



**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 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 2009 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	2009
5			
6	<b>Income</b>		
7			(\$000)
8	Net Line Charge Revenue Received	35,143	
9	plus Discretionary Discounts and Customer Rebates	4,906	FS1a
10	<b>Gross Line Charge Income</b>		40,049
11			
12			
13	Capital Contributions	5,052	
14	plus Net Value of Vested Assets	-	
15	<b>Total Capital Contributions and Vested Assets</b>		5,052
16			
17	AC Loss Rental Rebates Received	1,960	
18	less AC Loss Rental Rebates Passed On	1,960	
19	<b>Net AC loss rental income (deficit)</b>		-
20			
21			
22	<b>Other Income</b>	744	
23			744
24			
25	<b>Total regulatory income</b>		45,845
26			
27			
28	<b>Expenses</b>		
29			
30	Transmission Charges - Payments to Transpower	8,694	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	323	
32	<b>Total Transmission Costs</b>		9,017
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		
42	<b>Total Operational Expenditure</b>		10,590 to MP2
43			
44			
45	<b>Operational earnings</b>		26,238
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	10,799	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	281	from AV1
50	<b>Total Regulatory Depreciation</b>		11,080 to FS3
51			
52			
53	<b>Earnings before interest and tax (EBIT)</b>		15,158 to FS3
54			
55	less Regulatory Tax Allowance	(33)	from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	7,394	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	<b>Regulatory profit / loss (pre-financing and distributions)</b>		22,585 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	4,906	
71	Line Charge Holidays and other Discretionary Discounts	-	
72	<b>Total Discretionary Discounts and Customer Rebates</b>		<b>4,906</b>

75	<b>FS1b: Related party expenditure - summary</b>		<b>(\$000)</b>
76	Avoided Transmission Charges	-	
77	Operational Expenditure	319	
78	Subvention Payment	412	
79	Other related party expenditure	16,814	
80	<b>Total Related Party Expenditure</b>		<b>17,545</b>

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	<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	5,200	Notes to be provided separately
94	within expenditure category:	Select one	
95			
96	Material item amount 2	1,393	Notes to be provided separately
97	within expenditure category:	Select one	
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			

to be repeated as required for multiple reclassifications

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

Material Item 1	\$5,200,000	for Contractor Labour
Material Item 2	\$1,393,000	for Salaries and Wages

FS1(b) For further details, please refer to separate note on Page 20.

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: <b>The Power Company</b>	
ref		For Year Ended	<b>2009</b>
5			
6			
7	<b>Capital Expenditure on System Fixed Assets (by primary purpose)</b>		<b>(\$000)</b>
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	<b>Total Capital Expenditure on System Fixed Assets</b>		<b>17,373</b> to AM1
14			
15			
16	<b>Capital Expenditure on Non-System Fixed Assets</b>		<b>1,009</b> from AV1
17			
18			
19	<b>Capital works roll-forward (for System Fixed Assets)</b>		
20	Works Under Construction at Beginning of Year	11,911	
21	plus Total Capital Expenditure on System Fixed Assets	17,373	
22	less Assets Commissioned in Year	15,201	from AV1
23	<b>Works under construction at year end</b>		<b>14,083</b>
24			
25			
26	<b>Regulatory Investment Value calculation</b>		
27	System Fixed Assets: regulatory value at end of Previous Year	249,003	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	1,042	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	6,101	2.45%
30	<b>Total Regulatory Asset Base value at beginning of Current Financial Year</b>		<b>256,145</b>
31			
32	plus (System Fixed Assets Commissioned in Year	15,201	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	1,009	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	16,210	
36	<b>Regulatory Asset Base investment in Current Financial Year - average</b>		<b>8,105</b>
37			
38	plus (minus) where a merger or acquisition has taken place within the year		
39	<b>Adjustment for merger, acquisition or sale to another EDB</b>		<b>-</b> from AV4
40			
41	<b>Regulatory Investment Value</b>		<b>264,250</b> to MP2

