



OtagoNet Joint Venture

**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 OtagoNet Joint Venture 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 OtagoNet Joint Venture 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.

OtagoNet Joint Venture has no non-contiguous networks and is not 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: OTAGONET JOINT	
		For Year Ended 2008	
5			
6	<b>Income</b>		
7			
8			<b>(\$000)</b>
8	Net Line Charge Revenue Received	22,368	
9	plus Discretionary Discounts and Customer Rebates	-	FS1a
10	<b>Gross Line Charge Income</b>	<b>22,368</b>	
11			
12			
13	Capital Contributions	1,273	
14	plus Net Value of Vested Assets	-	
15	<b>Total Capital Contributions and Vested Assets</b>	<b>1,273</b>	
16			
17	AC Loss Rental Rebates Received	354	
18	less AC Loss Rental Rebates Passed On	-	
19	<b>Net AC loss rental income (deficit)</b>	<b>354</b>	
20			
21			
22	<b>Other Income</b>	<b>252</b>	
23		<b>252</b>	
24			
25	<b>Total regulatory income</b>	<b>24,247</b>	
26			
27			
28	<b>Expenses</b>		
29			
30	Transmission Charges - Payments to Transpower	4,361	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	167	
32	<b>Total Transmission Costs</b>	<b>4,528</b>	
33			
34	<b>Operational Expenditure:</b>		
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	4,225	
42	<b>Total Operational Expenditure</b>	<b>4,225</b>	to MP2
43			
44			
45	<b>Operational earnings</b>	<b>15,494</b>	
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	4,230	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	46	from AV1
50	<b>Total Regulatory Depreciation</b>	<b>4,276</b>	to FS3
51			
52			
53	<b>Earnings before interest and tax (EBIT)</b>	<b>11,218</b>	to FS3
54			
55	less Regulatory Tax Allowance	1,155	from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	3,345	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	<b>Regulatory profit / loss (pre-financing and distributions)</b>	<b>13,409</b>	to MP2

**REPORT FS1: REGULATORY PROFIT STATEMENT (cont)**

**Notes to Regulatory Profit Statement**

69	<b>FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments</b>		<b>(\$000)</b>
70	Customer Rebates	-	
71	Line Charge Holidays and other Discretionary Discounts	-	
72	<b>Total Discretionary Discounts and Customer Rebates</b>		-

75	<b>FS1b: Related party expenditure - summary</b>		<b>(\$000)</b>
76	Avoided Transmission Charges	-	
77	Operational Expenditure	2,355	
78	Subvention Payment	-	
79	Other related party expenditure	3,629	
80	<b>Total Related Party Expenditure</b>		5,984
81	<i>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.</i>		
83			
84			

87	<b>FS1c: Operational Expenditure notes</b>		<b>(\$000)</b>
88			
89	<b>Merger and Acquisition Expenses</b>		
90	Merger and Acquisition Expenses (not to be included in Operational Expenditure)	-	
91			
92	<b>Material Items (if greater than 10% of the Operational Expenditure line item)</b>		
93	Material item amount 1	2,856	Notes to be provided separately
94	within expenditure category:	Other	
95			
96	Material item amount 2	803	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	<b>FS1d: Vested Assets</b>		<b>(\$000)</b>
107	Consideration Paid for Vested Assets	-	

110	<b>FS1e: Reclassified items in Operational Expenditure</b>		<b>(\$000)</b>
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			<b>(\$000)</b>
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			<b>(\$000)</b>
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			
	<i>to be repeated as required for multiple reclassifications</i>		

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

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

Material Item 1 \$2,856,000 for Network Distribution and Maintenance  
 Material Item 2 \$803,000 for Management Fee

