



The Power Company Limited

**INFORMATION DISCLOSURE PREPARED
IN ACCORDANCE WITH
SUBPART 3 OF PART 4A OF THE COMMERCE ACT 1986**

FOR THE YEAR ENDED 31 MARCH 2008

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1. INTRODUCTION

These Information Disclosure documents are submitted by The Power Company Limited pursuant to subpart 3 of Part 4A of the Commerce Act 1986 in accordance with:

- The Electricity Information Disclosure Requirements issued 31 March 2004, consolidating all amendments to 31 October 2008,
- The Electricity Distribution (Information Disclosure) Requirements 2008,
- The Electricity Information Disclosure Handbook (as amended 31 October 2008), and
- The Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Lines Businesses (30 August 2004).

2. INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2008 Information Disclosure package issued by The Power Company Limited has been prepared in accordance with the requirements listed above.

The Requirements require the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Requirements.

The financial information presented is for the line business as described within the Requirements. There are also additional activities of the Company that are not required to be reported under the Requirements.

The Power Company Limited has no non contiguous networks and is 100% consumer controlled and therefore additional disclosures under clauses 6(1)(b) and 6(1)(c) of the Electricity Distribution (Information Disclosure) Requirement 2008 are not required.

3. SCHEDULES

REPORT FS1: REGULATORY PROFIT STATEMENT		Electricity Distribution Business:	The Power Company
ref		For Year Ended	2008
5			
6	Income		
7			(\$000)
8	Net Line Charge Revenue Received	32,381	
9	plus Discretionary Discounts and Customer Rebates	3,943	FS1a
10	Gross Line Charge Income	<u>36,324</u>	
11			
12			
13	Capital Contributions	4,940	
14	plus Net Value of Vested Assets	-	
15	Total Capital Contributions and Vested Assets	<u>4,940</u>	
16			
17	AC Loss Rental Rebates Received	714	
18	less AC Loss Rental Rebates Passed On	714	
19	Net AC loss rental income (deficit)	<u>-</u>	
20			
21			
22	Other Income	<u>856</u>	
23		<u>856</u>	
24			
25	Total regulatory income	<u>42,120</u>	
26			
27			
28	Expenses		
29			
30	Transmission Charges - Payments to Transpower	8,193	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	225	
32	Total Transmission Costs	<u>8,418</u>	
33			
34	Operational Expenditure:		
35	General Management, Administration and Overheads	-	
36	System Management and Operations	-	
37	Routine and Preventative Maintenance	-	to AM1
38	Refurbishment and Renewal Maintenance	-	to AM1
39	Fault and Emergency Maintenance	-	to AM1
40	Pass-through Costs	-	
41	Other	9,014	
42	Total Operational Expenditure	<u>9,014</u>	to MP2
43			
44			
45	Operational earnings	<u>24,688</u>	
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	10,458	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	219	from AV1
50	Total Regulatory Depreciation	<u>10,677</u>	to FS3
51			
52			
53	Earnings before interest and tax (EBIT)	<u>14,011</u>	to FS3
54			
55	less Regulatory Tax Allowance	205	from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	7,912	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	Regulatory profit / loss (pre-financing and distributions)	<u>21,718</u>	to MP2

REPORT FS1: REGULATORY PROFIT STATEMENT (cont)

Notes to Regulatory Profit Statement

69	FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments		(\$000)
70	Customer Rebates	3,943	
71	Line Charge Holidays and other Discretionary Discounts	-	
72	Total Discretionary Discounts and Customer Rebates	3,943	

75	FS1b: Related party expenditure - summary		(\$000)
76	Avoided Transmission Charges	-	
77	Operational Expenditure	16	
78	Subvention Payment	-	
79	Other related party expenditure	18,310	
80	Total Related Party Expenditure	18,326	

N.B.: The additional Related Party information that is required to be disclosed in accordance with Section 3 of the Information Disclosure Handbook is to be disclosed by way of a separate note to this Schedule and forms part of this Schedule.

87	FS1c: Operational Expenditure notes		(\$000)
88			
89	Merger and Acquisition Expenses		
90	Merger and Acquisition Expenses (not to be included in Operational Expenditure)	-	
91			
92	Material items (if greater than 10% of the Operational Expenditure line item)		
93	Material item amount 1	4,600	Notes to be provided separately
94	within expenditure category:	Other	
95			
96	Material item amount 2	1,402	Notes to be provided separately
97	within expenditure category:	Other	
98			
99	Material item amount 3	-	Notes to be provided separately
100	within expenditure category:	Select one	
101			
102			(further disclosures to be provided on separate page if required)
103			

106	FS1d: Vested Assets		(\$000)
107	Consideration Paid for Vested Assets	-	

110	FS1e: Reclassified items in Operational Expenditure		(\$000)
111	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
112	Previous classification:	Select one	
113	New classification:	Select one	
114			
115			(\$000)
116	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)	-	
117	Previous classification:	Select one	
118	New classification:	Select one	
119			
120			(\$000)
121	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
122	Previous classification:	Select one	
123	New classification:	Select one	
124			

to be repeated as required for multiple reclassifications

FS1(c) Further description of FS1 (c) – Material Items

Material Item 1	\$4,600,000	for Contractor Labour
Material Item 2	\$1,402,000	for Salaries and Wages

FS1(b) For further details, please refer to separate note on Page 22.

