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## NETWORK WAITAKI LIMITED

### INFORMATION FOR DISCLOSURE

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

**Network Waitaki Limited (Lines)****Statement of Financial Performance for the Year Ended 31 March 2000**

<b>REVENUE</b>	<b>Note</b>	<b>2000</b> \$	<b>1999</b> \$
<b>Operating revenue</b>			
Revenue from line/access charges		8,951,174	6,755,334
Revenue from "Other" business for services carried out by the line business		0	0
Interest on cash, bank balances and short term investments		230,787	137,753
AC loss-rental rebates		130,093	123,710
Other revenue not listed above			
Capital Contributions	87,348		123,646
Use of money Interest	0		1,069
Other	0		42,657
		<u>87,348</u>	<u>167,372</u>
<b>Total operating revenue</b>		<u>9,399,402</u>	<u>7,184,169</u>
<b>EXPENDITURE</b>		<b>2000</b> \$	<b>1999</b> \$
<b>Operating expenditure</b>			
Payment for transmission charges		2,889,079	2,834,271
Transfer payments to the "Other" business for			
Asset maintenance	526,510		366,201
Consumer disconnection/reconnection services	0		0
Meter data	0		0
Consumer-based load control services	0		0
Royalty and patent expenses	0		0
Avoided transmission charges on account of own generation	0		0
Other goods and services	30,302		0
<b>Total transfer payment to the "Other" business</b>		<u>556,812</u>	<u>366,201</u>
Expense to entities that are not related parties for			
Asset maintenance	91,262		178,454
Consumer disconnection/reconnection services	0		0
Meter data	0		0
Consumer-based load control services	0		0
Royalty and patent expenses	0		0
<b>Total of specified expenses to non-related parties</b>		<u>91,262</u>	<u>178,454</u>
Employee salaries, wages and redundancies		345,074	473,175
Consumer billing and information system expense		46,060	61,056
Depreciation on			
System fixed assets	1,493,905		685,224
Other assets	218,603		139,865
<b>Total depreciation</b>		<u>1,712,508</u>	<u>825,089</u>
Amortisation of			
Goodwill	0		0
Other intangibles	0		0
<b>Total amortisation of intangibles</b>		<u>0</u>	<u>0</u>
Corporate and administration		95,891	84,448
Human resource expenses		77,766	64,441
Marketing/advertising		3,471	6,046
Merger and acquisition expenses		25,665	0
Takeover defence expenses		0	0
Research and development expenses		0	0
Consultancy and legal expenses		180,551	29,192
Donations		0	0
Directors' fees		88,480	60,000
Auditors' fees			
Audit fees paid to principal auditors	26,500		20,000
Audit fees paid to other auditors	0		0
Fees paid for other services provided by principal and other auditors	3,500		0
<b>Total auditors' fees</b>		<u>30,000</u>	<u>20,000</u>

**Statement of Financial Performance for the Year Ended 31 March 2000 - Continued**

	<b>Note</b>	<b>2000</b> \$	<b>1999</b> \$
Costs of offering credit			
Bad debts written off		0	1,406
Increase in estimated doubtful debts		0	0
<b>Total cost of offering credit</b>		0	1,406
Local authority rates expense		8,779	8,182
AC loss-rentals (distribution to retailers/customers) expense		0	0
Rebates to consumers due to ownership interest		0	219,846
Subvention payments		0	0
Unusual expenses		10,676	0
Other expenditure not listed above		105,416	61,567
<b>Total operating expenditure</b>		<u>6,267,490</u>	<u>5,293,374</u>
<b>Operating surplus before interest and income tax</b>		<u><b>3,131,912</b></u>	<u><b>1,890,795</b></u>
<b>Interest expense</b>			
Interest expense on borrowings		28,153	45,156
Financing charges related to finance leases		0	0
Other interest expense		0	0
<b>Total interest expense</b>		<u>28,153</u>	<u>45,156</u>
<b>Operating surplus before income tax</b>		<u><b>3,103,759</b></u>	<u><b>1,845,639</b></u>
<b>Income tax</b>	<b>5</b>	1,285,533	691,765
<b>Net surplus after tax</b>		<u><b>1,818,226</b></u>	<u><b>1,153,874</b></u>