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

**REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION**

		Electricity Distribution Business: <b>The Power Company</b>	
		For Year Ended <b>2009</b>	
5			
6			
7			
8	<b>Earnings before interest and tax (EBIT)</b>		<b>15,158</b> <i>from FS1</i>
9			
10	<i>add</i> Total Regulatory Depreciation	11,080	<i>from FS1</i>
11	Other Permanent Differences - not deductible	412	
12	Other Temporary Adjustments - Current Period	-	
13			<b>11,492</b>
14			
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets	5,052	
16	Tax Depreciation	8,126	
17	Deductible Discretionary Discounts and Customer Rebates	4,906	
18	Deductible Interest	8,646	<i>from row 53</i>
19	Other Permanent Differences - Non Taxable	30	
20	Other Temporary Adjustments - Prior Period	-	
21			<b>26,760</b>
22			
23	<b>Regulatory taxable income for Year</b>		<b>(110)</b>
24			
25	<i>less</i> Tax Losses Available at Start of Year	-	
26	<b>Net taxable income</b>		<b>(110)</b>
27			
28	Statutory Tax Rate	30%	
29	<b>Regulatory Tax Allowance</b>		<b>(33)</b> <i>to FS1</i>

**Notes to Regulatory Tax Allowance Calculation**

**FS3a: Description of adjustments classified as "other"**

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).

Other differences are: subvention payment of \$412,000 (not deductible) and an easement expense of \$30,000 (deductible for tax purposes).

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

49	Standard Debt Leverage Assumption (debt/total assets)	40%	%	
50				
51	Standard Cost of Debt Assumption	8.18%	%	
52				
53	Deductible Interest	8,646	\$000	<i>to row 18</i>
54				
55	Interest Tax Shield Adjustment	2,594	\$000	<i>to MP2</i>
56				



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

Electricity Distribution Business:	The Power Company								
For Year Ended:	2009								
<b>Subtotals by Asset Class (for System Fixed Assets)</b>									
							(\$'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	<b>System Fixed Assets</b>								
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	<b>Cumulative roll-forward since most recent ODV:</b>								
15	Asset Additions							57,618	from AV1
16	Indexed Revaluation (of System Fixed Assets)							34,272	from AV1
17	less Regulatory Depreciation (of System Fixed Assets)							48,370	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	<b>Regulatory Value of System Fixed Assets at Year End</b>							<b>260,798</b>	from AV1
21									

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

ref		Electricity Distribution Business:	The Power Company
5		For Year Ended:	2009
6	<b>System Fixed Assets - Replacement Cost</b>		
7		<b>(\$000)</b>	
8	Replacement cost at end of previous year	515,223	
9			
10	Asset Additions	15,201	AV3a
11	Indexed Revaluation (of System Fixed Assets)	15,299	
12	less Replacement Cost of Assets Decommissioned	1,399	
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>544,324</b>	
16			
17			
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>		
19			
20	Depreciated Replacement Cost at end of previous year	250,685	
21			
22	Asset Additions	15,201	AV3a
23	Indexed Revaluation (of System Fixed Assets)	7,444	
24	less Depreciation of Replacement Cost	10,390	
25	less Depreciated Replacement Cost of Assets Decommissioned	509	
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>262,431</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	15,201	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	-	
40			
41	<b>Asset Additions - Replacement Cost</b>	<b>15,201</b>	
42			

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

Electricity Distribution Business: The Power Company Limited

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

As at (date): 31/03/2009

Proportion of year following transfer of assets: 0%

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

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transforme	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
Replacement Cost (RC)								
less Depreciation								
<b>Depreciated Replacement Cost (DRC)</b>	-	-	-	-	-	-	-	-
less Optimisation adjustment								
<b>Optimised Depreciated Replacement Cost (ODRC)</b>	-	-	-	-	-	-	-	-
less Economic Value Adjustment (EVA)								
<b>Most recent ODV value</b>	-	-	-	-	-	-	-	-

**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)
Regulatory Value of System Fixed Assets (as per most recent ODV)	-		
<b>Cumulative roll-forward since most recent ODV:</b>			
Asset Additions			
Indexed Revaluation (of System Fixed Assets)			
less Regulatory Depreciation (of System Fixed Assets)			
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
Net Increase (Decrease) due to Changes in Asset Register Information			
<b>RAB Value of Transferred Assets at Transfer Date</b>	-		-
Acquisition of Assets from Another EDB	-	-	to AV1
Sale of Assets to Another EDB	-	-	to AV1
RAB Value of Transferred Assets at Transfer Date	-		
"p" factor (proportion of year following transfer of assets)	0%		
<b>Adjustment for merger, acquisition or sale to another EDB</b>		-	to FS2

