



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 2009

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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 2009 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 Venture
ref		For Year Ended	2009
5			
6	Income		
7			(\$000)
8	Net Line Charge Revenue Received	23,791	
9	plus Discretionary Discounts and Customer Rebates	-	FS1a
10	Gross Line Charge Income	23,791	
11			
12			
13	Capital Contributions	1,295	
14	plus Net Value of Vested Assets	-	
15	Total Capital Contributions and Vested Assets	1,295	
16			
17	AC Loss Rental Rebates Received	1,489	
18	less AC Loss Rental Rebates Passed On	-	
19	Net AC loss rental income (deficit)	1,489	
20			
21			
22	Other Income	356	
23		356	
24			
25	Total regulatory income	26,931	
26			
27			
28	Expenses		
29			
30	Transmission Charges - Payments to Transpower	5,194	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	222	
32	Total Transmission Costs	5,416	
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		
42	Total Operational Expenditure	5,384	to MP2
43			
44			
45	Operational earnings	16,131	
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	4,294	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	64	from AV1
50	Total Regulatory Depreciation	4,358	to FS3
51			
52			
53	Earnings before interest and tax (EBIT)	11,773	to FS3
54			
55	less Regulatory Tax Allowance	1,133	from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	3,144	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	Regulatory profit / loss (pre-financing and distributions)	13,784	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	-	
71	Line Charge Holidays and other Discretionary Discounts	-	
72	Total Discretionary Discounts and Customer Rebates	-	

75	FS1b: Related party expenditure - summary		(\$000)
76	Avoided Transmission Charges	-	
77	Operational Expenditure	3,092	
78	Subvention Payment	-	
79	Other related party expenditure	2,651	
80	Total Related Party Expenditure	5,742	
81			
82	<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	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	3,785	<i>Notes to be provided separately</i>
94	within expenditure category:	Select one	
95			
96	Material item amount 2	910	<i>Notes to be provided separately</i>
97	within expenditure category:	Select one	
98			
99	Material item amount 3	-	<i>Notes to be provided separately</i>
100	within expenditure category:	Select one	
101			
102			
103			<i>(further disclosures to be provided on separate page if required)</i>

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(b) For further details, refer to separate note on Page 20.

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

Material Item 1 \$3,785,000 for Network Distribution and Maintenance
 Material Item 2 \$910,000 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		Electricity Distribution Business: OtagoNet Joint Venture	
ref		For Year Ended	2009
5			
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(5000)
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		to AM1
13	Total Capital Expenditure on System Fixed Assets		5,192 to AM1
14			
15			
16	Capital Expenditure on Non-System Fixed Assets		412 from AV1
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	1,853	
21	plus Total Capital Expenditure on System Fixed Assets	5,192	
22	less Assets Commissioned in Year	6,113	from AV1
23	Works under construction at year end		932
24			
25			
26	Regulatory Investment Value calculation		
27	System Fixed Assets: regulatory value at end of Previous Year	105,875	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	1,129	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	2,594	2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year		109,598
31			
32	plus (System Fixed Assets Commissioned in Year	6,113	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	412	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	6,525	
36	Regulatory Asset Base investment in Current Financial Year - average		3,263
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		112,860 to MP2

Note - All Capital Expenditure on System Fixed Assets has been included in the "Total Capital Expenditure on System Fixed Assets" cell F13. Under the Transitional Provisions, the primary purpose allocations are not required in the current year.

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

		Electricity Distribution Business: OtagoNet Joint Venture	
		For Year Ended 2009	
5			
6			
7			(\$000)
8	Earnings before interest and tax (EBIT)	11,773	from FS1
9			
10	<i>add</i> Total Regulatory Depreciation	4,358	from FS1
11	Other Permanent Differences - not deductible	-	
12	Other Temporary Adjustments - Current Period	-	
13		4,358	
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets	1,295	
16	Tax Depreciation	7,351	
17	Deductible Discretionary Discounts and Customer Rebates	-	
18	Deductible Interest	3,693	from row 53
19	Other Permanent Differences - Non Taxable	15	
20	Other Temporary Adjustments - Prior Period	-	
21		12,354	
22			
23	Regulatory taxable income for Year	3,777	
24			
25	<i>less</i> Tax Losses Available at Start of Year	-	
26	Net taxable income	3,777	
27			
28	Statutory Tax Rate	30%	
29	Regulatory Tax Allowance	1,133	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 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	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	8.18%	%
53			
54	Deductible Interest	3,693	\$000 to row 18
55			
56	Interest Tax Shield Adjustment	1,108	\$000 to MP2