**Network Waitaki Limited (Lines)****Statement of Movements in Equity for the Year Ended 31 March 2000**

	<b>Note</b>	<b>2000</b> \$	<b>1999</b> \$
<b>Equity at the Beginning of the Year</b>		<u>12,651,759</u>	<u>11,497,885</u>
Net Surplus (Deficit) for the Period		1,818,226	1,153,874
Revaluation		29,917,383	0
Total Recognised Revenue and Expenses		<u>31,735,609</u>	<u>1,153,874</u>
Dividends Paid		(1,500,000)	0
<b>Equity at the End of the Year</b>		<u><b>42,887,368</b></u>	<u><b>12,651,759</b></u>

**Network Waitaki Limited (Lines)****Statement of Financial Position as at 31 March 2000**

	Note	2000 \$	1999 \$
<b>Current assets</b>			
Cash and bank balances		143,987	84,942
Short-term investments		4,100,000	4,900,000
Inventories		51,830	81,233
Accounts receivable		841,761	642,445
Other current assets		1,594	0
<b>Total current assets</b>		<u>5,139,172</u>	<u>5,708,620</u>
<b>Fixed assets</b>			
System fixed assets		39,632,431	7,614,493
Consumer billing and information system assets		0	0
Motor vehicles		13,022	88,722
Office equipment		245,994	193,704
Land and buildings		598,511	298,182
Capital works under construction (system fixed assets)		1,322	1,222
Other fixed assets		0	0
<b>Total fixed assets</b>		<u>40,491,280</u>	<u>8,196,323</u>
<b>Other tangible assets not listed above</b>		0	0
<b>Total tangible assets</b>		<u>45,630,452</u>	<u>13,904,943</u>
<b>Intangible assets</b>			
Goodwill		0	0
Other intangibles		0	0
<b>Total intangible assets</b>		<u>0</u>	<u>0</u>
<b>Total assets</b>		<u>45,630,452</u>	<u>13,904,943</u>
<b>Current liabilities</b>			
Bank overdraft		0	0
Short-term borrowings		0	0
Payables and accruals		357,658	399,767
Provision for dividends payable		0	0
Provision for income tax		0	0
Other current liabilities		29,416	179,855
<b>Total current liabilities</b>		<u>387,074</u>	<u>579,622</u>
<b>Non-current liabilities</b>			
Payables and accruals		0	0
Borrowings		0	500,000
Deferred tax	6	2,356,010	173,562
Other non-current liabilities		0	0
<b>Total non-current liabilities</b>		<u>2,356,010</u>	<u>673,562</u>
<b>Equity</b>			
Shareholders' equity			
Share capital		7,368,870	7,368,870
Retained earnings		5,300,507	4,982,281
Reserves		30,217,991	300,608
<b>Total Shareholders' equity</b>		<u>42,887,368</u>	<u>12,651,759</u>
Minority interests in subsidiaries		0	0
<b>Total equity</b>		<u>42,887,368</u>	<u>12,651,759</u>
Capital notes		0	0
<b>Total capital funds</b>		<u>42,887,368</u>	<u>12,651,759</u>
<b>Total equity and liabilities</b>		<u>45,630,452</u>	<u>13,904,943</u>

**Network Waitaki Limited (Lines)****Statement of Cash Flows for the Year Ended 31 March 2000**

	Note	2000 \$	1999 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Receipts from Customers		8,941,935	6,894,873
Interest		230,787	138,822
GST		27,364	23,135
Income Tax		0	159,076
<i>Cash was disbursed to:</i>			
Payments to Suppliers		(4,363,625)	(3,700,329)
Employees		(345,074)	(448,436)
Income Tax		(1,265,468)	(692,955)
FBT		(11,022)	(12,885)
Interest Paid		(28,153)	(45,156)
GST		0	0
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>3,186,744</b>	<b>2,316,145</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Proceeds from sales of Fixed Assets		0	0
Collection on Loans		0	0
<i>Cash was applied to:</i>			
Cash Outflows for Fixed Assets		(1,927,699)	(956,176)
Investments		0	0
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,927,699)</b>	<b>(956,176)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Loan transferred from other activities		0	500,000
<i>Cash was applied to:</i>			
Dividend paid		(1,500,000)	
Loan repaid		(500,000)	
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(2,000,000)</b>	<b>500,000</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(740,955)</b>	<b>1,859,969</b>
Add Opening Cash Brought Forward		4,984,942	569,060
Equity Transferred From (To) Other		0	2,555,913
<b>ENDING CASH CARRIED FORWARD</b>		<b>4,243,987</b>	<b>4,984,942</b>