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

Signed by: Selling Entity

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): 31/03/2009

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 <b>Depreciated Replacement Cost (DRC)</b>	-	-	-	-	-	-	-	-
17								-
18 less Optimisation adjustment								-
19 <b>Optimised Depreciated Replacement Cost (ODRC)</b>	-	-	-	-	-	-	-	-
20								-
21 less Economic Value Adjustment (EVA)								-
22 <b>Most recent ODV Value</b>	-	-	-	-	-	-	-	-
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 <b>Cumulative roll-forward since most recent ODV:</b>			
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 <b>RAB Value of Transferred Assets at Transfer Date</b>	-		-
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 <b>Adjustment for merger, acquisition or sale to another EDB</b>	-	-	to FS2
43			
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 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	-	-
50		to AV3
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): 31/03/2009

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 <b>Depreciated Replacement Cost (DRC)</b>	-	-	-	-	-	-	-	-
16 less Optimisation adjustment								-
17 <b>Optimised Depreciated Replacement Cost (ODRC)</b>	-	-	-	-	-	-	-	-
18 less Economic Value Adjustment (EVA)								-
19 <b>Most recent ODV Value</b>	-	-	-	-	-	-	-	-

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 <b>Cumulative roll-forward since most recent ODV:</b>			
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 <b>RAB Value of Transferred Assets at Transfer Date</b>	-		-
35 Acquisition of Assets from another EDB	-	-	-
36 Sale of Assets to another EDB	-	-	-
37 RAB Value of Transferred Assets at Transfer Date	-		
38 "p" factor (proportion of year following transfer of assets)	0%		
39 <b>Adjustment for merger, acquisition or sale to another EDB</b>		-	-

