Class F		0	0	0	0
	Class G		0	0	0	0
(12)	The SAIFI for total of interruptions		2.47	3.47	2.6	3.5
(13)	SAIFI targets for the following financial year					
(a)	Planned Interruption by the line owner	Class B	0.36	0.39		
(b)	Unplanned Interruption originating from the works of the line owner	Class C	2.30	2.70		
(14)	Average SAIFI targets for the following financial year and subsequent 4 financial years					
(a)	Planned Interruption by the line owner	Class B	0.35	0.38		

			Years ended 31 March			
			2000	1999	1998	1997
(b)	Unplanned Interruption originating from the works of the line owner	Class C	2.28	2.69		
(15)	The SAIFI for total of interruptions within each interruption class -					
		Class A	0	0	0	0
		Class B	0.29	0.38	0.4	0.5
		Class C	2.18	3.09	2.2	2.7
		Class D	0	0	0	0.3
		Class E	0	0	0	0
		Class F	0	0	0	0
		Class G	0	0	0	0
(16)	The CAIDI for total interruptions		40.73	76.38	53.5	52.1
(17)	CAIDI targets for the following financial year					
(a)	Planned Interruption by the line owner	Class B	153	153		
(b)	Unplanned Interruption originating from the works of the line owner	Class C	37	37		
(18)	Average CAIDI targets for the following financial year and subsequent 4 financial years					
(a)	Planned Interruption by the line owner	Class B	153	153		
(b)	Unplanned Interruption originating from the works of the line owner	Class C	36	35.7		
(19)	The CAIDI for total of interruptions within each interruption class -					
		Class A	0	0		
		Class B	134.21	151.21	152.7	165.2
		Class C	28.1	46.83	37.6	36.0
		Class D	0	0		13.2
		Class E	0	0		
		Class F	0	0		
		Class G	0	0		

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	15,544,000								
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	15,544,000								
Interest on cash, bank balances, and short-term investments (ISTI)	5,000								
OSBIT minus ISTI	15,539,000	a		15,539,000				15,539,000	
Net surplus after tax from financial statements	7,320,000								
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	7,320,000	n				7,320,000			
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)	4,545,000								
Depreciation of SFA at ODV (y)	4,545,000								
ODV depreciation adjustment	0	d	add	0	add	0	add	0	
Subvention payment tax adjustment	0	s*t			deduct	0	deduct	0	
Interest tax shield	912,450	q					deduct	912,450	
Revaluations	4,339,000	r					add	4,339,000	
Income tax	5,454,000	p					deduct	5,454,000	
<b>Numerator</b>				15,539,000		7,320,000		13,511,550	
				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	
Fixed assets at end of previous financial year (FA <sub>p</sub> )	134,204,000								
Fixed assets at end of current financial year (FA <sub>c</sub> )	140,750,000								
Adjusted net working capital at end of previous financial year (ANWC <sub>p</sub> )	1,305,000								
Adjusted net working capital at end of current financial year (ANWC <sub>c</sub> )	(322,000)								
Average total funds employed (ATFE)	137,968,500	c		137,968,500				137,968,500	
	(or regulation 33 time-weighted average)								
Total equity at end of previous financial year (TE <sub>p</sub> )	101,210,000								
Total equity at end of current financial year (TE <sub>c</sub> )	94,027,000								
Average total equity	97,618,500	k				97,618,500			
	(or regulation 33 time-weighted average)								
WUC at end of previous financial year (WUC <sub>p</sub> )	2,549,000								
WUC at end of current financial year (WUC <sub>c</sub> )	1,457,000								
Average total works under construction	2,003,000	e	deduct	2,003,000	deduct	2,003,000	deduct	2,003,000	
	(or regulation 33 time-weighted average)								
Revaluations	4,339,000	r							
Half of revaluations	2,169,500	r/2					deduct	2,169,500	
Intangible assets at end of previous financial year (IA <sub>p</sub> )	0								
Intangible assets at end of current financial year (IA <sub>c</sub> )	0								
Average total intangible asset	0	m			add	0			
	(or regulation 33 time-weighted average)								
Subvention payment at end of previous financial year (S <sub>p</sub> )	0								
Subvention payment at end of current financial year (S <sub>c</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>bp</sub> )	129,505,987								
System fixed assets at end of current financial year at book value (SFA <sub>bc</sub> )	136,112,643								
Average value of system fixed assets at book value	132,809,315	f	deduct	132,809,315	deduct	132,809,315	deduct	132,809,315	
	(or regulation 33 time-weighted average)								
System Fixed assets at year beginning at ODV value (SFA <sub>odp</sub> )	129,505,987								
System Fixed assets at end of current financial year at ODV value (SFA <sub>odc</sub> )	136,112,643								
Average value of system fixed assets at ODV value	132,809,315	h	add	132,809,315	add	132,809,315	add	132,809,315	
	(or regulation 33 time-weighted average)								
<b>Denominator</b>				135,965,500		95,615,500		133,796,000	
				ATFE <sup>Adj</sup> = c - e - f + h		Ave TE <sup>Adj</sup> = k - e - m + v - f + h		ATFE <sup>Adj</sup> = c - e - 1/2r - f + h	
<b>Financial Performance Measure:</b>				11.4		7.7		10.1	
				ROF = OSBIT <sup>Adj</sup> /ATFE <sup>Adj</sup> x 100		ROE = NSAT <sup>Adj</sup> /ATE <sup>Adj</sup> x 100		ROI = OSBIT <sup>Adj</sup> /ATFE <sup>Adj</sup> x 100	