## Network Waitaki Limited (Lines)

### Notes to and Forming Part of the Financial Statements

for the Year Ending 31 March 2000

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

- (i) The Financial Statements presented here are for the Line Business of Network Waitaki Limited.
- (ii) The Financial Statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.
- (iii) These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.
- (iv) The Line Business operates a line business activity, as defined by Regulation 2 of the Electricity (Information Disclosure) Regulations 1999, in the Waitaki area.

##### b) Measurement Base

- (i) 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.
- (ii) Accrual accounting is used to match expenses and revenues.
- (iii) Reliance is placed on the fact that the Company is a going concern.

##### c) Accounting Policies

- (i) Accounts Receivable are shown at expected realisable value after providing for doubtful debts.
- (ii) Inventories are valued at the lower of cost or net realisable value. Serial numbered stock is recorded at the appropriate individual value, while other stock is recorded at weighted average cost.
- (iii) Fixed assets
  - The network system assets are revalued at least every three years by independent valuers to Optimised Deprival Value (ODV) – the lower of Optimised Depreciated Replacement Cost and Economic Value. The last revaluation was undertaken at 31 March 2000.
  - All other assets are valued at cost less accumulated depreciation:
 

Radio Equipment	15 yrs SL
Distribution System	40-70 yrs SL
Substation Transformers etc	50 yrs SL
Substation Load Control Equipment	20 Yrs SL
Distribution Transformers	40 yrs SL
Buildings	40-100 yrs SL
Office Equipment & Furniture	12%-50% DV
Plant & Machinery	10%-50% DV
Motor Vehicles	15%-26% DV
- (iv) These accounts are exclusive of GST except for Accounts Receivable and Accounts Payable.
- (v) Income tax expense has been 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 recognised only if there is virtual certainty of realisation.
- (vi) Investments are stated at cost.

- (vii) Contributions received toward Capital Works are charged to the Statement of Financial Performance and shown as income earned in the year in which they are received.
- (viii) Employee entitlements. Provision is made in respect of the Company's liability for annual, long-service and retirement leave. Annual and long-service leave has been calculated on an actual entitlement basis at current rates of pay, whilst the other provisions have been calculated on an actuarial basis at current rates of pay.
- d) Changes in Accounting Policy
  - (i) Distribution assets have been revalued and depreciated on a Straight Line basis. Previously these assets were depreciated using a combination of Diminishing Value and Straight Line bases. The effect of the revaluation has been to increase the value of the network assets by \$29,917,383 and increase the depreciation expense by \$764,635.
- e) Methodology of Separation of Business
  - (i) The costs, revenues, assets and liabilities for the 1999 disclosure have been allocated in accordance with the Electricity (Information Disclosure) Regulations 1999. The basis of allocation adopted this year is the avoidable cost methodology.

## 2. Contingent Liabilities

The Lines Business has no contingent liabilities at the end of the period (1999 Nil).

## 3. Related Party Transactions

Network Waitaki Limited has a contracting division that provides services to the Lines Business. The services provided are for the maintenance of the network and capital construction of System Fixed Assets. The services are provided in an ongoing capacity. The standard charge for these services are:

Labour	\$30.00 per hour
External Purchases	Charged at cost
Transport (light truck)	\$0.75 per km
Transport (heavy truck)	\$1.05 per km

During the period capital construction transactions totalled the following:

Subtransmission assets	\$0
Zone substations	\$116,954
Distribution lines	\$420,723
Medium voltage switchgear	\$42,980
Distribution transformers	\$258,039
Distribution substations	\$0
Low voltage lines	\$7,701
Other System Fixed Assets (as per the ODV Handbook)	\$28,484
Maintenance of System Fixed Assets	\$526,510
Cost of customer connections and disconnections	\$0

No amounts have been forgiven or written off, and no amounts remain outstanding at the end of the period.

