



New Zealand Gazette

OF THURSDAY, 6 JULY 2000

WELLINGTON: WEDNESDAY, 12 JULY 2000 — ISSUE NO. 77

ELECTRICITY INVERCARGILL LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999
(AS AMENDED)

ELECTRICITY INVERCARGILL LIMITED

FINANCIAL STATEMENTS AS REQUIRED BY
THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999
(AS AMENDED)

FOR THE YEAR ENDED 31 MARCH, 2000

DIRECTORY**Board of Directors**

M A Farley *Chairman*
R M Wensley *Deputy Chairman*
N D Boniface
G T Piercy

Executive Officer

A E Falconer

Registered Office

Cargill Chambers
128 Spey Street
Invercargill

Auditors

Audit New Zealand acting for
the Office of the Controller
and Auditor General

Postal Address

PO Box 88
Invercargill

Bankers

WestpacTrust Limited

Telecommunications

Phone (03) 214-9448
Fax (03) 214-9404
E-mail ei@xtra.co.nz
Web site www.eil.co.nz

Solicitors

Preston Russell



Audit New Zealand

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRICITY INVERCARGILL LIMITED FOR YEAR ENDED 31 MARCH 2000.

We have audited the accompanying financial statements of Electricity Invercargill Limited on pages 5 to 14. The financial statements provide information about the past financial performance of Electricity Invercargill Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out on pages 8 to 9.

Director's 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 Electricity Invercargill Limited as at 31 March 2000, and results of operations and cash flows for the year then ended.

Auditor's responsibilities

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

The Controller and Auditor-General has appointed Bede Kearney 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. 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 Electricity Invercargill 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 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 interest in Electricity Invercargill Limited.

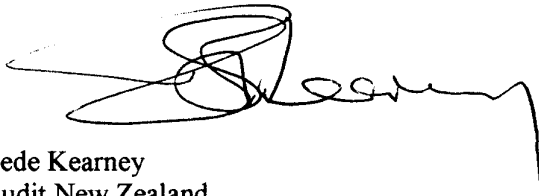
Unqualified opinion

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

In our opinion –

- ▲ proper accounting records have been maintained by Electricity Invercargill Limited as far as appears from our examination of those records; and
- ▲ the financial statements on pages 5 to 14 -
 - (a) comply with generally accepted accounting practice; and
 - (b) give a true and fair view of the financial position of Electricity Invercargill Limited as at 31 March 2000 and the results of its operations and cash flows for the year then ended; and
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 29 June 2000 and our unqualified opinion is expressed as at that date.



Bede Kearney
Audit New Zealand
On behalf of the Controller and Auditor-General
Christchurch, New Zealand

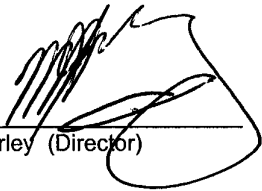


<p style="text-align: center;">LINE BUSINESS OPERATING STATEMENT FOR YEAR ENDED 31 MARCH, 2000</p>

	<u>2000</u> \$	<u>1999</u> \$
Revenue		
Line Charges	10,357,933	10,093,274
Transpower Rebate	187,936	319,228
Interest	154,556	279,925
Sundry Income	<u>343,175</u>	<u>89,602</u>
Total Revenue	11,043,600 =====	10,782,029 =====
Expenses		
Administration	180,248	311,336
Advertising	55,252	45,808
Audit Fees	31,355	28,485
Bad Debts	44	1,071
Consultants Fees	155,669	112,607
Contractors/Materials	891,699	732,337
Depreciation	1,416,700	1,475,428
Directors Fees	84,073	91,559
Legal Expenses	18,382	28,583
Motor Vehicles	25,269	19,785
Occupancy Charges	41,076	41,849
Repairs & Maintenance	178,105	107,583
Staff Expenses	755,415	769,350
Transmission Charges	<u>3,708,144</u>	<u>3,664,207</u>
Total Operating Expenses	7,541,431 =====	7,429,988 =====
Earnings before Interest and Tax	3,502,169	3,352,041
Interest	<u>82</u>	<u>45,063</u>
Net Profit before Tax	3,502,087	3,306,978
Taxation	1,176,205	1,091,303
Net Profit after Tax	\$ 2,325,882 =====	\$ 2,215,675 =====


