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ELECTRICITY LINES BUSINESSES

SOME AMENDMENTS TO INFORMATION FOR DISCLOSURE FOR THE 2006/2007 FINANCIAL YEAR

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

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Northpower Limited.....	291,294,295,298,299	2725
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DISCLOSURE OF FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES PURSUANT TO PART 3 OF THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004					
1. Financial Performance Measures	2007	2006	2005	2004	2003
(a) Return on Funds	8.1%	7.6%	7.5%	6.7%	7.3%
(b) Return on Equity	5.9%	5.7%	5.5%	4.8%	5.4%
(c) Return on Investment	6.3%	5.9%	5.7%	24.1%	5.5%
2. Efficiency Performance Measures	2007	2006	2005	2004	2003
(a) Direct line cost per kilometre	\$1,500	\$1,425	\$1,099	\$1,081	\$1,041
(b) Indirect line cost per electricity customer	\$61	\$46	\$57	\$46	\$38
DISCLOSURE OF RECONCILIATION OF ODV VALUATION PURSUANT TO PART 8 OF THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004					
	2007	2006	2005	2004	2003
	\$000's	\$000's	\$000's	\$000's	\$000's
ODV Valuation 1 April	141,682	136,693	135,098	111,626	111,840
Additions for Year	7,436	8,651	5,226	4,290	3,187
Disposals for Year	-	-	-	-	-
Annual Depreciation	(3,770)	(3,662)	(3,631)	(3,242)	(3,401)
Revaluations	-	-	-	22,424	-
ODV Valuation 31 March	145,348	141,682	136,693	135,098	111,626

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1, PART 2					
Continued					
	2007	2006	2005	2004	2003
	\$000's	\$000's	\$000's	\$000's	\$000's
9. Equity					
(a) Shareholders' Equity:-					
(i) Share capital	27,739	27,739	27,739	27,739	27,739
(ii) Retained earnings	30,341	24,213	19,575	15,394	12,512
(iii) Reserves	160,901	109,844	107,939	107,939	82,190
(iv) Total Shareholders' Equity (sum of (i) to (iii))	218,981	161,796	155,253	151,072	122,441
(b) Minority Interests in Subsidiaries	-	-	-	-	-
(c) Total Equity (sum of (a) and (b))	218,981	161,796	155,253	151,072	122,441
(d) Capital Notes	-	-	-	-	-
(e) Total Capital Funds (sum of (c) and (d))	218,981	161,796	155,253	151,072	122,441
10. Total Equity and Liabilities (Total Assets)	228,365	167,696	162,100	158,396	128,125
11. Operating Revenue					
(a) Revenue from line/access charges	34,668	31,782	30,335	28,128	27,524
(b) Revenue from "Other" business (transfer payment)	-	-	-	-	-
(c) Interest on Cash, Bank Balances and Short Term Investments	15	106	196	222	140
(d) AC Loss-Rental Rebates	1,104	1,255	622	1,097	857
(e) Other Operating Revenue Not Listed in (a) to (d)	4,187	3,876	3,017	1,880	1,810
(f) Total Operating Revenue	39,974	37,019	34,170	31,327	30,331
12. Operating Expenditure					
(a) Payment for Transmission Charges	11,171	10,251	10,067	9,659	9,376
(b) Transfer Payments to the "other" business for:-					
(i) Asset maintenance	6,346	5,545	3,234	2,934	3,366
(ii) Consumer disconnection/reconnection services	-	11	10	15	15
(iii) Meter data	-	-	-	-	-
(iv) Consumer-based load control services	-	-	-	-	-
(v) Royalty and patent expenses	-	-	-	-	-
(vi) Avoided transmission charges on account of own generation	-	-	-	-	-
(vii) Other goods and services not listed in (i) to (vi)	850	633	787	853	873
(viii) Total transfer payment to the 'Other' business (sum of (i) to (vii))	7,196	6,189	4,031	3,802	4,254
(c) Expense to Entities That Are Not Related Parties for:-					
(i) Asset maintenance	132	38	281	101	259
(ii) Consumer disconnection/reconnection services	-	-	-	-	-
(iii) Meter data	-	-	-	-	-
(iv) Consumer-based load control services	-	-	-	-	-
(v) Royalty and patent expenses	-	-	-	-	-
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	132	38	281	101	259
(d) Employee Salaries, Wages and Redundancies	2,564	2,469	2,656	2,408	1,879
(e) Consumer Billing and Information System Expense	192	125	127	111	113
(f) Depreciation On:-					
(i) System fixed assets	3,770	3,662	3,631	3,242	3,401
(ii) Other assets not listed in (i)	204	333	323	305	430
(iii) Total depreciation (sum of (i) and (ii))	3,974	3,995	3,954	3,547	3,831