**4. Annual Valuation Reconciliation Report**

	\$
<b>System Fixed Assets at ODV (start of period)</b>	<b>39,821,699</b>
Add System Fixed Assets acquired during the period at ODV	986,220
Less System Fixed Assets disposed of during the period at ODV	(53,756)
Less depreciation on System Fixed Assets at ODV	(1,493,905)
Add revaluations of System Fixed Assets	372,173
<b>Gives System Fixed Assets at ODV (end of period)</b>	<b>39,632,431</b>

**5. Taxation**

	2000 \$	1999 \$
<b>Surplus (Deficit) Before Taxation</b>	<b><u>3,103,759</u></b>	<b><u>1,845,639</u></b>
Income tax expense at 33 cents in the dollar	1,024,240	609,061
<b>Plus (Less) the Effect of:</b>		
Realised capital gains	0	0
Non-assessable receipts	0	0
Non-deductible expenses	261,293	82,704
Unrecognised timing differences	0	0
	<b><u>1,285,533</u></b>	<b><u>691,765</u></b>
<b>Taxation Charge is Represented by:</b>		
Income Tax Liability (Benefit) in respect of the current year	1,265,468	692,955
Deferred Taxation	20,065	(1,190)
	<b><u>1,285,533</u></b>	<b><u>691,765</u></b>

**6. Movement in Deferred Tax Account**

	2000 \$	1999 \$
<b>Opening Balance</b>	<b>173,562</b>	<b>174,752</b>
Movement in Deferred Tax	20,065	(1,190)
Future Income Tax Benefit	0	0
Deferred Tax on Revalued Assets	2,162,383	0
<b>Closing Balance</b>	<b><u>2,356,010</u></b>	<b><u>173,562</u></b>



**7. Reconciliation of Net Surplus (Deficit) after Taxation with Net Cash Flow from Operating Activities**

	<b>2000</b>	<b>1999</b>
	<b>\$</b>	<b>\$</b>
Surplus after Taxation	1,818,226	1,153,874
Add Non-cash Items		
Depreciation	1,712,508	825,089
Asset Revaluation	0	0
Deferred Tax	20,065	(1,190)
Transfers	<u>0</u>	<u>0</u>
	1,732,573	823,899
Add (Less) Movements in Working Capital Items		
Accounts Receivable	(199,316)	245,490
Inventories	29,403	(81,233)
Other Current Assets	(1,594)	0
Payables and Accruals	(42,109)	59,408
Other Current Liabilities	<u>(150,439)</u>	<u>114,707</u>
	(364,055)	338,372
	<u>3,186,744</u>	<u>2,316,145</u>

**Network Waitaki Limited (Lines)****Financial Performance Measures - 31 March 2000**

	2000	1999	1998	1997
<b>Accounting return on funds</b>				
Before discount	6.39%	3.43%	-	-
After discount	-	2.93%	-	-
<b>Accounting return on equity</b>				
Before discount	4.14%	2.06%	3.54%	3.45%
After discount	-	1.72%	2.92%	2.19%
<b>Accounting return on investments</b>				
Before discount	4.38%	2.11%	-	-
After discount	-	1.77%	-	-
<b>Accounting return on total assets</b>				
Before discount	-	-	4.52%	4.38%
After discount	-	-	3.60%	2.49%
<b>Accounting rate of profit</b>				
Before discount	-	-	3.59%	2.12%
After discount	-	-	2.68%	0.87%

**Efficiency Performance Measures - 31 March 2000**

	2000	1999	1998	1997
<b>Direct line costs per kilometre</b>	<b>\$640.25</b>	<b>\$525.45</b>	<b>\$601.82</b>	<b>\$633.11</b>
Direct expenditure	1,212,534	990,589	1,133,693	1,185,613
System length (km)	1,893.85	1,885.22	1,883.78	1,872.69
<b>Indirect line costs per consumer</b>	<b>\$40.87</b>	<b>\$39.54</b>	<b>\$69.62</b>	<b>\$81.59</b>
Indirect expenditure	481,522	468,786	827,155	995,847
Total consumers	11,783	11,856	11,881	12,205