<p style="text-align: center;">LINE BUSINESS BALANCE SHEET AS AT 31 MARCH, 2000</p>
--

	<u>Note</u>	<u>2000</u> \$	<u>1999</u> \$
Current Assets			
Cash & Investments		3,488,323	3,121,490
Receivables	2	154,948	1,438,638
Inventories		<u>93,451</u>	<u>156,245</u>
Total Current Assets		3,736,722	4,716,373
Non-Current Assets			
Capital Work in Progress		2,122,856	1,746,052
Fixed Assets	3	<u>33,093,149</u>	<u>33,086,247</u>
Total Non-Current Assets		35,216,005	34,832,299
TOTAL ASSETS		\$ 38,952,727 =====	\$ 39,548,672 =====
Current Liabilities			
Accounts Payable & Accruals		1,770,771	1,752,444
Short Term Borrowings			500,000
Provision for Dividend		<u>1,750,000</u>	<u>1,750,000</u>
Total Current Liabilities		3,520,771	4,002,444
TOTAL LIABILITIES		3,520,771	4,002,444
Owners' Equity			
Paid in Capital		13,000,000	13,431,917
Reserves	4	15,505,144	15,763,381
Retained Earnings		<u>6,926,812</u>	<u>6,350,930</u>
		35,431,956	35,546,228
TOTAL LIABILITIES AND EQUITY		\$ 38,952,727 =====	\$ 39,548,672 =====



M A Farley (Director)

29 June, 2000



N D Boniface (Director)

STATEMENT OF MOVEMENTS IN EQUITY FOR YEAR ENDED 31 MARCH, 2000

	2000 \$	1999 \$
Total equity at beginning of year	35,546,228	33,787,467
Total recognised revenues and expenses for the year		
Net surplus for the year	2,325,882	2,215,675
Movement in Revaluation Reserve	<u>(258,237)</u>	<u>1,393,086</u>
	2,067,645	3,608,761
Distributions to Shareholder during the year		
Capital introduced from sale of energy shares	967,494	
Repurchase of shares	(1,399,411)	
Dividend	<u>(1,750,000)</u>	<u>(1,850,000)</u>
Total equity at end of year	<u>\$ 35,431,956</u>	<u>\$ 35,546,228</u>

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 MARCH, 2000
--

	Note	2000 \$	1999 \$
Cash Flows from Operating Activities			
<i>Cash was provided from:</i> Receipts from customers		11,975,651	9,579,765
Interest received		<u>219,831</u>	<u>283,061</u>
		12,195,482	9,862,826
<i>Cash was applied to:</i> Payments to suppliers & employees		5,920,201	5,892,283
GST		(142,055)	130,426
Interest paid		14,875	69,280
Income Tax (net of refunds)		<u>1,565,717</u>	<u>1,664,571</u>
		7,358,738	7,756,560
Net Cash inflow/(outflow) from Operating Activities	7	4,836,744	2,106,266
Cash Flows from Investing Activities			
<i>Cash was provided from:</i> Sale of assets		<u>19,124</u>	112,878
		19,124	112,878
<i>Cash was applied to:</i> Purchase of fixed assets		1,807,118	264,273
		1,807,118	264,273
Net Cash inflow/(outflow) from Investing Activities		(1,787,994)	(151,395)
Cash Flows from Financing Activities			
<i>Cash was provided from:</i> Sale of United Electricity shares		<u>967,494</u>	
		967,494	
<i>Cash was applied to:</i> Repayment of loans		500,000	1,000,000
Payment of dividends		1,750,000	1,600,000
Repurchase of shares		<u>1,399,411</u>	<u>2,600,000</u>
		3,649,411	2,600,000
Net Cash inflow/(outflow) from Financing Activities		(2,681,917)	(2,600,000)
Net Increase/(decrease) in cash held		<u>\$ 366,833</u>	<u>\$ (645,129)</u>
Cash at start of year		3,121,490	3,766,619
Cash at end of year		<u>3,488,323</u>	<u>3,121,490</u>
Net increase/(decrease) in cash held		<u>\$ 366,833</u>	<u>\$ (645,129)</u>

**NOTES TO AND FORMING PART OF THE LINE BUSINESS
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2000**

ENTITY STATEMENT: Electricity Invercargill Limited was incorporated as a Local Authority Trading Enterprise on 30 June, 1991 at which time it purchased the electricity distribution undertaking of the Invercargill City Council Municipal Electricity Department and commenced trading on 1 July, 1991. On 28 August, 1996 the Invercargill City Council sold all the shares in Electricity Invercargill Limited to a wholly owned subsidiary, Invercargill City Holdings Limited (Holdco).