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business:	OtagoNet Joint				
5		For Year Ended: 2009				
6		Year of most recent ODV: 2004				
7						
8		(\$'000)				
9		ODV Year +	ODV Year +	ODV Year +	ODV Year +	ODV Year +
10		1	2	3	4	5
11	For Year Ending:	2005	2006	2007	2008	2009
12	System Fixed Assets					
13	Regulatory Value at End of Previous Year*	91,372	91,985	95,589	99,380	105,875
14	plus					
15	Assets Commissioned	1,630	4,307	5,140	7,379	6,113
16	Gross Value of Vested Assets	-	-	-	-	-
17	Assets Acquired from (Sold to) a Non-EDB	-	-	-	-	-
18	Asset Additions	1,630	4,307	5,140	7,379	6,113
19	plus					
20	Indexed Revaluation	2,462	3,089	2,426	3,345	3,144
21	less					
22	Depreciation of System Fixed Assets	3,460	3,591	3,733	3,966	4,060
23	Regulatory Value of Assets Decommissioned	19	200	42	264	234
24	Regulatory Depreciation (incl. value of assets decommissioned)	3,479	3,791	3,775	4,230	4,294
25	plus (minus)					
26	Acquisition of System Fixed Assets from another EDB	-	-	-	-	-
27	less					
28	Sale of System Fixed Assets to another EDB	-	-	-	-	-
29	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	-	-	-	-
30	plus (minus)					
31	Net Increase (Decrease) Due to Changes in Asset Register Information	-	-	-	-	-
32						
33	Regulatory Value of System Fixed Assets at Year End	91,985	95,589	99,380	105,875	110,838
34						
35	Non-System Fixed Assets					
36	Regulatory value at end of previous year	876	1,181	1,140	1,174	1,129
37	plus					
38	Asset Additions	336	7	79	1	412
39	plus					
40	Revaluations	-	-	-	-	-
41	less					
42	Depreciation (incl. value of assets decommissioned)	31	48	45	46	64
43	plus					
44	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-
45	Regulatory Value of Non-System Fixed Assets at Year end	1,181	1,140	1,174	1,129	1,477
46						
47	Total Regulatory Asset Base Value (excluding FDC)	93,166	96,729	100,554	107,004	112,315
48						
49	* The commencing figure for completing this schedule is the most recent ODV value Note: Additional columns to be added if required					

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	For Year Ended	2005 2006 2007 2008 2009
62	CPI at CPI reference date	953 985 1010 1044 1075
63	Revaluation Rate	2.69% 3.36% 2.54% 3.37% 2.97%
64	System Fixed Assets: Regulatory Value at End of Previous Year	91,372 91,985 95,589 99,380 105,875
65	Indexed Revaluation of System Fixed Assets	2,462 3,089 2,426 3,345 3,144
68	AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another EDB	
69	For Year Ended	2005 2006 2007 2008 2009
70	Acquisition of System Fixed Assets from another EDB	- - - - -
71	Sale of System Fixed Assets to another EDB	- - - - -
72	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	- - - - -

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

Electricity Distribution Business:	OtagoNet Joint								
For Year Ended:	2009								
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)							91,372	from AV1
13	12,056	14,669	46,973	514	13,380	3,412	368		
14	Cumulative roll-forward since most recent ODV:								
15	Asset Additions							24,569	from AV1
16	Indexed Revaluation (of System Fixed Assets)							14,466	from AV1
17	less Regulatory Depreciation (of System Fixed Assets)							19,569	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							110,838	from AV1
21									

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT		Electricity Distribution Business: OtagoNet Joint Venture	
ref		For Year Ended:	2009
5			
6	System Fixed Assets - Replacement Cost		
7		(\$000)	
8	Replacement cost at end of previous year	241,120	
9			
10	Asset Additions	6,113	AV3a
11	Indexed Revaluation (of System Fixed Assets)	7,160	
12	less Replacement Cost of Assets Decommissioned	724	
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	253,669	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	110,403	
21			
22	Asset Additions	6,113	AV3a
23	Indexed Revaluation (of System Fixed Assets)	3,278	
24	less Depreciation of Replacement Cost	4,100	
25	less Depreciated Replacement Cost of Assets Decommissioned	234	
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	115,460	