**Energy Delivery Efficiency Performance Measures - 31 March 2000**

	2000	1999	1998	1997
<b>Load Factor (= a/b/c*100)</b>	<b>67.11%</b>	<b>65.37%</b>	<b>62.78%</b>	<b>56.29%</b>
a = Kwh of electricity entering system	174,420,448	177,930,129	168,982,164	163,278,033
b = Maximum Demand	29,588	31,072	30,728	33,112
c = Total number of hours	8,784	8,760	8,760	8,760
<b>Loss Ratio (= a/b*100)</b>	<b>5.77%</b>	<b>5.81%</b>	<b>6.00%</b>	<b>6.00%</b>
a = Total Electricity lost in the Network	10,060,459	10,341,584	10,138,930	9,796,682
b = Total Electricity entering the Network before losses (kWh)	174,420,448	177,930,129	168,982,164	163,278,033
<b>Capacity Utilisation (= a/b*100)</b>	<b>25.17%</b>	<b>26.46%</b>	<b>27.06%</b>	<b>29.39%</b>
a = Maximum Demand	29,588	31,072	30,728	33,112
b = Transformer Capacity	117,570	117,428	113,535	112,672

**Network Waitaki Limited (Lines)****Network Statistics - 31 March 2000**

		2000	1999	1998	1997
<b>System Length (Total) (kms)</b>	33kV	138.12	138.12	138.12	138.12
	11kV	1,538.00	1,530.01	1,528.68	1,517.87
	230/400 V	217.73	217.09	216.97	216.70
	<b>Total</b>	<b>1,893.85</b>	<b>1,885.22</b>	<b>1,883.78</b>	<b>1,872.69</b>
<b>Circuit Length (Overhead) (kms)</b>	33kV	137.84	137.84	137.84	137.84
	11kV	1,518.52	1,510.61	1,509.25	1,498.36
	230/400 V	187.53	187.57	187.47	187.73
	<b>Total</b>	<b>1,843.89</b>	<b>1,836.02</b>	<b>1,834.57</b>	<b>1,823.93</b>
<b>Circuit Length (Underground) (kms)</b>	33kV	0.28	0.28	0.28	0.28
	11kV	19.49	19.40	19.43	19.51
	230/400 V	30.20	29.52	29.50	28.98
	<b>Total</b>	<b>49.96</b>	<b>49.20</b>	<b>49.21</b>	<b>48.76</b>
<b>Transformer Capacity (kVA)</b>	11,000/400V	117,445	117,303	113,385	112,522
	33,000/400V	125	125	150	150
	<b>Total</b>	<b>117,570</b>	<b>117,428</b>	<b>113,535</b>	<b>112,672</b>
<b>Maximum Demand (kW)</b>		<b>29,588</b>	<b>31,072</b>	<b>30,728</b>	<b>33,112</b>
<b>Total Electricity entering the Network - before losses (kWh)</b>		<b>174,420,448</b>	<b>177,930,129</b>	<b>168,982,164</b>	<b>163,278,033</b>
<b>Total Electricity supplied from the system - after losses (kWh)</b>		<b>164,359,989</b>	<b>167,588,545</b>	<b>158,843,234</b>	<b>153,481,351</b>
<b>Total amount of electricity conveyed, after losses, on behalf of retailers (kWh)</b>	Retailer A	134,251,417	151,970,389		
	Retailer B	24,331,042	13,683,664	1,780,956	507,715
	Retailer C	0	679,530		
	Retailer D	0	1,156,898		
	Retailer E	3,056,287	98,064		
	Retailer F	2,627,240	0		
	Retailer G	94,003	0		
	<b>Total</b>	164,359,989	167,588,545	158,843,234	153,481,351
<b>Total number of consumers</b>	Number	<b>11,783</b>	<b>11,856</b>	<b>11,881</b>	<b>12,205</b>

**Network Waitaki Limited (Lines)****Reliability and Performance Measures - Interruptions and Faults - 31 March 2000**

<b>Interruptions</b>	<b>Class</b>	<b>2001/05 (Average Target)</b>	<b>2001 (Target)</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Number of Interruptions</b>							
<i>Planned Interruptions</i> <i>Unplanned Interruptions</i>	Class A			0	0	0	0
	Class B	8	10	9	8	27	56
	Class C	80	80	49	76	139	88
	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</b>			<b>58</b>	<b>84</b>	<b>166</b>	<b>144</b>

**Proportion of Total Class C Interruptions not restored:**

Within 3 Hours	6.12%	7.89%
Within 24 Hours	0.00%	0.00%

<b>Faults</b>	<b>Class</b>	<b>2001/05 (Average Target)</b>	<b>2001 (Target)</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
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**Overall System**