United Electricity Limited (in which Electricity Invercargill Limited held a 13% interest) purchased the electricity retailing activities of the Company on 1 November, 1993. Pursuant to Government legislation the Company's interest in United Electricity Limited was sold on 1 October, 1998.

PowerNet Limited (owned 50/50 with The Power Company Limited) assumed complete responsibility for the day to day management of Electricity Invercargill Limited's network on 1 March, 1994. The present Line Business is a consolidation of Electricity Invercargill Limited and its share of PowerNet Limited.

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

GENERAL ACCOUNTING POLICIES

These Accounts are prepared for the sole purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999. The generally accepted accounting principles recognised by the Institute of Chartered Accountants of New Zealand as appropriate for the measurement and reporting of earnings and financial position on a modified historical cost basis are followed by the Company in the preparation of this report.

The 31 March balance date has required assumptions to be made which may subsequently prove to be incorrect. These Line Business Accounts are **not comparable** with the consolidated financial statements prepared at 30 June and published with the Company's Annual Report.

PARTICULAR ACCOUNTING POLICIES

The following particular accounting policies which materially affect the measurement of profit and the financial position have been applied:

(a) Basis of Consolidation

The Company's interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses with the elimination of all significant inter-company transactions. The company's share of profits and losses in PowerNet Limited are reflected in the Consolidated Operating Statement and Balance Sheet.

(b) Costs and Revenue

Costs and Revenues are those directly attributable to the Line Business of Electricity Invercargill Limited. All non Line Business activity is excluded from these accounts.

(c) Fixed Assets

At 31 March 2000, Network Assets are recorded at 31 March, 1998 certified optimised deprival valuation which has been adjusted to include additions and disposals (at ODV valuations) during the intervening period. Depreciation on network assets is calculated on a straight line basis while other assets are shown at depreciated cost.

(d) Distinction Between Capital and Revenue Expenditure.

Capital expenditure is defined as all expenditure on the creation of a new asset and any expenditure which results in a significant improvement to the original function of an existing asset.

Revenue expenditure is defined as expenditure which maintains an asset in working condition, and expenditure incurred in maintaining the service performance and operation of the Company.

(e) Depreciation

Depreciation has been written off network assets on a straight line basis according to the lives prescribed by the Electricity Information Disclosure Handbook. Other assets are depreciated on a straight line basis.

(f) Receivables:

Receivables are stated at their estimated realisable value.

(g) Inventories:

Inventories are stated at the lower of cost at weighted average cost price and net realisable value.

(h) Income Tax:

The income tax expense charged against the profit for the year is the estimated liability calculated at 33 cents in the dollar in respect of that profit.

(i) Work in Progress:

Work in Progress reflects progress payments made for direct labour and materials used in putting replacement and new network assets in their present location and condition.

(j) Goods and Services Tax:

These Accounts have been prepared on a GST exclusive basis with the exception of Sundry Debtors and Creditors which are GST inclusive.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies having been consistently applied during the year.