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	6,113	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	-	
40			
41	Asset Additions - Replacement Cost	6,113	
42			

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

Electricity Distribution Business: OtagoNet Joint Venture

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

As at (date): 31/03/2009

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)								-
15 less Depreciation								-
17 Depreciated Replacement Cost (DRC)	-	-	-	-	-	-	-	-
18 less Optimisation adjustment								-
19 Optimised Depreciated Replacement Cost (ODRC)	-	-	-	-	-	-	-	-
21 less Economic Value Adjustment (EVA)								-
22 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	-		-
36 Acquisition of Assets from Another EDB	-	-	to AV1
37 Sale of Assets to Another EDB	-	-	to AV1
38 RAB Value of Transferred Assets at Transfer Date	-		
39 "p" factor (proportion of year following transfer of assets)	0%		
40 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		-
49 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-

52 Signed by: Selling Entity

53 Acquiring Entity

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

Electricity Distribution Business: OtagoNet Joint Venture

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

As at (date): 31/03/2009

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)								-
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)** (\$'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			
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			
41 RAB Value of Transferred Assets at Transfer Date	-		
42 "p" factor (proportion of year following transfer of assets)	0%		
43 Adjustment for merger, acquisition or sale to another EDB	-	-	to FS2
44			
45			
46			

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		
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: OtagoNet Joint Venture

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

As at (date): 31/03/2009

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

40 **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
41 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	-	-
42 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC	-	-