<b>Faults per 100 circuit kilometres of prescribed voltage electric line</b>		4.59	4.59	2.92	4.56	5.28	5.31
<b>Faults per 100 circuit kilometres</b>	33kV	0.00	0.00	0.00	0.72	0.00	0.00
	11kV	5.01	5.01	3.19	4.90	5.76	5.80

**Overhead**

<b>Faults per 100 circuit kilometres of prescribed voltage electric line</b>				2.90	4.49	5.22	5.26
<b>Faults per 100 circuit kilometres</b>	33kV			0.00	0.73	0.00	0.00
	11kV			3.16	4.83	5.70	5.74

**Underground**

<b>Faults per 100 circuit kilometres of prescribed voltage electric line</b>				5.06	10.16	10.15	10.11
<b>Faults per 100 circuit kilometres</b>	33kV			0.00	0.00	0.00	0.00
	11kV			5.13	10.31	10.29	10.25

## Network Waitaki Limited (Lines)

## Reliability and Performance Measures - System Average Interruption Duration Index (SAIDI)

	Class	2001/05 (Target)	2001 (Target)	2000	1999	1998	1997
<b>SAIDI for total number of interruptions</b>	Overall	51.00	68.00	46.13	63.28	87.41	103.58
<b>SAIDI for total number of interruptions within each interruption class (= a/b)</b>	Class A			0.00	0.00	0.00	0.00
	Class B	10.00	12.00	1.91	12.68	14.84	49.94
	Class C	41.00	56.00	44.22	50.60	72.57	53.64
	Class D			0.00	0.00	0.00	0.00
	Class E			0.00	0.00	0.00	0.00
	Class F			0.00	0.00	0.00	0.00
	Class G			0.00	0.00	0.00	0.00
	Class H			0.00	0.00	0.00	0.00
	Class I			0.00	0.00	0.00	0.00
a = sum of interruption duration factors for all interruptions within the particular interruption class	Class A			0	0	0	0
	Class B	113,600	139,680	22,535	150,334	176,314	609,518
	Class C	465,760	651,840	521,028	599,914	862,204	654,676
	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 Connections		11,360	11,640	11,783	11,856	11,881	12,205

## Reliability and Performance Measures - System Average Interruption Frequency Index (SAIFI)

	Class	2001/05 (Target)	2001 (Target)	2000	1999	1998	1997
<b>SAIFI for total number of interruptions</b>	Overall	0.85	0.90	0.83	1.33	1.45	0.93
<b>SAIFI for total number of interruptions within each interruption class (= a/b)</b>	Class A			0.000	0.000	0.000	0.000
	Class B	0.080	0.100	0.014	0.060	0.130	0.310
	Class C	0.770	0.800	0.820	1.270	1.320	0.620
	Class D			0.000	0.000	0.000	0.000
	Class E			0.000	0.000	0.000	0.000
	Class F			0.000	0.000	0.000	0.000
	Class G			0.000	0.000	0.000	0.000
	Class H			0.000	0.000	0.000	0.000
	Class I			0.000	0.000	0.000	0.000
a = sum of electricity connections affected by each of those interruptions	Class A			0	0	0	0
	Class B	909	1,164	169	711	1,545	3,784
	Class C	8,747	9,312	9,663	15,057	15,683	7,567
	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 connections		11,360	11,640	11,783	11,856	11,881	12,205

## Reliability and Performance Measures - Connection Average Interruption Duration Index (CAIDI)

	Class	2001/05 (Target)	2001 (Target)	2000	1999	1998	1997
<b>CAIDI for total number of interruptions</b>	Overall	60.00	75.56	55.28	47.58	60.28	111.38
<b>CAIDI for total number of interruptions within each interruption class (= a/b)</b>	Class A			0.000	0.000	0.000	0.000
	Class B	125.000	120.000	133.368	211.333	114.154	161.097
	Class C	53.247	70.000	53.919	39.843	54.977	86.516
	Class D			0.000	0.000	0.000	0.000
	Class E			0.000	0.000	0.000	0.000
	Class F			0.000	0.000	0.000	0.000
	Class G			0.000	0.000	0.000	0.000
	Class H			0.000	0.000	0.000	0.000
	Class I			0.000	0.000	0.000	0.000