FS1(e) Under the Transitional Provisions, this information is not required to be disclosed for the current year.

REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	The Power Company		
5			For Year Ended	2008
6				
7	Capital Expenditure on System Fixed Assets (by primary purpose)			(\$000)
8	Customer Connection	-		to AM1
9	System Growth	-		to AM1
10	Reliability, Safety and Environment	-		to AM1
11	Asset Replacement and Renewal	-		to AM1
12	Asset Relocations	18,984		to AM1
13	Total Capital Expenditure on System Fixed Assets		18,984	to AM1
14				
15				
16	Capital Expenditure on Non-System Fixed Assets		218	from AV1
17				
18				
19	Capital works roll-forward (for System Fixed Assets)			
20	Works Under Construction at Beginning of Year	9,447		
21	plus Total Capital Expenditure on System Fixed Assets	18,984		
22	less Assets Commissioned in Year	16,520		from AV1
23	Works under construction at year end		11,911	
24				
25				
26	Regulatory Investment Value calculation			
27	System Fixed Assets: regulatory value at end of Previous Year	235,029		from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	1,043		from AV1
29	Finance During Construction Allowance (on System Fixed assets)	5,758		2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year		241,830	
31				
32	plus (System Fixed Assets Commissioned in Year	16,520		from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-		from AV1
34	Non-System Fixed Assets: Asset Additions	218		from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	16,738		
36	Regulatory Asset Base investment in Current Financial Year - average		8,369	
37				
38	plus (minus) where a merger or acquisition has taken place within the year			
39	Adjustment for merger, acquisition or sale to another EDB		-	from AV4
40				
41	Regulatory Investment Value		250,199	to MP2

Note - All Capital Expenditure on System Fixed Assets has been included in the "Asset Relocations" category. Under the Transitional Provisions, the primary purpose allocations are not required in the current year and the 'total' cell is blocked from editing.

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

ref		Electricity Distribution Business:	The Power Company	
5			For Year Ended	2008
6				
7			(\$000)	
8		Earnings before interest and tax (EBIT)	14,011	from FS1
9				
10	add	Total Regulatory Depreciation	10,677	from FS1
11		Other Permanent Differences - not deductible	65	
12		Other Temporary Adjustments - Current Period	-	
13			10,742	
14				
15	less	Non Taxable Capital Contributions and Vested Assets	4,940	
16		Tax Depreciation	7,228	
17		Deductible Discretionary Discounts and Customer Rebates	3,943	
18		Deductible Interest	8,006	from row 53
19		Other Permanent Differences - Non Taxable	15	
20		Other Temporary Adjustments - Prior Period	-	
21			24,132	
22				
23		Regulatory taxable income for Year	621	
24				
25	less	Tax Losses Available at Start of Year	-	
26		Net taxable income	621	
27				
28		Statutory Tax Rate	33%	
29		Regulatory Tax Allowance	205	to FS1

Notes to Regulatory Tax Allowance Calculation

36 FS3a: Description of adjustments classified as "other"

37
38 The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory
39 notes can be provided in a separate note if necessary).

40
41 Other permanent differences is the Subvention payment made by PowerNet TPCL lines to Electricity Southland.
42
43
44
45

48 FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)

49				
50		Standard Debt Leverage Assumption (debt/total assets)	40%	%
51				
52		Standard Cost of Debt Assumption	8.00%	%
53				
54		Deductible Interest	8,006	\$000 to row 18
55				
56		Interest Tax Shield Adjustment	2,642	\$000 to MP2

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref		Electricity Distribution Business:	The Power Company				
5							
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Notes to Annual Regulatory Valuation Roll-forward Report

57	AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets						
58		CPI as at date of ODV	928				
59							
60							
61							
62							
63							
64							
65							

68	AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB					
69						
70						
71						
72						

REPORT AV2: REGULATORY VALUATION DISCLOSURE BY ASSET CLASS
(for System Fixed Assets)