NOTE 2. RECEIVABLES

	<u>2000</u>	<u>1999</u>
	<u>\$</u>	<u>\$</u>
Trade Debtors	109,748	1,332,858
Accruals	45,200	105,780
	<u>\$ 154,948</u>	<u>\$ 1,438,638</u>

NOTE 3. FIXED ASSETS

<u>TE 3. FIXED ASSETS</u>			<u>2000</u>	<u>1999</u>
	<u>ODV/ Cost Price</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>	<u>Carrying Value</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
System Fixed Assets	34,043,949	1,325,359	32,718,590	32,538,453
Motor Vehicles	35,594	22,030	13,564	28,745
Office Equipment, Furniture & EDP	474,072	355,834	118,238	205,832
Land & Buildings	225,480	49,683	175,797	254,557
Plant & Equipment	132,369	65,409	66,960	58,660
	34,911,464	1,818,315	33,093,149	33,086,247

NOTE 4. RESERVES

	<u>2000</u>	<u>1999</u>
	<u>\$</u>	<u>\$</u>
Adverse Event Reserve	500,000	500,000
General Reserve	47,491	47,491
Revaluation Reserve	14,957,653	15,215,890
TOTAL	<u>\$ 15,505,144</u>	<u>\$ 15,763,381</u>

NOTE 5. DIVIDEND

A notional Dividend of \$1,750,000 is included in these accounts to reflect the anticipated position at 31 March, 2000. The Company's financial year ends on 30 June, therefore no recommendation as to dividend will be made until after the final position is known.

NOTE 6. COMMITMENTS

	<u>2000</u>	<u>1999</u>
	<u>\$</u>	<u>\$</u>
GIS Mapping System	<u>\$ 2,082</u>	<u>\$ 30,309</u>
Operating Lease Commitments at 31 March		
Less than one year	36,000	29,000
Greater than one year but not more than two years	27,000	25,000
Greater than two years but not more than three years	14,000	29,000
	<u>\$ 77,000</u>	<u>\$ 83,000</u>

NOTE 7. CASH FLOW RECONCILIATION

	2000	1999
	\$	\$
Reconciliation with reported operating surplus		
Net surplus after tax	2,325,882	2,215,675
Add/(Deduct) Non-Cash items		
Depreciation	1,416,700	1,475,428
Net (profit)/loss on disposal of Fixed Assets	167,434	88,196
	1,584,134	1,563,624
Add/(Deduct) movements in Working Capital		
(Increase)/Decrease in Receivables	1,283,690	(1,036,604)
(Increase)/Decrease in Inventories	62,794	9,957
Increase/(Decrease) in Accounts Payable & Accruals	(419,756)	(646,386)
	926,728	(1,673,033)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>\$ 4,836,744</u>	<u>\$ 2,106,266</u>

NOTE 8. CONTINGENT LIABILITIES

	2000	1999
	\$	\$
At 31 March 2000 Electricity Invercargill Limited's share of a PowerNet Limited contingent liability in respect of Use of System Agreements is		17,000
Electricity Invercargill Limited's share of guarantees given to Contractors by PowerNet Limited for amounts ranging from \$20,000 to \$164,000	441,540	446,000
	<u>\$ 441,540</u>	<u>\$ 463,000</u>

NOTE 9. FINANCIAL INSTRUMENTS

Credit Risk: Financial instruments which potentially subject the Company to a credit risk consist principally of bank deposits and receivables. Bank deposits are placed with high credit quality financial institutions. Concentrations of credit risk with respect to Receivables relate to PowerNet Limited but are subject to normal terms of trade. Regular monitoring of receivables is undertaken.

Foreign Exchange and Currency Risk: The company is not exposed to foreign exchange or currency risk.

Off-Balance Sheet Financial Instruments: The company does not have any off-balance sheet financial instruments.

Fair Values: The fair value of the on-balance sheet financial instruments are represented by the carrying values.

NOTE 10. DISCLOSURE OF INFORMATION.

Information to be disclosed in the Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2

1. Current Assets	2000	1999
(a) Cash and bank balances	2,488,323	1,461,490
(b) Short-term investments	1,000,000	1,660,000
(c) Inventories	93,451	156,245
(d) Accounts receivable	154,948	1,438,638
(e) Other current assets not listed in (a) to (d):	-	-
(f) Total Current Assets	3,736,722	4,716,373
2. Fixed Assets		
(a) System fixed assets	32,718,590	32,538,453
(b) Customer billing and information system assets	64,087	118,006
(c) Motor vehicles	13,564	28,745
(d) Office equipment	54,151	87,826
(e) Land & buildings	175,797	254,557
(f) Capital works under construction	2,122,856	1,746,052
(g) Other fixed assets not listed in (a) to (f):	66,960	58,660
(h) Total Fixed Assets	35,216,005	34,832,299
3. Other tangible assets not listed above	-	-
4. Total Assets	35,216,005	34,832,299
5. Intangible assets		
(a) Goodwill	-	-
(b) Other intangible assets not listed in (a)	-	-
(c) Total Intangible Assets	-	-
6. Total Assets	\$ 38,952,727	\$ 39,548,672