## Network Waitaki Limited (Lines)

## FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	3,131,912				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	3,131,912				
Interest on cash, bank balances, and short-term investments (ISTI)	230,787				
<b>OSBIT minus ISTI</b>	<b>2,901,125</b>	<b>a</b>	<b>2,901,125</b>		<b>2,901,125</b>
Net surplus after tax from financial statements	1,818,226	<b>n</b>		1,818,226	
<b>Net surplus after tax adjusted pursuant to regulation 18 (NSAT)</b>	<b>1,818,226</b>	<b>n</b>			
Amortisation of goodwill and amortisation of other intangibles	0	<b>g</b>	add	add	add
<b>Subvention payment</b>	<b>0</b>	<b>s</b>	add	add	add
Depreciation of SFA at BV (x)	1,493,905	<b>d</b>	add	add	add
Depreciation of SFA at ODV (y)	1,493,905	<b>0</b>		deduct	deduct
<b>ODV depreciation adjustment</b>	<b>0</b>	<b>s<sup>1</sup></b>			
Subvention payment tax adjustment	9,290	<b>q</b>			9,290
<b>Interest tax shield</b>	<b>372,173</b>	<b>r</b>			<b>372,173</b>
Revaluations	1,285,533	<b>p</b>			1,285,533
<b>Income tax</b>					
<b>Numerator</b>			<b>OSBIT<sup>ADJ</sup> = a + g + s + d</b>	<b>NSAT<sup>ADJ</sup> = n + g + s - s<sup>1</sup> + d</b>	<b>OSBIT<sup>ADJ</sup> = a + g - q + r + s + d - p - s<sup>1</sup></b>
Fixed assets at end of previous financial year (FA <sub>0</sub> )	8,196,323				
Fixed assets at end of current financial year (FA <sub>1</sub> )	40,491,280				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	5,128,998				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	4,752,098				
<b>Average total funds employed (ATFE)</b>	<b>29,284,350</b>	<b>c</b>	<b>29,284,350</b>		<b>29,284,350</b>
Total equity at end of previous financial year (TE <sub>0</sub> )	12,851,759				
Total equity at end of current financial year (TE <sub>1</sub> )	42,887,368				
<b>Average total equity</b>	<b>27,769,564</b>	<b>k</b>		27,769,564	
WUC at end of previous financial year (WUC <sub>0</sub> )	1,322				
WUC at end of current financial year (WUC <sub>1</sub> )	1,222				
<b>Average total works under construction</b>	<b>1,272</b>	<b>e</b>	deduct	deduct	deduct
Revaluations	372,173	<b>r</b>			
<b>Half of revaluations</b>	<b>186,087</b>	<b>r/2</b>			186,087
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				
<b>Average total intangible asset</b>	<b>0</b>	<b>m</b>	add	add	add
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				
<b>Average subvention payment &amp; related tax adjustment</b>	<b>0</b>	<b>v</b>	add	add	add
System fixed assets at end of previous financial year at book value (SFA <sub>book,0</sub> )	7,614,493				
System fixed assets at end of current financial year at book value (SFA <sub>book,1</sub> )	39,632,431				
<b>Average value of system fixed assets at book value</b>	<b>23,623,462</b>	<b>f</b>	deduct	deduct	deduct
System Fixed assets at year beginning at ODV value (SFA <sub>odv,0</sub> )	39,821,699				
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,1</sub> )	39,632,431				
<b>Average value of system fixed assets at ODV value</b>	<b>39,727,065</b>	<b>h</b>	add	add	add
<b>Denominator</b>			<b>ATFE<sup>ADJ</sup> = c - e - f + h</b>	<b>Ave TE<sup>ADJ</sup> = k - e - m + v - f + h</b>	<b>ATFE<sup>ADJ</sup> = c - e - 1/2r - f + h</b>
<b>Financial Performance Measure:</b>			<b>ROF = OSBIT<sup>ADJ</sup>/ATFE<sup>ADJ</sup> x 100</b>	<b>ROE = NSAT<sup>ADJ</sup>/ATE<sup>ADJ</sup> x 100</b>	<b>ROI = OSBIT<sup>ADJ</sup>/ATFE<sup>ADJ</sup> x 100</b>
			<b>6.39</b>	<b>4.14</b>	<b>4.38</b>