Electricity Distribution Business:	The Power Company								
For Year Ended:	2008								
Subtotals by Asset Class (for System Fixed Assets)									
							(\$'000)		
	Subtransmission	Zone Substations	Distribution & LV Lines	Distribution & LV Cables	Distribution Substations and Transformers	Distribution Switchgear	Other System Fixed Assets	Total for System Fixed Assets (per AV1)	
11	System Fixed Assets								
12	Regulatory Value of System Fixed Assets (as per most recent ODV)							217,278	from AV1
13	29,978	25,089	107,454	9,970	37,863	5,250	1,674		
14	Cumulative roll-forward since most recent ODV:								
15	Asset Additions							42,417	from AV1
16	Indexed Revaluation (of System Fixed Assets)							26,879	from AV1
17	less Regulatory Depreciation (of System Fixed Assets)							37,571	from AV1
18	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB							-	from AV1
19	Net Increase (Decrease) Due to Changes in Asset Register Information							-	from AV1
20	Regulatory Value of System Fixed Assets at Year End							249,003	from AV1
21									

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT

ref		Electricity Distribution Business:	The Power Company
5		For Year Ended:	2008
6	System Fixed Assets - Replacement Cost		
7		(\$000)	
8	Replacement cost at end of previous year	483,801	
9			
10	Asset Additions	16,520	AV3a
11	Indexed Revaluation (of System Fixed Assets)	16,286	
12	<i>less</i> Replacement Cost of Assets Decommissioned	1,384	
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
14	Net Increase (Decrease) Due to Changes in Asset Register Information	-	
15	Replacement cost of System Fixed Assets at year end	515,223	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	236,749	
21			
22	Asset Additions	16,520	AV3a
23	Indexed Revaluation (of System Fixed Assets)	7,970	
24	<i>less</i> Depreciation of Replacement Cost	9,858	
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned	696	
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
27	Net Increase (Decrease) Due to Changes in Asset Register Information	-	
28	Depreciated replacement cost of System Fixed Assets at year end	250,685	

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (cont)

Notes to Price and Quality Measures

36	AV3a: New Asset Additions		
37			
38	Asset Additions - Depreciated Replacement Cost	16,520	from AV1
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	-	
40			
41	Asset Additions - Replacement Cost	16,520	
42			

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT

ref		Electricity Distribution Business:	The Power Company
5			
6	System Fixed Assets - Replacement Cost	For Year Ended:	2007
7			(\$000)
8	Replacement cost at end of previous year		461,917
9			
10	Asset Additions		13,249
11	Indexed Revaluation (of System Fixed Assets)		11,724
12	<i>less</i> Replacement Cost of Assets Decommissioned		3,089
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-
14	Net Increase (Decrease) Due to Changes in Asset Register Information		-
15	Replacement cost of System Fixed Assets at year end		483,801
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year		227,277
21			
22	Asset Additions		13,249
23	Indexed Revaluation (of System Fixed Assets)		5,768
24	<i>less</i> Depreciation of Replacement Cost		9,117
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned		429
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-
27	Net Increase (Decrease) Due to Changes in Asset Register Information		-
28	Depreciated replacement cost of System Fixed Assets at year end		236,749

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (cont)

Notes to Price and Quality Measures

36	AV3a: New Asset Additions		
37			
38	Asset Additions - Depreciated Replacement Cost		13,249
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		-
40			
41	Asset Additions - Replacement Cost		13,249
42			

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT

ref		Electricity Distribution Business:	The Power Company
5		For Year Ended:	2006
6	System Fixed Assets - Replacement Cost		
7		(\$000)	
8	Replacement cost at end of previous year	440,865	
9			
10	Asset Additions	7,020	AV3a
11	Indexed Revaluation (of System Fixed Assets)	14,803	
12	less Replacement Cost of Assets Decommissioned	771	
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
14	Net Increase (Decrease) Due to Changes in Asset Register Information	-	
15	Replacement cost of System Fixed Assets at year end	461,917	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	221,877	
21			
22	Asset Additions	7,020	AV3a
23	Indexed Revaluation (of System Fixed Assets)	7,450	
24	less Depreciation of Replacement Cost	8,800	
25	less Depreciated Replacement Cost of Assets Decommissioned	270	
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
27	Net Increase (Decrease) Due to Changes in Asset Register Information	-	
28	Depreciated replacement cost of System Fixed Assets at year end	227,277	

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (cont)

Notes to Price and Quality Measures

36	AV3a: New Asset Additions		
37			
38	Asset Additions - Depreciated Replacement Cost	7,020	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	-	
40			
41	Asset Additions - Replacement Cost	7,020	
42			