7. Current Liabilities	2000	1999
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	500,000
(c) Payables and accruals	1,602,298	1,194,459
(d) Provision for dividends payable	1,750,000	1,750,000
(e) Provision for income tax	168,473	557,985
(d) Other Current Liabilities not listed in (a) to (e)	-	-
(g) Total Current Liabilities	3,520,771	4,002,444
8. Non-current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other Current Liabilities not listed in (a) to (c)	-	-
(e) Total Non-current Liabilities	-	-
9. Equity		
(a) Shareholders' equity		
(i) Share Capital	13,000,000	13,431,917
(ii) Retained earnings	6,926,812	6,350,930
(iii) Reserves	15,505,144	15,763,381
Total Shareholders' equity	35,431,956	35,546,228
(b) Minority interests in subsidiaries	-	-
(c) Total equity	35,431,956	35,546,228
(d) Capital notes	-	-
(e) Total capital funds	35,431,956	35,546,228
10. Total equity and liabilities	\$ 38,952,727	\$39,548,672

	2000	1999
11. Revenue		
(a) Revenue from Line/Access Charges	10,357,933	10,093,274
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Income from interest on short-term investments	154,556	279,925
(d) AC loss-rental rebates	187,936	319,228
(e) Other Revenue not listed in (a) to (d)	343,175	89,602
Total revenue	11,043,600	10,782,029
12 Expenditure		
(a) Transmission Charges	3,708,144	3,664,207
(b) Transfer payments to "Other" business for:		
(i) Asset maintenance	-	-
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges for own generation	-	-
(vii) Other goods and services not listed in (i) to (vi)	-	-
(viii) Total transfer payment to "Other" business	-	-
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	1,069,804	839,920
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Total of specified expenses to non-related parties	1,069,804	839,920
(d) Employee salaries and redundancies	698,099	551,795
(e) Consumer billing and information system expense	42,766	49,542
(f) Depreciation on:		
(i) System fixed assets	1,325,359	1,365,436
(ii) Other assets not listed in (i)	91,341	109,992
(iii) Total depreciation	1,416,700	1,475,428
(g) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	197,252	316,573
(i) Human resource expenses	57,316	217,555
(j) Marketing/advertising	55,252	45,808
(k) Merger and acquisition expenses	-	-
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	174,051	141,190
(o) Donations	-	-
(p) Directors' fees	84,073	91,559
(q) Auditors fees		
(i) Audit fees paid to principal auditors	31,355	28,485
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by auditors	-	-
(iv) Total auditors' fees	31,355	28,485
(r) Costs of offering credit:		
(i) Bad debts	44	1,071
(ii) Increase in estimated doubtful debts	-	-
(iii) Total cost of offering credit	44	1,071
(s) Local authority rates expense	6,575	6,855
(t) AC loss rentals (distribution to retailer/customers) expense	-	-
(u) Rebates to consumers due to ownership interest	-	-

(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	-	-
13. Total operating expenditure	7,541,431	7,429,988
14. Operating surplus before interest and tax	3,502,169	3,352,041
15. Interest expense		
(a) Interest expense on borrowings	82	45,063
(b) Financial charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total interest expense	82	45,063
16. Operating surplus before income tax	3,502,087	3,306,978
17. Income tax	1,176,205	1,091,303
18. Net surplus after tax	2,325,882	2,215,675

NOTE 11. RECONCILIATION OF ODV VALUATION

	<u>2000</u>	<u>1999</u>
	<u>\$</u>	<u>\$</u>
ODV Valuation at 1 April	32,538,453	33,279,630
Additions for year	1,793,793	921,092
Disposals for year	(288,297)	(296,833)
Annual Depreciation	(1,325,359)	(1,365,436)
ODV Valuation at 31 March	<u>\$ 32,718,590</u>	<u>\$ 32,538,453</u>

NOTE 12. ELECTRICITY CONVEYED FOR RETAILERS

	<u>2000</u>	<u>1999</u>
	<u>kWh</u>	<u>kWh</u>
Contact Energy		229,791,719
TransAlta NZ	11,395,852	11,888,484
Mighty River	3,881,691	2,153,610
Genesis	1,516,422	
Meridian		
TrustPower	4,878,544	1,374,560
Total	<u>***</u>	<u>245,208,373</u>

***Two retailers have yet to provide information necessary for the completion of Note 12, this will be returned when available.