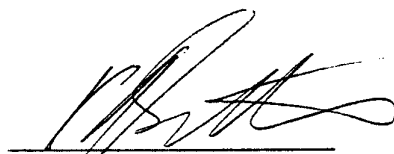
1 = maximum statutory income tax rate applying to corporate entities      bv = book value      ave = average      odv = optimised deprival valuation  
subscript '1' = end of the current financial year      ROF = return on funds      ROE = return on equity      ROI = return on investment

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

We, Kenneth James Scott and Anthony John Brady, Directors of Network Waitaki Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

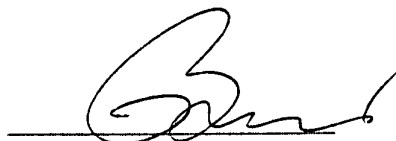
- (a) the attached audited financial statements of Network Waitaki Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) the attached information, being the derivation table, financial performance measures, efficiency performance measures, statistics, and reliability performance measures in relation to Network Waitaki Limited, and having been prepared for the purpose 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 2000.



Kenneth James Scott

Date 24 July 2000



Anthony John Brady

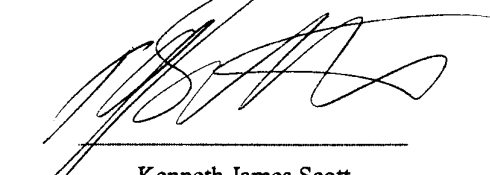

Date 24 July 2000

**Certification of Valuation Report of Line Owners**

We, Kenneth James Scott and Anthony John Brady, Directors of Network Waitaki Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) the attached valuation report of Network Waitaki Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- (b) the replacement cost of the line business system fixed assets of Network Waitaki is \$77,268,860; and
- (c) The depreciated replacement cost of the line business system fixed assets of Network Waitaki is \$40,810,865; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Network Waitaki is \$40,230,942; and
- (e) The optimised deprival valuation of the line business system fixed assets of Network Waitaki is \$40,230,942; and
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2000.

  
Kenneth James Scott  
Date 24 July 2000  
Anthony John Brady  
Date 24 July 2000





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Fax: FAS	(04) 802-1710

### CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

#### Network Waitaki Limited

I have examined the valuation of Network Waitaki Limited and dated March 2000, which report contains valuations of system fixed assets as at 31 March 2000.

I certify that, 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 \$40.230 million, have been made in accordance with the ODV Handbook.

A handwritten signature in black ink, reading 'Ross Buckley'.

Ross Buckley  
*Partner*

27 April, 2000



## Audit New Zealand

### **AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF NETWORK WAITAKI LIMITED**

We have audited the financial statements of Network Waitaki Limited on pages 1 to 8. The financial statements provide information about the past financial performance of Network Waitaki Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out on pages 5 and 6.

#### **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 Network Waitaki Limited as at 31 March 2000 and the results of its operations and cash flows for the year then ended.

#### **Auditor's Responsibilities**

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

The Controller and Auditor-General has appointed K J Boddy, of Audit New Zealand, 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 and performance information. 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 Network Waitaki Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. 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.

Other than in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Network Waitaki Limited.

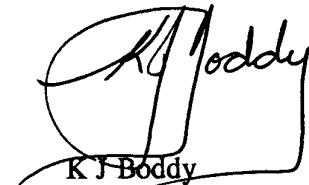
**Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by Network Waitaki Limited as far as appears from our examination of those records; and
- the financial statements of Network Waitaki Limited on pages 1 to 8:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of Network Waitaki Limited 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 25 July 2000 and our opinion is expressed as at that date.



K J Boddy

Audit New Zealand

On behalf of the Controller and Auditor-General

Christchurch, New Zealand





Audit New Zealand

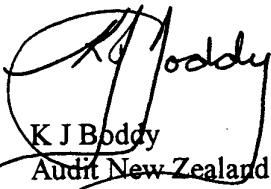
## AUDITOR'S OPINION OF PERFORMANCE MEASURES

We have examined the information on pages 7, 9 and 13, 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 the Schedule 1; and
- (d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule 1, -

that were prepared by Network Waitaki Limited and dated 24 July 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.



K J Boddy  
Audit New Zealand

On behalf of the Controller & Auditor-General  
Christchurch, New Zealand  
25 July 2000