43 Signed by: Selling Entity

44 Acquiring Entity

REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business:	OtagoNet Joint Venture		
6		For Year Ended:	2009	
7	Network Name:	OtagoNet Joint Venture <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	74	-	74
14	33kV	550	1	551
15	SWER (all SWER voltages)	1,046	-	1,046
16	22kV (other than SWER)	-	-	-
17	6.6kV to 11kV (inclusive - other than SWER)	2,164	12	2,176
18	Low Voltage (< 1kV)	502	18	520
19	Total circuit length (for Supply)	4,336	32	4,368
20				to MP2
21	Dedicated Street Lighting Circuit Length	1	0	1
22				
23	Overhead Circuit Length by Terrain (at year end)	(km)	(%)	
24	Urban (only)	140	3%	
25	Rural (only)	1,862	43%	
26	Remote (only)	512	12%	
27	Rugged (only)	-	0%	
28	Rural & rugged (only)	1,302	30%	
29	Remote & rugged (only)	518	12%	
30	Unallocated overhead lines	2	0%	
31	Total overhead length	4,336	100%	
32				
33				
34	Transformer capacity (at year end)			Previous Year
35	Distribution Transformer Capacity (EDB Owned)	147	MVA	146
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	38	MVA	38
37	Total Distribution Transformer Capacity	185	MVA (to MP2)	183
38				
39	Zone Substation Transformer Capacity	157	MVA	151
40				
41	System Fixed Assets age (at year end)			
42	Average Age of System Fixed Assets	28	Years	
43	Average Expected Total Life of System Fixed Assets	51	Years	
44	Average Age as a Proportion of Average Expected Total Life	54%	%	
45				
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	36%	%	
47				
48				
49				
50				
51	Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
52				
53	GXP Demand	54	62	
54	plus Embedded Generation Output at HV and Above	6		
55	Maximum System Demand	60		
56	less Net Transfers to (from) Other EDBs at HV and Above	-		
57	Demand on system for supply to customers' Connection Points	60		
58	less Subtransmission Customers' Connection Point Demand	-		
59	Maximum Distribution Transformer Demand	60		to MP2
60				
61	GXP Demand not Supplied at Subtransmission Level	-		
62	Embedded Generation Output - Connected to Subtransmission System	6	13	
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	-		
64				
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	12		
66				
67	Five-Year System Maximum Demand Growth Forecast	1.0	% p.a.	
68				
69	Electricity volumes carried	(GWh)		
70	Electricity Supplied from GXPs	347		
71	less Electricity Exports to GXPs	-		
72	plus Electricity Supplied from Embedded Generators	65		
73	less Net Electricity Supplied to (from) Other EDBs	-		
74	Electricity entering system for supply to customers' Connection Points	412		
75	less Electricity Supplied to Customers' Connection Points	384		to MP2
76	Electricity Losses (loss ratio)	28	6.8%	
77				
78	Electricity Supplied to Customers' Connection Points	384		
79	less Electricity Supplied to Largest 5 Connection Points	221		
80	Electricity supplied other than to Largest 5 Connection Points	163	42%	
81				
82	Load Factor	79%	%	
83				
84	Number of Connection Points (at year end)	14,761	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)	88	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	3	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	26,022	kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES		Electricity Distribution Business: OtagoNet Joint Venture				
		For Year Ended: 2009				
Performance comparators		Previous Years:			Current Financial Year	
		Current Yr - 3	Current Yr - 2	Current Yr - 1		
9	Operational expenditure ratio					
10	Total Operational Expenditure			4	5 \$m from FS1	
11	Replacement Cost of System Fixed Assets (at year end*)			241	254 \$m from AV3	
12	Ratio (%)	Not defined	Not defined	1.75%	2.12% %	
14	Capital expenditure ratio					
15	Total Capital Expenditure on System Fixed Assets			7	5 \$m from FS2	
16	Replacement Cost of System Fixed Assets (at year end*)			241	254 \$m from AV3	
17	Ratio (%)	Not defined	Not defined	3.06%	2.05% %	
19	Capital expenditure growth ratio					
20	Capital Expenditure: Customer Connection and System Growth			-	- \$m from FS2	
21	Change in Total Distribution Transformer Capacity			(0)	2 MVA from MP1	
22	\$/kVA	Not defined	Not defined	-	- \$/kVA	
24	Renewal expenditure ratio					
25	Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal			-	- \$m from FS1 & 2	
26	Regulatory Depreciation of System Fixed Assets			4	4 \$m from AV1	
27	Ratio (%)	Not defined	Not defined	0%	0% %	
29	Distribution Transformer Capacity Utilisation					
30	Maximum Distribution Transformer Demand	54	54	56	60 MW from MP1	
31	Total Distribution Transformer Capacity (at year end*)	144	146	183	185 kVA from MP1	
32	Ratio (%)	37.8%	37.3%	30.7%	32.4% %	
34	Return on Investment					
35	Regulatory Profit / Loss (pre-financing and distributions)			13	14 \$m from FS1	
36	less Interest Tax Shield Adjustment			1	1 \$m from FS3	
37	Adjusted Regulatory Profit	-	-	12	13 \$m	
38	Regulatory Investment Value			107	113 \$m from FS2	
39	Ratio (%)	Not defined	Not defined	11.51%	11.23% %	
41	* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.					
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	1,283	15	93,619	380	38,081 from FS2 & MP1
46	Operational Expenditure (\$) per	1,233	14	89,944	365	36,586 from FS1 & MP1

Note - Previous years information on Distribution Transformer Capacity Utilisation has been extracted from 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 to 2008 year information for Operational Expenditure Ratio, Capital Expenditure Ratio, Capital Expenditure Growth Ratio, Renewal Ratio and Return on Investment. The current year information 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: **OtagoNet Joint**
For Year Ended: **2009**

Network Name: **OtagoNet Joint Venture**
Disclosure: **Annual Disclosure - Requirement 6(1)**

QUALITY

Interruptions

Interruptions by class

Class A	-	planned interruptions by Transpower:
Class B	414	planned interruptions on the network
Class C	165	unplanned interruptions on the network
Class D	1	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	-	unplanned interruptions of generation (non-network)
Class G	-	unplanned interruptions caused by other electricity industry participant
Class H	-	planned interruptions caused by other electricity industry participant
Total	580	Total of above

Interruption targets for Forecast Year

Class B	2010	Current Financial Year +1
Class B	299	planned interruptions on the network
Class C	186	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

Class B	2010-2014	Current Financial Year +1 to +5
Class B	287	planned interruptions on the network
Class C	182	unplanned interruptions on the network