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:	2009
7	Network Name:	Total Business <small>(enter "Total Business" or name of network)</small>		
9	Disclosure:	Annual Disclosure - Requirement 6(1)		
10	<b>Circuit Length by Operating Line Voltage (at year end)</b>	<b>Overhead (km)</b>	<b>Underground (km)</b>	<b>Total (km)</b>
11				
12	> 66kV	-	-	-
13	50kV & 66kV	383	-	383
14	33kV	446	6	452
15	SWER (all SWER voltages)	8	-	8
16	22kV (other than SWER)	-	-	-
17	6.6kV to 11kV (inclusive - other than SWER)	6,600	110	6,710
18	Low Voltage (< 1kV)	845	182	1,027
19	<b>Total circuit length (for Supply)</b>	<b>8,282</b>	<b>298</b>	<b>8,580</b>
20				to MP2
21	<b>Dedicated Street Lighting Circuit Length</b>	<b>271</b>	<b>73</b>	<b>344</b>
22				
23	<b>Overhead Circuit Length by Terrain (at year end)</b>	<b>(km)</b>	<b>(%)</b>	
24	Urban (only)	373	5%	
25	Rural (only)	5,403	65%	
26	Remote (only)	887	11%	
27	Rugged (only)	-	0%	
28	Rural & rugged (only)	1,143	14%	
29	Remote & rugged (only)	474	6%	
30	Unallocated overhead lines	3	0%	
31	<b>Total overhead length</b>	<b>8,282</b>	<b>100%</b>	
32				
33				
34	<b>Transformer capacity (at year end)</b>			<b>Previous Year</b>
35	Distribution Transformer Capacity (EDB Owned)	360	MVA	347
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	64	MVA	63
37	<b>Total Distribution Transformer Capacity</b>	<b>423</b>	<b>MVA (to MP2)</b>	<b>410</b>
38				
39	Zone Substation Transformer Capacity	403	MVA	401
40				
41	<b>System Fixed Assets age (at year end)</b>			
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	52%	%	
45				
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	14%	%	
47				
48				
49				
50				
51	<b>Electricity demand</b>	<b>Maximum coincident system demand (MW)</b>	<b>Non-coincident Sum of maximum demands (MW)</b>	
52				
53	<b>GXP Demand</b>	79	145	
54	plus Embedded Generation Output at HV and Above	50		
55	<b>Maximum System Demand</b>	128		
56	less Net Transfers to (from) Other EDBs at HV and Above	2		
57	<b>Demand on system for supply to customers' Connection Points</b>	126		
58	less Subtransmission Customers' Connection Point Demand	-	-	
59	<b>Maximum Distribution Transformer Demand</b>	126		to MP2
60				
61	GXP Demand not Supplied at Subtransmission Level	-		
62	Embedded Generation Output - Connected to Subtransmission System	50	54	
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	-	-	
64				
65	<b>Estimated Controlled Load Shed at Time of Maximum System Demand (MW)</b>	14		
66				
67	<b>Five-Year System Maximum Demand Growth Forecast</b>	2.5	% p.a.	
68				
69	<b>Electricity volumes carried</b>	<b>(GWh)</b>		
70	Electricity Supplied from GXPs	559		
71	less Electricity Exports to GXPs	52		
72	plus Electricity Supplied from Embedded Generators	218		
73	less Net Electricity Supplied to (from) Other EDBs	19		
74	<b>Electricity entering system for supply to customers' Connection Points</b>	706		
75	less Electricity Supplied to Customers' Connection Points	650		to MP2
76	<b>Electricity Losses (loss ratio)</b>	56	8.0%	
77				
78	Electricity Supplied to Customers' Connection Points	650		
79	less Electricity Supplied to Largest 5 Connection Points	143		
80	<b>Electricity supplied other than to Largest 5 Connection Points</b>	507	78%	
81				
82	<b>Load Factor</b>	64%	%	
83				
84	<b>Number of Connection Points (at year end)</b>	33,692	ICPs	to MP2
85				
86	<b>Intensity of service requirements</b>			
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	15	kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	76	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	4	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	19,288	kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES		Electricity Distribution Business: <b>The Power Company Limited</b>				
		For Year Ended: <b>2009</b>				
Performance comparators		Previous Years:			Current Financial Year	
		Current Yr - 3	Current Yr - 2	Current Yr - 1		
9	<b>Operational expenditure ratio</b>					
10	<i>Total Operational Expenditure</i>			9	11 \$m from FS1	
11	<i>Replacement Cost of System Fixed Assets (at year end*)</i>			515	544 \$m from AV3	
12	<b>Ratio (%)</b>	Not defined	Not defined	1.75%	1.95%	
14	<b>Capital expenditure ratio</b>					
15	<i>Total Capital Expenditure on System Fixed Assets</i>			19	17 \$m from FS2	
16	<i>Replacement Cost of System Fixed Assets (at year end*)</i>			515	544 \$m from AV3	
17	<b>Ratio (%)</b>	Not defined	Not defined	3.68%	3.19%	
19	<b>Capital expenditure growth ratio</b>					
20	<i>Capital Expenditure: Customer Connection and System Growth</i>			-	- \$m from FS2	
21	<i>Change in Total Distribution Transformer Capacity</i>			4	13 MVA from MP1	
22	<b>\$/kVA</b>	Not defined	Not defined	-	- \$/kVA	
24	<b>Renewal expenditure ratio</b>					
25	<i>Capital &amp; Operational Expenditure: Asset Replacement, Refurbishment and Renewal</i>			-	- \$m from FS1 & 2	
26	<i>Regulatory Depreciation of System Fixed Assets</i>			10	11 \$m from AV1	
27	<b>Ratio (%)</b>	Not defined	Not defined	0%	0%	
29	<b>Distribution Transformer Capacity Utilisation</b>					
30	<i>Maximum Distribution Transformer Demand</i>	114	114	120	126 MW from MP1	
31	<i>Total Distribution Transformer Capacity (at year end*)</i>	336	340	410	423 kVA from MP1	
32	<b>Ratio (%)</b>	33.9%	33.5%	29.1%	29.7%	
34	<b>Return on Investment</b>					
35	<i>Regulatory Profit / Loss (pre-financing and distributions)</i>			22	23 \$m from FS1	
36	<i>less Interest Tax Shield Adjustment</i>			3	3 \$m from FS3	
37	<i>Adjusted Regulatory Profit</i>	-	-	19	20 \$m	
38	<i>Regulatory Investment Value</i>			250	264 \$m from FS2	
39	<b>Ratio (%)</b>	Not defined	Not defined	7.62%	7.57%	
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	<b>Expenditure comparison table</b>					
44		<b>Expenditure metrics (\$ per):</b>				
45		<b>Total circuit length (for Supply)</b>	<b>Electricity Supplied to Customers' Connection Points</b>	<b>Maximum coincident system demand</b>	<b>Connection Point</b>	<b>Distribution Transformer Capacity (EDB-Owned)</b>
46		(\$/km)	(\$/MWh)	(\$/MW)	(\$/ICP)	(\$/MVA)
47	<b>Capital Expenditure (\$) per</b>	2,142	28	143,565	546	51,099 from FS2 & MP1
48	<b>Operational Expenditure (\$) per</b>	1,234	16	82,707	314	29,438 from FS1 & MP1