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT

ref		Electricity Distribution Business:	The Power Company
5		For Year Ended:	2005
6	System Fixed Assets - Replacement Cost		
7		(\$000)	
8	Replacement cost at end of previous year	425,209	
9			
10	Asset Additions	5,628	AV3a
11	Indexed Revaluation (of System Fixed Assets)	11,455	
12	less Replacement Cost of Assets Decommissioned	1,427	
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
14	Net Increase (Decrease) Due to Changes in Asset Register Information	-	
15	Replacement cost of System Fixed Assets at year end	440,865	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	219,114	
21			
22	Asset Additions	5,628	AV3a
23	Indexed Revaluation (of System Fixed Assets)	5,903	
24	less Depreciation of Replacement Cost	8,440	
25	less Depreciated Replacement Cost of Assets Decommissioned	328	
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
27	Net Increase (Decrease) Due to Changes in Asset Register Information	-	
28	Depreciated replacement cost of System Fixed Assets at year end	221,877	

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (cont)

Notes to Price and Quality Measures

36	AV3a: New Asset Additions		
37			
38	Asset Additions - Depreciated Replacement Cost	5,628	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	-	
40			
41	Asset Additions - Replacement Cost	5,628	
42			

REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE

Electricity Distribution Business: The Power Company Limited

6 Disclosure required? (YES or NIL DISCLOSURE): NO DISCLOSURE REQUIRED

8 As at (date): 31/03/2008

9 Proportion of year following transfer of assets: 0%

12 **PART 1: Most recent ODV valuation of System Fixed Assets transferred** (\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
14 Replacement Cost (RC)								-
16 less Depreciation								-
17 Depreciated Replacement Cost (DRC)	-	-	-	-	-	-	-	-
19 less Optimisation adjustment								-
20 Optimised Depreciated Replacement Cost (ODRC)	-	-	-	-	-	-	-	-
22 less Economic Value Adjustment (EVA)								-
23 Most recent ODV value	-	-	-	-	-	-	-	-

26 **PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)** (\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
27 Regulatory Value of System Fixed Assets (as per most recent ODV)	-		
29 Cumulative roll-forward since most recent ODV:			
30 Asset Additions			
31 Indexed Revaluation (of System Fixed Assets)			
32 less Regulatory Depreciation (of System Fixed Assets)			
33 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
34 Net Increase (Decrease) due to Changes in Asset Register Information			
35 RAB Value of Transferred Assets at Transfer Date	-		-
37 Acquisition of Assets from Another EDB	-	-	to AV1
38 Sale of Assets to Another EDB	-	-	to AV1
40 RAB Value of Transferred Assets at Transfer Date	-		
41 "p" factor (proportion of year following transfer of assets)	0%		
42 Adjustment for merger, acquisition or sale to another EDB	-	-	to FS2

47 **PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred** (\$000)

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets	
48 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		-	to AV3
49 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-	to AV3

52 Signed by: Selling Entity

53 Acquiring Entity

REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE

Electricity Distribution Business: The Power Company Limited

6 Disclosure required? (YES or NIL DISCLOSURE): NO DISCLOSURE REQUIRED

As at (date): 31/03/2008

Proportion of year following transfer of assets 0%

12 PART 1: Most recent ODV valuation of System Fixed Assets transferred

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
14 Replacement Cost (RC)								-
15 less Depreciation								-
16 Depreciated Replacement Cost (DRC)	-	-	-	-	-	-	-	-
17								-
18 less Optimisation adjustment								-
19 Optimised Depreciated Replacement Cost (ODRC)	-	-	-	-	-	-	-	-
20								-
21 less Economic Value Adjustment (EVA)								-
22 Most recent ODV Value	-	-	-	-	-	-	-	-
23								-
24								-

26 PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
27 Regulatory Value of System Fixed Assets (as per most recent ODV)	-		
28			
29 Cumulative roll-forward since most recent ODV:			
30 Asset Additions			
31 Indexed Revaluation (of System Fixed Assets)			
32 less Regulatory Depreciation (of System Fixed Assets)			
33 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
34 Net Increase (Decrease) Due to Changes in Asset Register Information			
35 RAB Value of Transferred Assets at Transfer Date	-		-
36			
37 Acquisition of Assets from Another EDB	-	-	to AV1
38 Sale of Assets to Another EDB	-	-	to AV1
39			
40 RAB Value of Transferred Assets at Transfer Date	-		
41 "p" factor (proportion of year following transfer of assets)	0%		
42 Adjustment for merger, acquisition or sale to another EDB	-	-	to FS2
43			
44			
45			
46			

47 PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets
48		
49 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		-
50 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-
51		

52 Signed by: Selling Entity

53

54 Acquiring Entity

55

56

57

REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE

Electricity Distribution Business: The Power Company Limited

6 Disclosure required? (YES or NIL DISCLOSURE): NO DISCLOSURE REQUIRED

As at (date): 31/03/2008

Proportion of year following transfer of assets: 0%

12 **PART 1: Most recent ODV valuation of System Fixed Assets transferred** (\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
13 Replacement Cost (RC)								-
14 less Depreciation								-
15 Depreciated Replacement Cost (DRC)	-	-	-	-	-	-	-	-
16 less Optimisation adjustment								-
17 Optimised Depreciated Replacement Cost (ODRC)	-	-	-	-	-	-	-	-
18 less Economic Value Adjustment (EVA)								-
19 Most recent ODV Value	-	-	-	-	-	-	-	-