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 2					
Continued					
	2007	2006	2005	2004	2003
	\$000's	\$000's	\$000's	\$000's	\$000's
12. Operating Expenditure continued					
(g) Amortisation of:-					
(i) Goodwill	-	-	-	-	-
(ii) Other intangibles	-	-	-	-	-
(iii) Total amortisation of intangibles (sum of (i) and (ii))	-	-	-	-	-
(h) Corporation and Administration	873	949	838	1,051	535
(i) Human Resources Expenses	39	26	24	28	-
(j) Marketing/Advertising	264	183	352	332	108
(k) Merger and Acquisition Expenses	-	-	-	-	-
(l) Takeover Defence Expenses	-	-	-	-	-
(m) Research and Development Expenses	24	8	1	5	24
(n) Consultancy and Legal Expenses	188	123	167	127	176
(o) Donations	-	-	-	-	-
(p) Directors' Fees	107	97	95	89	84
(q) Auditors' Fees					
(i) Audit fees paid to principal auditors	27	26	24	15	12
(ii) Audit fees paid to other auditors	-	-	-	-	-
(iii) Fees paid for other services provided by principal and other auditors	9	10	7	3	3
(iv) Total auditors' fees (sum of (i) to (iii))	36	36	31	18	15
(r) Cost of Offering Credit					
(i) Bad debts written off	-	6	14	-	-
(ii) Increase in estimated doubtful debts	-	-	-	-	-
(iii) Total cost of offering credit (sum of (i) to (ii))	-	6	14	-	-
(s) Local Authority Rates Expense	30	27	25	26	18
(t) AC Loss-Rental Rebates (Distribution to Retailers/Customers) expense	1,104	1,255	622	1,097	857
(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 (sum of 12 (a) to 12 (x))	27,894	25,777	23,285	22,401	21,529
14. Operating Surplus Before Interest and Income Tax	12,080	11,242	10,885	8,926	8,802
15. Interest Expense					
(a) Interest expense on borrowings	-	-	-	-	3
(b) Financing charges related to finance leases	-	-	-	-	-
(c) Other interest expense	-	-	-	-	-
	-	-	-	-	3
16. Operating Surplus Before Income Tax (14 - 15 (d))	12,080	11,242	10,885	8,926	8,799
17. Income Tax	(2,652)	(2,449)	(2,609)	(2,532)	(2,322)
18. Net Surplus After Tax (16 - 17)	9,428	8,793	8,276	6,394	6,477

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	12,080				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	12,080				
Interest on cash, bank balances, and short-term investments (ISTI)	15				
OSBIIT minus ISTI	12,065	a	12,065		12,065
Net surplus after tax from financial statements	9,428				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	9,428	n		9,428	
Amortisation of goodwill and amortisation of other intangibles					
Subvention payment	0	g	add	add	add
Depreciation of SFA at BV (x)	0	s	add	add	add
Depreciation of SFA at ODV (y)	3,770				
ODV depreciation adjustment	3,770	d	add	add	add
Subvention payment tax adjustment	0	s [†]	deduct	deduct	deduct
Interest tax shield	5	q			
Revaluations	0	r			
Income tax	2,652	p			
Numerator			OSBIIT ^{adj} = a + g + s + d	NSAT ^{adj} = n + g + s - s [†] + d	OSBIIT ^{adj} = a + g - q + r + s + d - p - s [†]
			12,065	9,428	2,652 9,408
Fixed assets at end of previous financial year (FA ₀)	151,686				
Fixed assets at end of current financial year (FA ₁)	210,206				
Adjusted net working capital at end of previous financial year (ANWC ₀)	2,041				
Adjusted net working capital at end of current financial year (ANWC ₁)	-3,966				
Average total funds employed (ATFE)	179,984 (or regulation 32 time-weighted average)	c	179,984		179,984
Total equity at end of previous financial year (TE ₀)	161,796				
Total equity at end of current financial year (TE ₁)	218,981				
Average total equity	190,389 (or regulation 32 time-weighted average)	k		190,389	
WUC at end of previous financial year (WUC ₀)	437				
WUC at end of current financial year (WUC ₁)	2,750				
Average total works under construction	1,594 (or regulation 32 time-weighted average)	e	1,594	deduct	deduct
Revaluations	0	r			
				1,594	1,594