Class C interruptions restored within

<3Hrs	>3hrs
120	45

Faults

Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	4.19	in year	2009
The total number of faults forecast for the Forecast Year	4.69	in year	2010
The average annual number of faults forecast for the 5 Forecast Years	4.62	average over years	2010-2014

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SW	22kV non-SW	SW	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Yes	No	Yes	Yes	Yes	No
Current Financial Year	5.52		3.06	1.82	-	
Forecast Year	6.03		3.82	1.82	-	
Average annual for 5 Forecast Years	5.94		3.76	1.82	-	

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SW	22kV non-SW	SW	33kV	50kV & 66kV	>66kV
Underground	-		-	-	-	
Overhead	5.52		3.06	1.82	-	

Reliability

Overall reliability

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	274.25	3.02	9.79

Reliability by interruption class

	SAIDI	SAIFI	CAIDI
Class B	163.55	0.72	226.30
Class C	106.65	2.08	51.16

Targets for Forecast Year

	SAIDI	SAIFI	CAIDI
Class B	200.00	0.91	220.00
Class C	136.00	1.81	75.00

Average targets for 5 Forecast Years

	SAIDI	SAIFI	CAIDI
Class B	188.00	0.85	220.00
Class C	130.00	1.74	75.00

PRICES

Price information by Connection Point Class

	Connection Point Class					
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total	
Gross line charge income (\$000)	14,732	3,547	2,594	2,919	23,791	Error (FS1)
Electricity Supplied to Customers' Connection Points (MWh)	110,167	27,985	41,623	204,336	384,110	from MP1
Number of Connection Points (ICPs) at year end	14,187	468	101	5	14,761	from MP1
Unit Price (cents/kWh)	13.4	12.7	6.2	1.4	6.2	
Relative Unit Price Index	1.00	0.95	0.47	0.11	0.46	

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	Select one
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		

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

ref		Electricity Distribution Business:	OtagoNet Joint					
5			For Year Ended 2009					
6	A) Five year forecasts of expenditure		(\$000)					
7	<i>From most recent Asset Management Plan</i>		Forecast Years					
8		Actual for Current Financial Year	year 1	year 2	year 3	year 4	year 5	
9	<i>for year ended</i>	2009	2010	2011	2012	2013	2014	
10	Capital Expenditure: Customer Connection	-	1,206	1,242	1,279	1,317	1,356	from FS2
11	Capital Expenditure: System Growth	-	483	85	87	90	93	from FS2
12	Capital Expenditure: Reliability, Safety and Environment	-	484	66	68	37	23	from FS2
13	Capital Expenditure: Asset Replacement and Renewal	-	4,822	6,424	6,682	6,880	6,936	from FS2
14	Capital Expenditure: Asset Relocations	-	16	-	-	-	-	from FS2
15	Subtotal - Capital Expenditure on asset management	5,192	7,011	7,817	8,116	8,324	8,408	
16								
17	Operational Expenditure: Routine and Preventative Maintenance	-	1,068	1,001	971	999	1,028	from FS1
18	Operational Expenditure: Refurbishment and Renewal Maintenance	-	643	462	381	393	405	from FS1
19	Operational Expenditure: Fault and Emergency Maintenance	-	1,281	1,319	1,359	1,400	1,443	from FS1
20	Subtotal - Operational Expenditure on asset management	3,785	2,992	2,782	2,711	2,792	2,876	
21								
22	Total direct expenditure on distribution network	8,977	10,003	10,599	10,827	11,116	11,284	
23								
24	Overhead to Underground Conversion Expenditure		-	-	-	-	-	
25								
26	<i>The Electricity Distribution Business is to provide the amount of Overhead to Underground Conversion Expenditure included in each of the above Expenditure Categories (explanatory notes can be provided in a separate note if necessary).</i>							
27								
28								
30	B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure							
32		Actual for Current Financial Year	Previous forecast for Current Financial Year	% Variance (a)/(b)-1				
33		Year (a)	Year (b)					
34	Capital Expenditure: Customer Connection	-	-	Not defined				from row 10
35	Capital Expenditure: System Growth	-	-	Not defined				from row 11
36	Capital Expenditure: Asset Replacement and Renewal	-	-	Not defined				from row 12
37	Capital Expenditure: Reliability, Safety and Environment	-	-	Not defined				from row 13
38	Capital Expenditure: Asset Relocations	-	-	Not defined				from row 14
39	Subtotal - Capital Expenditure on asset management	5,192	4,901	5.9%				
40								
41	Operational Expenditure: Routine and Preventative Maintenance	-	-	Not defined				from row 17
42	Operational Expenditure: Refurbishment and Renewal Maintenance	-	-	Not defined				from row 18
43	Operational Expenditure: Fault and Emergency Maintenance	-	-	Not defined				from row 19
44	Subtotal - Operational Expenditure on asset management	3,785	3,364	12.5%				
45								
46	Total direct expenditure on distribution network	8,977	8,265	8.6%				
47								
48								
49	Explanation of variances							
50	<i>Distribution Business must provide a brief explanation for any line item variance of more than 10%</i>							
51	<i>Explanatory notes (can be provided in a separate note if necessary):</i>							
52	Asset maintenance variance due to urgent work identified by a 11kV line condition survey being more than anticipated.							
53								
54								
55								
56								
57								
58								
59								
60								
61								
62								
63								