24 **PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)** (\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
27 Regulatory Value of System Fixed Assets (as per most recent ODV)	-		
28 Cumulative roll-forward since most recent ODV:			
29 Asset Additions			
30 Indexed Revaluation (of System Fixed Assets)			
31 less Regulatory Depreciation (of System Fixed Assets)			
32 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
33 Net Increase (Decrease) Due to Changes in Asset Register Information			
34 RAB Value of Transferred Assets at Transfer Date	-		-
35 Acquisition of Assets from another EDB	-	-	to AV1
36 Sale of Assets to another EDB	-	-	to AV1
37 RAB Value of Transferred Assets at Transfer Date	-		
38 "p" factor (proportion of year following transfer of assets)	0%		
39 Adjustment for merger, acquisition or sale to another EDB		-	to FS2

44 **PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred** (\$000)

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets
45 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	-	-
46 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC	-	-

47 Signed by: Selling Entity

48 Acquiring Entity

REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

ref		Electricity Distribution Business:	The Power Company	
6			For Year Ended:	2008
7	Network Name:	Total Business <small>(enter "Total Business" or name of network)</small>		
9	Disclosure:	Annual Disclosure - Requirement 6(1)		
10	Circuit Length by Operating Line Voltage (at year end)	Overhead (km)	Underground (km)	Total (km)
11				
12	> 66kV	-	-	-
13	50kV & 66kV	380	-	380
14	33kV	448	6	454
15	SWER (all SWER voltages)	8	-	8
16	22kV (other than SWER)	-	-	-
17	6.6kV to 11kV (inclusive - other than SWER)	6,573	102	6,675
18	Low Voltage (< 1kV)	845	168	1,013
19	Total circuit length (for Supply)	8,254	276	8,529
20				to MP2
21	Dedicated Street Lighting Circuit Length	271	70	341
22				
23	Overhead Circuit Length by Terrain (at year end)	(km)	(%)	
24	Urban (only)	375	5%	
25	Rural (only)	5,371	65%	
26	Remote (only)	893	11%	
27	Rugged (only)	-	0%	
28	Rural & rugged (only)	1,141	14%	
29	Remote & rugged (only)	469	6%	
30	Unallocated overhead lines	3	0%	
31	Total overhead length	8,254	100%	
32				
33				
34	Transformer capacity (at year end)			Previous Year
35	Distribution Transformer Capacity (EDB Owned)	347	MVA	340
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	63	MVA	67
37	Total Distribution Transformer Capacity	410	MVA (to MP2)	406
38				
39	Zone Substation Transformer Capacity	401	MVA	395
40				
41	System Fixed Assets age (at year end)			
42	Average Age of System Fixed Assets	27	Years	
43	Average Expected Total Life of System Fixed Assets	52	Years	
44	Average Age as a Proportion of Average Expected Total Life	51%	%	
45				
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	14%	%	
47				
48				
49				
50				
51	Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
52				
53	GXP Demand	118	144	
54	plus Embedded Generation Output at HV and Above	4		
55	Maximum System Demand	122		
56	less Net Transfers to (from) Other EDBs at HV and Above	2		
57	Demand on system for supply to customers' Connection Points	120		
58	less Subtransmission Customers' Connection Point Demand	-	-	
59	Maximum Distribution Transformer Demand	120		to MP2
60				
61	GXP Demand not Supplied at Subtransmission Level	-		
62	Embedded Generation Output - Connected to Subtransmission System	5	65	
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	-	-	
64				
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	25		
66				
67	Five-Year System Maximum Demand Growth Forecast	2.5	% p.a.	
68				
69	Electricity volumes carried	(GWh)		
70	Electricity Supplied from GXPs	574		
71	less Electricity Exports to GXPs	33		
72	plus Electricity Supplied from Embedded Generators	158		
73	less Net Electricity Supplied to (from) Other EDBs	16		
74	Electricity entering system for supply to customers' Connection Points	682		
75	less Electricity Supplied to Customers' Connection Points	629		to MP2
76	Electricity Losses (loss ratio)	53	7.8%	
77				
78	Electricity Supplied to Customers' Connection Points	629		
79	less Electricity Supplied to Largest 5 Connection Points	140		
80	Electricity supplied other than to Largest 5 Connection Points	490	78%	
81				
82	Load Factor	65%	%	
83				
84	Number of Connection Points (at year end)	32,998	ICPs	to MP2
85				
86	Intensity of service requirements			
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	14	kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	74	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	4	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	19,076	kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES		Electricity Distribution Business: The Power Company Limited				
		For Year Ended: 2008				
Performance comparators		Previous Years:			Current Financial Year	
		Current Yr - 3	Current Yr - 2	Current Yr - 1		
9	Operational expenditure ratio					
10	<i>Total Operational Expenditure</i>				9 \$m from FS1	
11	<i>Replacement Cost of System Fixed Assets (at year end*)</i>				515 \$m from AV3	
12	Ratio (%)	Not defined	Not defined	Not defined	1.75% %	
14	Capital expenditure ratio					
15	<i>Total Capital Expenditure on System Fixed Assets</i>				19 \$m from FS2	
16	<i>Replacement Cost of System Fixed Assets (at year end*)</i>				515 \$m from AV3	
17	Ratio (%)	Not defined	Not defined	Not defined	3.68% %	
19	Capital expenditure growth ratio					
20	<i>Capital Expenditure: Customer Connection and System Growth</i>				- \$m from FS2	
21	<i>Change in Total Distribution Transformer Capacity</i>				4 MVA from MP1	
22	\$/kVA	Not defined	Not defined	Not defined	- \$/kVA	
24	Renewal expenditure ratio					
25	<i>Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal</i>				- \$m from FS1 & 2	
26	<i>Regulatory Depreciation of System Fixed Assets</i>				10 \$m from AV1	
27	Ratio (%)	Not defined	Not defined	Not defined	0% %	
29	Distribution Transformer Capacity Utilisation					
30	<i>Maximum Distribution Transformer Demand</i>	112	114	114	120 MW from MP1	
31	<i>Total Distribution Transformer Capacity (at year end*)</i>	333	336	340	410 kVA from MP1	
32	Ratio (%)	33.6%	33.9%	33.5%	29.1% %	
34	Return on Investment					
35	<i>Regulatory Profit / Loss (pre-financing and distributions)</i>				22 \$m from FS1	
36	<i>less Interest Tax Shield Adjustment</i>				3 \$m from FS3	
37	<i>Adjusted Regulatory Profit</i>	-	-	-	19 \$m	
38	<i>Regulatory Investment Value</i>				250 \$m from FS2	
39	Ratio (%)	Not defined	Not defined	Not defined	7.62% %	
41	<small>* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.</small>					
42	Expenditure comparison table	Expenditure metrics (\$ per):				
44		Total circuit length (for Supply) (\$/km)	Electricity Supplied to Customers' Connection Points (\$/MWh)	Maximum coincident system demand (\$/MW)	Connection Point (\$/ICP)	Distribution Transformer Capacity (EDB-Owned) (\$/MVA)
45	Capital Expenditure (\$) per	2,251	31	157,998	582	55,332 from FS2 & MP1
46	Operational Expenditure (\$) per	1,057	14	74,169	273	25,974 from FS1 & MP1