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:	OTAGONET JOINT VENTURE
	For Year Ended	2008
5		
6		
7	<b>Capital Expenditure on System Fixed Assets (by primary purpose)</b>	(\$000)
8	Customer Connection	-
9	System Growth	-
10	Reliability, Safety and Environment	-
11	Asset Replacement and Renewal	-
12	Asset Relocations	7,376
13	<b>Total Capital Expenditure on System Fixed Assets</b>	<b>7,376</b>
14		
15		
16	<b>Capital Expenditure on Non-System Fixed Assets</b>	<b>1</b>
17		
18		
19	<b>Capital works roll-forward (for System Fixed Assets)</b>	
20	Works Under Construction at Beginning of Year	1,856
21	plus Total Capital Expenditure on System Fixed Assets	7,376
22	less Assets Commissioned in Year	7,379
23	<b>Works under construction at year end</b>	<b>1,853</b>
24		
25		
26	<b>Regulatory Investment Value calculation</b>	
27	System Fixed Assets: regulatory value at end of Previous Year	99,380
28	Non-System Fixed Assets: regulatory value at end of Previous Year	1,174
29	Finance During Construction Allowance (on System Fixed assets)	2,435
30	<b>Total Regulatory Asset Base value at beginning of Current Financial Year</b>	<b>102,989</b>
31		
32	plus System Fixed Assets Commissioned in Year	7,379
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-
34	Non-System Fixed Assets: Asset Additions	1
35	<b>Regulatory Asset Base investment in Current Financial Year - total</b>	<b>7,380</b>
36	<b>Regulatory Asset Base investment in Current Financial Year - average</b>	<b>3,690</b>
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	-
40		
41	<b>Regulatory Investment Value</b>	<b>106,679</b>

**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" is a protected cell from editing.

**REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION**

ref	Electricity Distribution Business:	OTAGONET JOINT	
		For Year Ended	2008
5			
6			
7			
8	<b>Earnings before interest and tax (EBIT)</b>		(\$000)
9			11,218
10	<i>add</i> Total Regulatory Depreciation	4,276	<i>from FS1</i>
11	Other Permanent Differences - not deductible	-	
12	Other Temporary Adjustments - Current Period	-	
13		4,276	
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets	1,273	
16	Tax Depreciation	7,271	
17	Deductible Discretionary Discounts and Customer Rebates	-	
18	Deductible Interest	3,414	<i>from row 53</i>
19	Other Permanent Differences - Non Taxable	37	
20	Other Temporary Adjustments - Prior Period	-	
21		11,995	
22			
23	<b>Regulatory taxable Income for Year</b>	<b>3,499</b>	
24			
25	<i>less</i> Tax Losses Available at Start of Year	-	
26	<b>Net taxable income</b>	<b>3,499</b>	
27			
28	Statutory Tax Rate	33%	
29	<b>Regulatory Tax Allowance</b>	<b>1,155</b>	<i>to FS1</i>

**Notes to Regulatory Tax Allowance Calculation**

36	<b>FS3a: Description of adjustments classified as "other"</b>
37	
38	The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory notes can be provided in a separate note if necessary).
39	
40	
41	Other permanent differences is for deductible easement costs.
42	
43	
44	
45	

48	<b>FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)</b>		
49			
50	Standard Debt Leverage Assumption (debt/total assets)	40% %	
51			
52	Standard Cost of Debt Assumption	8.00% %	
53			
54	Deductible Interest	3,414 \$000	<i>to row 18</i>
55			
56	Interest Tax Shield Adjustment	1,127 \$000	<i>to MP2</i>

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business: OTAGONET JOINT						
	For Year Ended:	2008					
	Year of most recent ODV						
	2004						
	(\$'000)						
	ODV Year +	ODV Year +	ODV Year +	ODV Year +	ODV Year +		
	1	2	3	4	5		
	For Year Ending:						
	2005	2006	2007	2008	2009		
11	<b>System Fixed Assets</b>						
12	Regulatory Value at End of Previous Year*	91,372	91,985	95,589	99,380	-	to FS2
13	plus						
14	Assets Commissioned	1,630	4,307	5,140	7,379	-	to FS2
15	Gross Value of Vested Assets	-	-	-	-	-	to FS1
16	Assets Acquired from (Sold to) a Non-EDB	-	-	-	-	-	to FS2
17	<b>Asset Additions</b>	1,630	4,307	5,140	7,379	-	
18	plus						
19	Indexed Revaluation	2,462	3,089	2,426	3,345	-	to FS1
20	less						
21	Depreciation of System Fixed Assets	3,460	3,591	3,733	3,966	-	
22	Regulatory Value of Assets Decommissioned	19	200	42	264	-	
23	<b>Regulatory Depreciation (Incl. value of assets decommissioned)</b>	3,479	3,791	3,775	4,230	-	to FS1
24	plus (minus)						
25	Acquisition of System Fixed Assets from another EDB	-	-	-	-	-	from AV4
26	less						
27	Sale of System Fixed Assets to another EDB	-	-	-	-	-	from AV4
28	<b>Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB</b>	-	-	-	-	-	
29	plus (minus)						
30	<b>Net Increase (Decrease) Due to Changes in Asset Register Information</b>	-	-	-	-	-	
31							
32							
33	<b>Regulatory Value of System Fixed Assets at Year End</b>	<b>91,985</b>	<b>95,589</b>	<b>99,380</b>	<b>105,875</b>	-	
34							
35	<b>Non-System Fixed Assets</b>						
36	Regulatory value at end of previous year	875	1,181	1,140	1,174	-	
37	plus						
38	Asset Additions	336	7	79	1	-	to FS2
39	plus Revaluations	-	-	-	-	-	to FS1
40	less Depreciation (incl. value of assets decommissioned)	31	48	45	46	-	to FS1
41	plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-	from AV4
42	<b>Regulatory Value of Non-System Fixed Assets at Year end</b>	<b>1,181</b>	<b>1,140</b>	<b>1,174</b>	<b>1,129</b>	-	
43							
44							
45	<b>Total Regulatory Asset Base Value (excluding FDC)</b>	<b>93,166</b>	<b>96,729</b>	<b>100,554</b>	<b>107,004</b>	-	
46							
47							
48	* The commencing figure for completing this schedule is the most recent ODV value						
49	Note: Additional columns to be added if required						