**Note -** Previous year's information on Distribution Transformer Capacity Utilisation prior to 2008 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 year information for any years before the year ending 31 March 2008 for Operational Expenditure Ratio, Capital Expenditure Ratio and Return on Investment. There is no requirement to provide current year or prior year information for Capital Expenditure Growth Ratio and Renewal Expenditure Ratio.

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: **2009**

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

**QUALITY**

**Interruptions**

**Interruptions by class**

Class A	-	planned interruptions by Transpower
Class B	383	planned interruptions on the network
Class C	499	unplanned interruptions on the network
Class D	2	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	6	unplanned interruptions of generation (non-network)
Class G	2	unplanned interruptions caused by other electricity industry participant
Class H	-	planned interruptions caused by other electricity industry participant
<b>Total</b>	<b>892</b>	<b>Total of above</b>

**Interruption targets for Forecast Year**

Class B	2010	Current Financial Year +1
Class C	158	397

**Average interruption targets for 5 Forecast Years**

Class B	2010-2014	Current Financial Year +1 to +5
Class C	155	389

**Class C interruptions restored within**

<=3hrs	>3hrs
389	110

**Faults**

**Faults per 100 circuit kilometres**

The total number of faults for Current Financial Year	6.38	in year	2009
The total number of faults forecast for the Forecast Year	5.27	in year	2010
The average annual number of faults forecast for the 5 Forecast Years	5.17	average over years	2010-2014

**Fault Information per 100 circuit kilometres by Voltage and Type**

	6.6kV & 11kV non-SWGR		22kV non-SWGR		33kV		50kV & 66kV		>66kV	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Is this voltage part of the EDB system?										
Current Financial Year	6.90		-		3.49		0.52			
Forecast Year	5.76		5.76		1.90		0.55			
Average annual for 5 Forecast Years	5.65		5.65		1.86		0.54			

**Fault Information per 100 circuit kilometres by Voltage and Type**

	6.6kV & 11kV non-SWGR		22kV non-SWGR		33kV		50kV & 66kV		>66kV	
Underground	7.84				-					
Overhead	6.89				3.49		0.52			

**Reliability**

**Overall reliability**

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	217.34	4.37	49.78

**Reliability by interruption class**

Class B	SAIDI	SAIFI	CAIDI
Class C	45.20	0.24	187.90
	165.03	3.83	43.14

**Targets for Forecast Year**

Class B	SAIDI	SAIFI	CAIDI
Class C	34.51	0.20	172.55
	117.24	2.82	41.57

**Average targets for 5 Forecast Years**

Class B	SAIDI	SAIFI	CAIDI
Class C	31.99	0.20	159.95
	108.66	2.81	38.67

**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)	21,617	11,608	4,430	2,393	40,049		Error (FS1)
Electricity Supplied to Customers' Connection Points (MWh)	238,919	136,688	131,464	142,795	649,866		from MP1
Number of Connection Points (ICPs) at year end	28,550	4,890	247	5	33,692		from MP1
Unit Price (cents/kWh)	9.0	8.5	3.4	1.7	6.2		
Relative Unit Price Index	1.00	0.94	0.37	0.19	0.68		