Note - Previous year's information on Distribution Transformer Capacity Utilisation has been extracted for the 2006/2007 Information Disclosure Accounts. In previous years, only ELB-owned transformer capacity was disclosed.

Under the Transitional Provisions, there is no requirement to provide prior year information for Operational Expenditure Ratio, Capital Expenditure Ratio, Capital Expenditure Growth Ratio, Renewal Ratio and Return on Investment. The current year figures for Capital Expenditure Growth Ratio and Renewal Expenditure Ratio are not required to be disclosed.

Due to rounding and automatic calculations in the spreadsheets, there may be minor summing variances.

REPORT MP3: PRICE & QUALITY MEASURES
(Separate report required for each Non-contiguous Network)

Electricity Distribution Business: **The Power**
For Year Ended: **2008**

Network Name: **Total Business**
Disclosure: **Annual Disclosure - Requirement 6(1)**

QUALITY

Interruptions

Interruptions by class

Class A	-	planned interruptions by Transpower
Class B	401	planned interruptions on the network
Class C	574	unplanned interruptions on the network
Class D	3	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	2	unplanned interruptions of generation (non-network)
Class G	-	unplanned interruptions caused by other electricity industry participant
Class H	-	unplanned interruptions caused by other electricity industry participant
Total	980	Total of above

Interruption targets for Forecast Year

Class B	2009	Current Financial Year +1
Class C	159	planned interruptions on the network
	401	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

Class B	2009-2013	Current Financial Year +1 to +5
Class C	156	planned interruptions on the network
	393	unplanned interruptions on the network

Class C interruptions restored within

	≤3Hrs	>3hrs
	430	144

Faults

Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	7.39	in year	2008
The total number of faults forecast for the Forecast Year	5.33	in year	2009
The average annual number of faults forecast for the 5 Forecast Years	5.22	average over years	2009-2013

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWGR		22kV non-SWGR		SWGR		33kV		50kV & 66kV		>66kV	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Is this voltage part of the EDB system?												
Current Financial Year	8.12				-		2.18		0.79			
Forecast Year	5.82				5.82		1.92		0.55			
Average annual for 5 Forecast Years	5.71				5.71		1.88		0.54			