4. TRANSITIONAL PROVISIONS

	2009	2008	2007	2006	2005
Direct line Costs per Kilometre	\$1,115	\$879	\$817	\$622	\$500
Indirect Line Costs per ICP	\$42	\$39	\$40	\$36	\$32

5. RELATED PARTY NOTE

The parties to the OtagoNet Joint Venture consist of Marlborough Lines Limited, Electricity Invercargill Limited and The Power Company Limited through their respective subsidiaries Southern Lines Limited, Pylon Limited and Last Tango Limited. All transactions between OtagoNet Joint Venture and its joint venture parties relate to normal trading conditions and have been conducted on an “arms length” basis.

Otago Power Services Limited and OtagoNet Limited have the same ownership as the OtagoNet Joint Venture, and their control is governed by the same Joint Venture Agreement. All transactions between the OtagoNet Joint Venture and Otago Power Services Limited relate to normal trading conditions and have been conducted on an “arms length” basis. OtagoNet Limited was established to hold easement arrangements on behalf of the OtagoNet Joint Venture. There were no transactions between OtagoNet Limited and OtagoNet Joint Venture.

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

Goods and Services Provided by Otago Power Services Limited were:

	31 March 2009 \$000
Construction of:	
➤ Subtransmission assets	131
➤ Zone substations	511
➤ Distribution and LV Lines	1,489
➤ Medium voltage switchgear	31
➤ Distribution transformers and substations	410
➤ Distribution and LV cables	77
➤ Other system fixed assets	13
Maintenance of assets	3,092
Consumer connections and disconnections	-

Capital work is subject to open tender or competitive pricing.

Maintenance work is charged in accordance with a competitively priced facilities management contract established for a fixed term. The maintenance of assets undertaken by Otago Power Services Limited of \$3,092,000 is also disclosed in FS1 operating expenditure.

At year end \$638,000 was owing to Otago Power Services Limited.

Goods and Services Provided to Otago Power Services Limited were:

Rent	31
------	----

At year end \$3,000 was owing by Otago Power Services Limited.

6. AUDITORS' REPORT



AUDITOR'S INDEPENDENT ASSURANCE REPORT
TO THE MANAGEMENT COMMITTEE OF OTAGONET JOINT VENTURE
REPORT ON OTAGONET JOINT VENTURE'S COMPLIANCE WITH THE ELECTRICITY
DISTRIBUTION (INFORMATION DISCLOSURE) REQUIREMENTS 2008
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

The Auditor-General is the auditor of OtagoNet Joint Venture (the joint venture). The Auditor-General has appointed me, Michael Wilkes, using the staff and resources of Deloitte, to provide an opinion on the compliance of the attached reports prepared by the joint venture with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements) for the financial year ended 31 March 2009. In this independent assurance report the attached reports are called the 'disclosure information'.

Respective Responsibilities

The Management Committee is responsible for preparing disclosure information which complies with the Requirements.

Clause 10 of the Requirements requires the Auditor-General to provide an opinion that the disclosure information prepared by the joint venture complies with and is presented in all material respects in accordance with the Requirements for the financial year ended 31 March 2009.