**REPORT MP3: PRICE AND QUALITY (cont)**

**Notes to Price and Quality Measures**

89	<b>MP3a: Connection Point Class breakpoints</b>	
90		
91	<b>Connection Point Class breakpoints methodology</b>	kVA based breakpoints
92		
93	<b>kVA based breakpoints - additional disclosure</b>	
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: <b>The Power Company</b>							
	For Year Ended <b>2009</b>							
	<b>(\$000)</b>							
5	<b>A) Five year forecasts of expenditure</b>							
6	<i>From most recent Asset Management Plan</i>							
7		<b>Forecast Years</b>						
8		<b>Actual for Current Financial Year</b>	<b>year 1</b>	<b>year 2</b>	<b>year 3</b>	<b>year 4</b>	<b>year 5</b>	
9	<i>for year ended</i>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
10	Capital Expenditure: Customer Connection	-	5,301	3,903	3,320	3,320	2,738	<i>from FS2</i>
11	Capital Expenditure: System Growth	-	7,139	5,953	8,706	5,779	4,229	<i>from FS2</i>
12	Capital Expenditure: Reliability, Safety and Environment	-	175	716	979	512	512	<i>from FS2</i>
13	Capital Expenditure: Asset Replacement and Renewal	-	5,814	7,631	7,736	8,494	7,795	<i>from FS2</i>
14	Capital Expenditure: Asset Relocations	-	58	29	11	-	-	<i>from FS2</i>
15	<b>Subtotal - Capital Expenditure on asset management</b>	<b>17,373</b>	<b>18,487</b>	<b>18,232</b>	<b>20,752</b>	<b>18,105</b>	<b>15,274</b>	
16	Operational Expenditure: Routine and Preventative Maintenance	-	3,204	2,889	2,632	2,632	2,632	<i>from FS1</i>
17	Operational Expenditure: Refurbishment and Renewal Maintenance	-	1,197	1,217	1,235	1,235	1,235	<i>from FS1</i>
18	Operational Expenditure: Fault and Emergency Maintenance	-	2,717	2,762	2,801	2,801	2,801	<i>from FS1</i>
19	<b>Subtotal - Operational Expenditure on asset management</b>	<b>8,017</b>	<b>7,118</b>	<b>6,868</b>	<b>6,668</b>	<b>6,668</b>	<b>6,668</b>	
20								
21	<b>Total direct expenditure on distribution network</b>	<b>25,390</b>	<b>25,605</b>	<b>25,100</b>	<b>27,420</b>	<b>24,773</b>	<b>21,942</b>	
22								
23	<b>Overhead to Underground Conversion Expenditure</b>		-	233	641	291	291	
24								
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>		<i>All the O/H to U/G conversion expenditure for all years is included in Capital Expenditure: Reliability, Safety and Environment.</i>					
27								
28								
29								
30	<b>B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure</b>							
31		<b>Actual for Current Financial Year</b>	<b>Previous forecast for Current Financial Year</b>	<b>% Variance (a)/(b)-1</b>				
32		<b>(a)</b>	<b>(b)</b>					
33								
34	Capital Expenditure: Customer Connection	-	-	Not defined			<i>from row 10</i>	
35	Capital Expenditure: System Growth	-	-	Not defined			<i>from row 11</i>	
36	Capital Expenditure: Asset Replacement and Renewal	-	-	Not defined			<i>from row 12</i>	
37	Capital Expenditure: Reliability, Safety and Environment	-	-	Not defined			<i>from row 13</i>	
38	Capital Expenditure: Asset Relocations	-	-	Not defined			<i>from row 14</i>	
39	<b>Subtotal - Capital Expenditure on asset management</b>	<b>17,373</b>	<b>19,756</b>	<b>-12.1%</b>				
40								
41	Operational Expenditure: Routine and Preventative Maintenance	-	-	Not defined			<i>from row 17</i>	
42	Operational Expenditure: Refurbishment and Renewal Maintenance	-	-	Not defined			<i>from row 18</i>	
43	Operational Expenditure: Fault and Emergency Maintenance	-	-	Not defined			<i>from row 19</i>	
44	<b>Subtotal - Operational Expenditure on asset management</b>	<b>8,017</b>	<b>7,304</b>	<b>9.8%</b>				
45								
46	<b>Total direct expenditure on distribution network</b>	<b>25,390</b>	<b>27,060</b>	<b>-6.2%</b>				
47								
48								
49	<b>Explanation of variances</b>							
50	<i>Distribution Business must provide a brief explanation for any line item variance of more than 10%</i>							
51								
52	<i>Explanatory notes (can be provided in a separate note if necessary):</i>		<i>New 66kV and 66/22 kV lines planned have been carried forward to the following year due to design, planning and consultation delays (\$3,060,000).</i>					
53								
54								
55								
56								
57								
58								
59								
60								
61								
62								
63								