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWGR	22kV non-SWGR	SWGR	33kV	50kV & 66kV	>66kV
Underground	3.92		-	-	-	-
Overhead	8.18		-	2.18	0.79	

Reliability

Overall reliability

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	294.78	3.75	78.68

Reliability by interruption class

	SAIDI	SAIFI	CAIDI
Class B	40.96	0.27	152.55
Class C	253.82	3.48	72.96

Targets for Forecast Year

	SAIDI	SAIFI	CAIDI
Class B	31.95	0.60	56.00
Class C	127.80	2.42	55.54

Average targets for 5 Forecast Years

	SAIDI	SAIFI	CAIDI
Class B	29.48	0.60	49.13
Class C	117.91	2.41	48.93

PRICES

Price information by Connection Point Class

	Connection Point Class					Total	
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points			
Gross line charge income (\$000)	16,777	10,679	5,594	3,274	36,324		from FS1
Electricity Supplied to Customers' Connection Points (MWh)	206,408	131,652	151,731	139,675	629,466		from MP1
Number of Connection Points (ICPs) at year end	27,994	4,765	234	5	32,998		from MP1
Unit Price (cents/kWh)	8.1	8.1	3.7	2.3	5.8		
Relative Unit Price Index	1.00	1.00	0.45	0.29	0.71		

REPORT MP3: PRICE AND QUALITY (cont)

Notes to Price and Quality Measures

89	MP3a: Connection Point Class breakpoints	
90		
91	Connection Point Class breakpoints methodology	kVA based breakpoints
92		
93	kVA based breakpoints - additional disclosure	
94	Breakpoint between small and medium classes	20 kVA
95	Breakpoint between large and medium classes	100 kVA
96		

4. TRANSITIONAL PROVISIONS

	Nominal Voltage	2008	2007	2006	2005
System Length (km's)	66kV	382	357	357	357
	33kV	464	463	463	462
	11kV	6,760	6,721	6,701	6,688
	400V	1,026	1,004	1,020	991
	Total	8,632	8,545	8,541	8,498
Overhead Lines (km's)	66kV	382	357	357	357
	33kV	458	459	459	459
	11kV	6,658	6,622	6,606	6,598
	400V	858	859	862	864
	Total	8,356	8,297	8,284	8,278
Underground Cables (km's)	66kV	-	-	-	-
	33kV	6	4	4	3
	11kV	102	99	95	90
	400V	168	145	158	127
	Total	276	248	257	220

	2008	2007	2006	2005
Transformer Capacity (kVA)	347,033	339,680	335,489	332,875

	2008	2007	2006	2005
Direct line Costs per Kilometre	\$852	\$820	\$714	\$682
Indirect Line Costs per ICP	\$67	\$71	\$60	\$54

5. RELATED PARTY NOTE

The Power Company Limited "Line Business" consists of line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited. The Power Company Limited "Other Business" consists of other or non-line activities conducted in The Power Company Limited and its joint venture company PowerNet Limited.

All related party transactions between The Power Company Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

The Power Company Limited Line Business purchased from PowerNet Limited Other Business:

	31 March 2008 \$000
Construction of:	
➤ Subtransmission assets	1,992
➤ Zone substations	6,429
➤ Distribution and LV Lines	3,594
➤ Distribution switchgear	1,133
➤ Distribution transformers and substations	3,377
➤ Other system fixed assets	15
➤ Distribution and LV cables	1,770

The above amounts represent the capital works programme undertaken by PowerNet Limited on behalf of The Power Company Limited.

PowerNet Limited's Line Business purchased from The Power Company Limited Other Business:

Rent	16
------	----

The value of transactions owing at balance date were as follows:

The Power Company Limited Line Business owes PowerNet Limited Other Business \$3,369,226.

PowerNet Limited's Line Business owes The Power Company Limited Other Business \$1,500.

The Southland Electric Power Supply Consumer Trust, which owns 100% of the shares in The Power Company Limited, is a related party. During the year expenses are paid out on behalf of the Trust, at 31 March 2008 these totalled \$108,889. The Trust has an outstanding debt to The Power Company Limited at balance date of Nil.

No related party debts have been written off or forgiven during 2008.

6. AUDITORS' REPORT



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119 Armagh Street
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Christchurch
New Zealand
Telephone +64 3 374 3000
Facsimile +64 3 374 3001

AUDITORS' REPORT ON DISCLOSURE INFORMATION

To the Directors of The Power Company Limited

We have examined the attached reports ("the disclosure information"), which relate to disclosure information prepared by The Power Company Limited for the year ended 31 March 2008 for the purposes of information requirements set out in clauses 3, 4(1), 6(1) and 7(5) of the Electricity Distribution (Information Disclosure) Requirements 2008 ("the Requirements").