NOTE 13. TRANSACTIONS WITH RELATED PARTIES

During the year the Company purchased construction and maintenance services from its joint venture company, PowerNet Limited, to an amount of \$3,084,668. The amount owed to PowerNet Limited at year end is \$455,867 (1999 - \$107,216). No related party debts have been written off or forgiven during this, or last year.

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	3,502,169				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	3,502,169				
Interest on cash, bank balances, and short-term investments (ISTI)	154,556				
OSBIT minus ISTI	3,347,613	a	3,347,613		3,347,613
Net surplus after tax from financial statements	2,325,882				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,325,882	n		2,325,882	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	1,416,700				
Depreciation of SFA at ODV (y)	1,416,700				
ODV depreciation adjustment	0	d	add	add	add
Subvention payment tax adjustment	0	s [†]	deduct	deduct	deduct
Interest tax shield	27	q			27
Revaluations	-258,237	r			-258,237
Income tax	1,176,205	p			1,176,205
Numerator			OSBIT ^{ROF} = a + g + s + d	NSAT ^{ROE} = n + g + s - s [†] + d	OSBIT ^{ROI} = a + g + r + s + d - p - s [†]
Fixed assets at end of previous financial year (FA _p)	33,086,247				
Fixed assets at end of current financial year (FA _c)	33,083,149				
Adjusted net working capital at end of previous financial year (ANWC _p)	2,459,981				
Adjusted net working capital at end of current financial year (ANWC _c)	2,338,807				
Average total funds employed (ATFE)	35,489,092 (or regulation 33 time-weighted average)	c	35,489,092		35,489,092
Total equity at end of previous financial year (TE _p)	35,546,228				
Total equity at end of current financial year (TE _c)	35,431,956				
Average total equity	35,489,092 (or regulation 33 time-weighted average)	k		35,489,092	
WUC at end of previous financial year (WUC _p)	1,746,052				
WUC at end of current financial year (WUC _c)	2,122,856				
Average total works under construction	1,934,454 (or regulation 33 time-weighted average)	e	deduct 1,934,454	deduct 1,934,454	deduct 1,934,454

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
Revaluations	-258,237	r			
Half of revaluations	-129,119	$r/2$			
Intangible assets at end of previous financial year (IA_0)	0				deduct
Intangible assets at end of current financial year (IA_1)	0				
Average total intangible asset	0	m		add	
	(or regulation 33 time-weighted average)				
Subvention payment at end of previous financial year (S_0)	0				
Subvention payment at end of current financial year (S_1)	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	
System fixed assets at end of previous financial year at book value (SFA_{book})	32,538,453				
System fixed assets at end of current financial year at book value ($SFA_{book,1}$)	32,718,590				
Average value of system fixed assets at book value	32,628,522	f	deduct	32,628,522	deduct
	(or regulation 33 time-weighted average)				
System Fixed assets at year beginning at ODV value (SFA_{odv})	32,538,453				
System Fixed assets at end of current financial year at ODV value ($SFA_{odv,1}$)	32,718,590				
Average value of system fixed assets at ODV value	32,628,522	h	add	32,628,522	add
	(or regulation 33 time-weighted average)				
Denominator			33,554,638 $ATFE^{ADV} = c - e - f + h$	33,554,638 $Ave TE^{ADV} = k - e - m + v + h$	33,683,757 $ATFE^{ADV} = c - e - \frac{1}{2}g - f + h$
Financial Performance Measure:			9.98 $ROF = OSBIT^{ADV}/ATFE^{ADV} \times 100$	6.93 $ROE = NSAT^{ADV}/ATE^{ADV} \times 100$	5.68 $ROI = OSBIT^{ADV}/ATFE^{ADV} \times 100$