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
Half of revaluations	0	$r/2$			deduct
Intangible assets at end of previous financial year (IA_0)	0				
Intangible assets at end of current financial year (IA_1)	0				
Average total intangible asset (or regulation 32 time-weighted average)	0	m		add	0
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	0
System fixed assets at end of previous financial year at book value (SFA_{bwo})	144,039				
System fixed assets at end of current financial year at book value (SFA_{bw1})	200,271				
Average value of system fixed assets at book value (or regulation 32 time-weighted average)	172,155	f	deduct	deduct	172,155
System Fixed assets at year beginning at ODV value (SFA_{odv0})	141,682				
System Fixed assets at end of current financial year at ODV value (SFA_{odv1})	145,348				
Average value of system fixed assets at ODV value (or regulation 32 time-weighted average)	143,515	h	add	add	143,515
Denominator					
			$ATFE^{ADJ} = c - e - f + h$	$Ave\ TE^{ADJ} = k - e - m + v - f + h$	$ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
			149,750	160,155	149,750
Financial Performance Measure:					
			$ROF = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$	$ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$	$ROI = OSBIT^{ADJ}/ATE^{ADJ} \times 100$
			8.1	5.9	6.3

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 ave = average odv = optimised deprival valuation subscript '0' = end of the previous financial year
 ROI = return on investment

8, 11,
12, 15,

16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total (including the June 2006 snowstorm)
for 2007:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned shutdowns	8.8	0.03	278
	C	Unplanned cuts	141.3	0.65	219
			150.1	0.68	222
Transpower	A	Planned shutdowns	0.2	0.00	282
	D	Unplanned cuts	4.2	0.04	101
			4.4	0.04	103
			154.5	0.72	215

8, 11,
12, 15,

16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total for 2006:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned shutdowns	6.0	0.02	238
	C	Unplanned cuts	53.3	0.72	75
			59.3	0.74	80
Transpower	A	Planned shutdowns	0.0	0.00	0
	D	Unplanned cuts	4.7	0.22	21
			4.7	0.22	21
			64.0	0.96	67

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Revaluations	0	r			
Half of revaluations	0	r/2			deduct
Intangible assets at end of previous financial year (I_{A_0})	14,000,000				
Intangible assets at end of current financial year (I_{A_1})	13,155,776				
Average total intangible asset	13,577,888 (or regulation 33 time-weighted average)	m		deduct 13,577,888	
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 0	
System fixed assets at end of previous financial year at book value (SFA_{bvo})	437,921,000				
System fixed assets at end of current financial year at book value (SFA_{bvt})	434,867,752				
Average value of system fixed assets at book value	436,394,376 (or regulation 33 time-weighted average)	f	deduct 436,394,376	deduct 436,394,376	deduct 436,394,376
System Fixed assets at year beginning at ODV value (SFA_{odv})	303,260,000				
System Fixed assets at end of current financial year at ODV value (SFA_{odvt})	306,521,728				
Average value of system fixed assets at ODV value	304,890,864 (or regulation 33 time-weighted average)	h	add 304,890,864	add 304,890,864	add 304,890,864
Denominator					
			ROF = $OSBIT^{ADJ}/ATFE^{ADJ} \times 100$	ROE = $NSAT^{ADJ}/ATE^{ADJ} \times 100$	ROI = $OSBIT^{ADJ}/ATFE^{ADJ} \times 100$
Financial Performance Measure:			11.39	14.42	9.63
			ROF = $OSBIT^{ADJ}/ATFE^{ADJ} \times 100$	ROE = $NSAT^{ADJ}/ATE^{ADJ} \times 100$	ROI = $OSBIT^{ADJ}/ATFE^{ADJ} \times 100$

t = maximum statutory income tax rate applying to corporate entities
 subscript '1' = end of the current financial year
 subscript '0' = end of the previous financial year

bv = book value
 ave = average
 ROF = return on funds
 ROE = return on equity
 ROI = return on investment

odv = optimised deprival valuation

NOTE: System fixed assets at the end of the previous financial year at book value have been amended due to a calculation error