Directors' Responsibilities

The Directors are responsible for preparing disclosure information which complies with the Requirements.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the disclosure information and report our opinion to you.

Basis of Examination– Historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2 and MP3

We conducted the engagement in accordance with the New Zealand Institute of Chartered Accountants International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our procedures included examination, on a test basis, of evidence relevant to the historical amounts and disclosures contained in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2 and MP3 of the disclosure information.

The procedures also included an assessment of the significant estimates and judgements, if any, made by The Power Company Limited in the preparation of the disclosure information.

We planned and performed our examination of the disclosure information so as to obtain all the information and explanation which we considered necessary, including for the purpose of obtaining sufficient evidence to give reasonable assurance that the disclosure information has been prepared and presented in accordance with the Requirements in all material respects. In forming our opinion we also evaluated the overall adequacy of the presentation of supporting information and explanations in the disclosure information.

Basis of Examination– Historical non-financial information included in reports MP1, MP2 and MP3

In relation to the historical non-financial information for the year ended 31 March 2008 which is disclosed pursuant to clause 6(1) of the Requirements, we have undertaken procedures to provide reasonable assurance that the amounts and disclosures in reports MP1, MP2 and MP3 have been:

AUDITORS' REPORT



- compiled in accordance with guidance issued pursuant to the Requirements; and
- calculated based on the source data provide by The Power Company Limited. We have not performed audit procedures on the source data.

Basis of Examination – Prospective non-financial information included in report MP3

In respect of disclosures of prospective financial and non-financial information, disclosed pursuant to clauses 7(5) and 8(1) of the Requirements, we conducted the engagement in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information (ISAE 3400). Where relevant, we have applied the principles of ISAE 3400 to the disclosure of prospective non-financial information.

Relationship and Interests

We have no relationship with or interests in The Power Company Limited other than in our capacities as auditors of the financial statements, auditors of the disclosure information, auditors of the threshold compliance statements prepared pursuant to the requirements of the Commerce Act (Electricity Lines Thresholds) Notice 2004 and under the Companies Act 1993, and in the provision of other professional advisory services. We are not aware of any relationships between our firm and The Power Company Limited that, in our professional judgment, may reasonably be thought to impair our independence.

Opinions**Unqualified Opinion**

We have obtained all the information and explanations we have required. In our opinion:

- the disclosure information for the financial year ended 31 March 2008 complies with the Requirements; and
- proper records to enable the complete and accurate compilation of the disclosure information have been kept by The Power Company Limited.

Historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2 and MP3

In our opinion, having made all reasonable enquiry, to the best of our knowledge the historical financial information set out in the disclosure information in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2 and MP3 has been presented in all material respects in accordance with the Requirements.

Historical non-financial information included in reports MP1, MP2 and MP3

In our opinion, having made all reasonable enquiry, to the best of our knowledge the historical non-financial information included in reports MP1, MP2 and MP3 relating to the year ended 31 March 2008 in accordance with clauses 7(5) and 8(1) of the Requirements has been:

- a) compiled in accordance with guidance issued pursuant to the Requirements; and
- b) calculated based on the unaudited source data provide by The Power Company Limited. We have not performed audit procedures on the source data.

AUDITORS' REPORT



Prospective financial and non-financial information included in report MP3

In our opinion, having made all reasonable enquiry, to the best of our knowledge the prospective financial and non-financial information included in report MP3 in accordance with clause 6(1) of the Requirements has been:

- a) presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the 31 March 2008 financial year; and
- b) calculated based on the unaudited source data provide by The Power Company Limited. We have not performed audit procedures on the source data.

Our audit was completed on 28 March 2009 and our unqualified opinions are expressed as at that date.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
Christchurch

7. DIRECTORS' CERTIFICATE

CERTIFICATE FOR DISCLOSED INFORMATION

We, Cameron Andrew McCulloch and Alan Bertram Harper, directors of The Power Company Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of The Power Company Limited prepared for the purposes of requirement 3, 4, 6 and 7(5) of the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 complies with those Requirements –

- i. Report FS1: Regulatory Profit Report;
- ii. Report FS2: Regulatory Asset and Financing Report;
- iii. Report FS3: Regulatory Tax Allowance Report;
- iv. Report AV1: Annual Regulatory Valuation Roll-Forward Report;
- v. Report AV2: Valuation Disclosure by Asset Class (for System Fixed Assets);
- vi. Report AV3: System Fixed Assets Replacement Cost Roll-Forward Report;
- vii. Report AV4: Merger or Acquisition Regulatory Asset Base Disclosure;
- viii. Report MP1: Network Information Report;
- ix. Report MP2: Performance Measures Report; and
- x. Report MP3: Price and Quality Report.



Alan Harper
Director



Cam McCulloch
Director

26 March 2009