**4. TRANSITIONAL PROVISIONS**

	2009	2008	2007	2006	2005
<b>Direct line Costs per Kilometre</b>	\$936	\$852	\$820	\$714	\$682
<b>Indirect Line Costs per ICP</b>	\$78	\$67	\$71	\$60	\$54

## 5. RELATED PARTY NOTE

The Power Company Limited has an interest in the PowerNet Limited Joint Venture, the OtagoNet Joint Venture, Electricity Southland Limited, Otago Power Services Limited and Power Services Limited through their wholly owned subsidiary company Last Tango Limited.

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 The Power Company Limited Other Business:**

	<b>31 March 2009 \$000</b>
Management Fees	258
Rent	61
Construction of:	
➤ Subtransmission assets	599
➤ Zone substations	4,338
➤ Distribution and LV Lines	4,082
➤ Distribution switchgear	2,007
➤ Distribution transformers and substations	4,256
➤ Other system fixed assets	40
➤ Distribution and LV cables	1,492

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

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

The Power Company Limited Line Business owes The Power Company Limited Other Business \$1,625,000.

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 2009 these totalled \$99,000. 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 2009.

**Material transitions supplied by The Power Company Limited Line Business to other related parties include:**

Subvention Payment to:	
Electricity Southland Limited (Associate)	412

## 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 2009 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, MP3 and AM1

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, MP3 and AM1 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 2009 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:

- 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.

**AUDITORS' REPORT****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 6(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****Qualified Opinion****Report MP3: reliability statistics**

The scope of our engagement was subject to the following limitations as described in our qualified audit opinion on the company's Threshold Compliance Statement for the year ended 31 March 2009:

- There is no independent evidence available for the period to support the completeness and accuracy of recorded faults;
- Control over the completeness and accuracy of ICP data included in the SAIDI and SAIFI calculations is limited throughout the period.

Because of these limitations, there are no practical audit procedures that we could adopt to confirm independently that all outage and ICP data was properly recorded for the purposes of inclusion in the amounts or details set out in the quality threshold: SAIDI and SAIFI statistics.

In these respects alone we have not obtained all the information and explanations that we have required.

Except for the matters identified above, in our opinion:-

**Historical financial information included in 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 report MP3 has been presented in all material respects in accordance with the Requirements.

**Historical non-financial information included in report MP3**

In our opinion, having made all reasonable enquiry, to the best of our knowledge the historical non-financial information included in report MP3 relating to the year ended 31 March 2009 in accordance with clauses 7(5) and 6(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 2009 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.

**Unqualified Opinion****Reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP1, MP2 and AM1**

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

- the disclosure information for the financial year ended 31 March 2009 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 AM1**

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 AM1 has been presented in all material respects in accordance with the Requirements.

**Historical non-financial information included in reports MP1 and MP2**

In our opinion, having made all reasonable enquiry, to the best of our knowledge the historical non-financial information included in reports MP1 and MP2 relating to the year ended 31 March 2009 in accordance with clauses 7(5) and 6(1) of the Requirements has been:

- c) compiled in accordance with guidance issued pursuant to the Requirements; and
- d) 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 27 August 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;
- x. Report MP3: Price and Quality Report; and
- xi. Report AM1: Expenditure Forecasts and Reconciliation.



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**Alan Harper**  
Chairman



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**Cam McCulloch**  
Deputy Chairman

27 August 2009