Limitations and Use of this Independent Assurance Report

This independent assurance report has been prepared solely to discharge the Auditor-General's responsibilities under the Requirements for the financial year ended 31 March 2009. This independent assurance report is not intended to be used for any purposes, other than that for which it was prepared.

Material misstatements, whether caused by fraud or error, are differences or omissions of amounts and disclosures that would affect a user's overall understanding of the disclosure information prepared by the joint venture.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the financial year and the procedures performed in respect of the joint venture's compliance with the Requirements are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the joint venture may not have complied with the Requirements. Our opinion has been formed on the above basis.

Basis of Opinion

The joint venture's financial statements for the year ended 31 March 2009 have been subject to audit. The audit opinion on the financial statements of the joint venture for the year ended 31 March 2009 was unqualified and was dated 2 July 2009.

Our work has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information complies with and has been presented in all material respects in accordance with the Requirements. We also included an assessment of the significant estimates and judgements, if any, made by the joint venture in the preparation of the disclosure information.

AUDITORS' REPORT



Historical Financial and Non-Financial Information

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

Our work in respect of amounts and disclosures that were audited under the financial statement audit has been limited to agreeing the amounts and disclosures to the underlying records and audited financial statements of the joint venture.

Our work in respect of amounts and disclosures that were not audited under the financial statement audit, has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information has been presented in all material respects in accordance with the Requirements.

Prospective Financial and Non-Financial Information

Our work has been limited to assessing whether the information has been presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the financial year ended 31 March 2009 and the immediately preceding financial year, and that the information has been calculated based on source data provided by the joint venture, whilst acknowledging it is likely that actual results will vary from those forecasted, since anticipated events frequently do not occur as expected (and those variations may be significant). We have not performed audit procedures on the source data.

Independence

When carrying out the engagement we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants. We also complied with the Independent auditor provisions on independence, as specified in clause 2(1) of the Requirements.

Other than the engagement and the annual audit of the joint venture's financial statements carried out on behalf of the Auditor-General, we have no relationship with or interests in the joint venture.

Unqualified Opinions

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

In our opinion:

- The joint venture has kept proper records to enable the complete and accurate compilation of required information, in all material respects, as far as appears from our examination of those records; and
- The disclosure information prepared by the joint venture for the financial year ended 31 March 2009 complies with the Requirements.

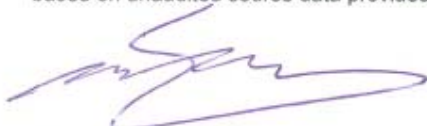
AUDITORS' REPORT**Deloitte.***Historical Financial and Non-Financial Information*

In our opinion, the joint venture has:

- presented the historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 for the financial year ended 31 March 2009 that complies with the Requirements, in all material respects; and
- compiled the historical non-financial information included in reports MP1, MP2 and MP3 in accordance with the guidance (if any) issued pursuant to the Requirements, and has calculated the historical non-financial information based on unaudited source data provided by the joint venture.

Prospective Financial and Non-Financial Information

In our opinion, the joint venture has presented the information in reports AM1 and MP3 on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the financial year ended 31 March 2009 and the immediately preceding financial year, and has calculated the prospective financial and non-financial information based on unaudited source data provided by the joint venture.



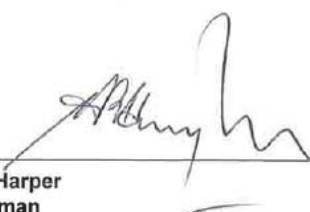
Michael Wilkes
DELOITTE
On behalf of the Auditor-General
Christchurch, New Zealand
28 August 2009

7. DIRECTORS' CERTIFICATE

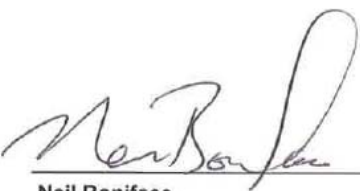
CERTIFICATE FOR DISCLOSED INFORMATION

We, Alan Bertram Harper and Neil Douglas Boniface, directors of Companies that are party to the OtagoNet Joint Venture certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of OtagoNet Joint Venture 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.
- xi. Report AM1: Expenditure Forecasts and Reconciliation



Alan Harper
Chairman



Neil Boniface
Member

27 August 2009