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

PERFORMANCE MEASURES AND OTHER INFORMATION FOR YEAR ENDED 31 MARCH 2000
--

1. Financial Performance Measures

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Return on Funds	9.98%	10.60%	12.94%	7.67%	8.09%
Return on Equity	6.93%	6.88%	8.56%	5.50%	5.70%
Return on Investment	5.68%	7.62%	-4.11%	6.66%	6.10%

2. Efficiency Performance Measures

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Direct Line Costs per Kilometre	\$1,745	\$1,578	\$2,238	\$2,767	\$2,134
Indirect Expenditure per Customer	\$62	\$70	\$82	\$87	\$69

3. Energy Delivery Performance Measures

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Load Factor	***	53.1%	53.8%	51.6%	53.6%
Loss Ratio	***	3.7%	3.9%	5.9%	4.0%
Capacity Utilisation	***	41.7%	43.0%	44.2%	42.6%

***Two retailers have yet to provide information necessary for completion of the above performance measure, this will be returned when available.

4. Statistics**Overhead & Underground System Lengths in Kilometres**

	<u>OVERHEAD</u>					<u>UNDERGROUND</u>					<u>TOTAL</u>				
	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
33kV	.3	.3	.3	.3	.3	17	16	16	16	16	17	16	16	16	16
11kV	56	60	61	63	64	125	122	119	117	116	181	182	180	180	179
400V	133	175	178	180	183	364	328	319	313	309	497	503	497	493	493
Total	189	235	239	243	247	506	466	454	446	441	695	701	693	689	688

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Average Number of Transformers	431	430	430	430	430
Average Transformer Capacity kVA	138,480	137,880	139,353	140,839	140,651
Maximum Demand kW	53,380	57,472	59,228	62,306	60,030
Total Electricity Supplied kWh	256,560,014	257,563,546	268,129,794	264,937,491	270,339,295
Electricity Conveyed for Retailers kWh	***	245,208,373	7,479,984	2,481,653	378,650
Total Customers	16,733	16,856	16,852	16,839	16,970
Network ODV at 31 March	\$32,718,590	\$32,538,453	\$33,279,630	\$ 35,529,127	\$ 35,529,127

***Two retailers have yet to provide information necessary for completion of the above statistics, this will be returned when available.

PERFORMANCE MEASURES AND OTHER INFORMATION FOR YEAR ENDED 31 MARCH 2000
--

5. Reliability Performance Measures**Total number of Interruptions:**

	<u>Target Average</u>	<u>Target 2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Class B	20	20	18	16	16	17	12
Class C	24	24	22	36	32	25	28
Class D	-	-	-	1	-	-	-
Class G	-	-	-	1	-	-	-
Total Other	-	-	-	-	-	-	-
<u>Total</u>	44	44	40	54	48	42	40

Class C Interruptions not restored in 3 Hours 9.1%
 24 Hours -

Faults per 100 circuit Km:

		<u>Target Average</u>	<u>Target 2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Overhead	33kV	-	-	-	-	-	370.4	-
Overhead	11kV	-	-	17.9	48.9	42.4	26.3	50.4
Overhead	Total	-	-	17.9	48.7	42.2	27.3	50.2
Underground	33kV	-	-	-	-	-	17.6	6.3
Underground	11kV	-	-	4.8	2.5	3.4	6.9	4.3
Underground	Total	-	-	4.2	2.2	3.0	8.2	4.6
Total	33kV	-	-	-	-	-	23.4	6.2
Total	11kV	13.3	13.3	8.8	17.6	16.6	13.7	20.7
Total	Total	12.1	12.1	8.1	16.2	15.3	14.5	14.4

Interruptions by Class:

	<u>SAIDI</u>				<u>SAIFI</u>				<u>CAIDI</u>			
	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Class B	4.7	7.7	10.5	10.2	0.11	0.07	0.10	0.07	42.5	110.3	110.3	143.0
Class C	29.0	43.4	95.1	67.9	0.53	1.27	1.23	2.15	54.8	34.1	77.1	31.6
Class D	-	51.6	-	-	-	1.01	-	-	-	51.0	-	-
Class G	-	1.3	-	-	-	0.06	-	-	-	22.0	-	-
Total	33.7	104.1	105.6	78.0	1.04	2.41	1.33	2.22	52.7	43.1	79.4	35.2