Notes to Annual Regulatory Valuation Roll-forward Report

57	<b>AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets</b>						
58	CPI as at date of ODV	928					
59							
60	For Year Ended	2005	2006	2007	2008	2009	
61	CPI at CPI reference date	953	985	1010	1044	-	
62	Revaluation Rate	2.69%	3.36%	2.54%	3.37%	0.00%	
63							
64	System Fixed Assets: Regulatory Value at End of Previous Year	91,372	91,985	95,589	99,380	-	
65	Indexed Revaluation of System Fixed Assets	2,462	3,089	2,426	3,345	-	to FS1, AV1
66	<b>AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB</b>						
67							
68	For Year Ended	2005	2006	2007	2008	2009	
69	Acquisition of System Fixed Assets from another EDB						
70	Sale of System Fixed Assets to another EDB						
71	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB						
72							

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

Electricity Distribution Business: **OTAGONET JOINT**  
For Year Ended: **2008**

		Subtotals by Asset Class (for System Fixed Assets)							(\$000)	
ref		Subtransmission	Zone Substations	Distribution & LV Lines	Distribution & LV Cables	Distribution Substations and Transformation	Distribution Switchgear	Other System Fixed Assets	Total for System Fixed Assets (per AV1)	
11	<b>System Fixed Assets</b>									
12	Regulatory Value of System Fixed Assets (as per most recent ODV)	12,056	14,669	46,973	514	13,380	3,412	368	91,372	from AV1
15	<b>Cumulative roll-forward since most recent ODV:</b>									
16	Asset Additions								18,456	from AV1
17	Indexed Revaluation (of System Fixed Assets)								11,322	from AV1
18	less Regulatory Depreciation (of System Fixed Assets)								15,275	from AV1
19	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-	from AV1
20	Net Increase (Decrease) Due to Changes in Asset Register Information								-	from AV1
21	<b>Regulatory Value of System Fixed Assets at Year End</b>								<b>105,875</b>	from AV1

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

		Electricity Distribution Business:	OTAGONET JOINT
5		For Year Ended:	2008
6	<b>System Fixed Assets - Replacement Cost</b>		
7		<b>(\$000)</b>	
8	Replacement cost at end of previous year	227,349	
9			
10	Asset Additions	7,379	AV3a
11	Indexed Revaluation (of System Fixed Assets)	7,653	
12	<i>less</i> Replacement Cost of Assets Decommissioned	1,261	
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	<b>Replacement cost of System Fixed Assets at year end</b>	<b>241,120</b>	
16			
17			
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>		
19			
20	Depreciated Replacement Cost at end of previous year	103,799	
21			
22	Asset Additions	7,379	AV3a
23	Indexed Revaluation (of System Fixed Assets)	3,494	
24	<i>less</i> Depreciation of Replacement Cost	4,005	
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned	264	
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	<b>Depreciated replacement cost of System Fixed Assets at year end</b>	<b>110,403</b>	

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

**Notes to Price and Quality Measures**

36	<b>AV3a: New Asset Additions</b>		
37			
38	Asset Additions - Depreciated Replacement Cost	7,379	from AV1
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	-	
40			
41	<b>Asset Additions - Replacement Cost</b>	<b>7,379</b>	
42			