Interruptions by Class: Targets 2001 & Beyond

	<u>SAIDI</u>			<u>SAIFI</u>			<u>CAIDI</u>		
	<u>Average</u>	<u>2001</u>	<u>2000</u>	<u>Average</u>	<u>2001</u>	<u>2000</u>	<u>Average</u>	<u>2001</u>	<u>2000</u>
Class B	5.0	5.0	4.7	.25	.25	.11	20.0	20.0	42.5
Class C	45.0	45.0	29.0	.75	.75	.53	60.0	60.0	54.8
Class D	-	-	-	-	-	-	-	-	-
Class G	-	-	-	-	-	-	-	-	-
Total	50.0	50.0	33.7	1.00	1.00	1.04	50.0	50.0	52.7

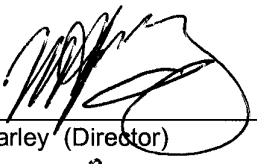
**CERTIFICATION OF FINANCIAL STATEMENTS,
PERFORMANCE MEASURES, AND STATISTICS**

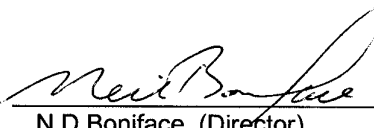
We, Murray Ayling Farley and Neil Douglas Boniface, Directors of Electricity Invercargill Ltd certify that, having made all reasonable enquiry, to the best of our knowledge, -

(a) The attached audited financial statements of Electricity Invercargill Ltd, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations ; and

(b) The attached information being financial performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Electricity Invercargill Ltd and having been prepared for the purpose of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of the Electricity (Information Disclosure) Regulations 1999.

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


M A Farley (Director)
29 June 2000
Date


N D Boniface (Director)
29-06-2000
Date

**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND
INFORMATION SUPPLIED TO SECRETARY OF COMMERCE**

I, Murray Ayling Farley, of 28 Elm Crescent, Invercargill, being a Director of Electricity Invercargill Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public pursuant to the Electricity (Information Disclosure) Regulations 1999.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.


.....

Declared at Invercargill this twenty ninth day of June, 2000.


.....
Solicitor



Audit New Zealand

**CERTIFICATION OF THE AUDIT OFFICE ON PERFORMANCE
MEASURES OF ELECTRICITY INVERCARGILL LIMITED**

I have examined the information on pages 15 to 17, being

- ▲ The derivation table specified in regulation 16; and
- ▲ Financial performance measures specified in clause 1 of Part 3 of Schedule 1 of the Electricity (Information Disclosure) Regulations 1999; and
- ▲ Financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule, -

And having been prepared by Electricity Invercargill Limited and dated 31 March 2000 for the purposes of regulation 15 of those regulations.

I certify that, 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.

B F Kearney
Audit New Zealand
On behalf of the Controller and Auditor-General
Christchurch, New Zealand

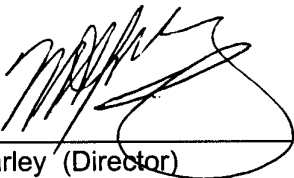
29 June 2000

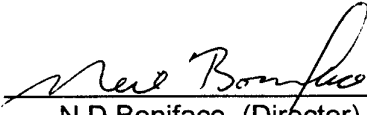
**CERTIFICATION OF VALUATION REPORT OF
LINE OWNERS**

We, Murray Ayling Farley and Neil Douglas Boniface, Directors of Electricity Invercargill Ltd certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached valuation report of Electricity Invercargill Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Electricity Invercargill Limited is \$32,718,590; and
- (c) The Optimised Deprival Valuation of the line business system fixed assets of Electricity Invercargill Limited is \$32,718,590; and
- (d) The valuation of the line business assets of Electricity Invercargill Limited, including system and non-system fixed assets and net working capital, is \$35,493,260; and
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March, 2000.


M A Farley (Director)
29 June 2000
Date


N D Boniface (Director)
29-6-2000
Date