Network Waitaki Limited

Information Disclosure prepared according to Subpart 3 of Part 4A of the Commerce Act 1986

For the Assessment Period: 1 April 2010 – 31 March 2011

Contents

I. Introduction

These Information Disclosure documents are submitted by Network Waitaki Ltd 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),
- The Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Lines Businesses (30 August 2004).

Part 4A of the Commerce Act 1986 provides for a regulatory regime for electricity lines businesses, which inter alia sets out provisions for an information disclosure regime in order to allow for public monitoring of lines operations and behaviour. The purpose of the information disclosure regime is to promote the efficient operation of markets directly related to electricity distribution and transmission services. This is to be achieved by ensuring that lines companies provide timely and reliable information about their business activities and make that information publicly accessible for interested parties.

II. Structure of Network Waitaki Ltd

For the purpose of regulatory compliance, Network Waitaki Ltd is a "Distribution business" and must accordingly comply with the regulatory requirements. Network Waitaki 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.

III. Schedules

1. FS1 – Regulatory Profit Statement

REPORT FS1: REGULATORY PROFIT STATEMENT

ref					
		Electricity Distribution Business:	Network Waitaki Ltd		
5			For Year Ended	2011	
6	**Income**				
7				($000)	
8		Net Line Charge Revenue Received	10,134		
9	*plus*	Discretionary Discounts and Customer Rebates	2,367		*FS1a*
10		**Gross Line Charge Income**		12,501	
11					
12					
13		Capital Contributions	951		
14	*plus*	Net Value of Vested Assets	534		
15		**Total Capital Contributions and Vested Assets**		1,485	
16					
17		AC Loss Rental Rebates Received	248		
18	*less*	AC Loss Rental Rebates Passed On	-		
19		**Net AC loss rental income (deficit)**		248	
20					
21					
22		**Other Income**	2		
23				2	
24					
25		**Total regulatory income**		**14,236**	
26					
27					
28	**Expenses**				
29					
30		Transmission Charges - Payments to Transpower	3,913		
31	*plus*	Avoided Transmission Charges - payments to parties other than Transpower	182		
32		**Total Transmission Costs**		4,095	
33					
34		**Operational Expenditure:**			
35		General Management, Administration and Overheads	420		
36		System Management and Operations	1,096		
37		Routine and Preventative Maintenance	543		*to AM1*
38		Refurbishment and Renewal Maintenance	577		*to AM1*
39		Fault and Emergency Maintenance	228		*to AM1*
40		Pass-through Costs	125		
41		Other	-		
42		**Total Operational Expenditure**		2,989	*to MP2*
43					
44					
45	**Operational earnings**			**7,152**	
46					
47					
48		Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	3,181		*from AV1*
49	*plus*	Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	89		*from AV1*
50		**Total Regulatory Depreciation**		3,270	*to FS3*
51					
52					
53	**Earnings before interest and tax (EBIT)**			**3,882**	*to FS3*
54					
55	*less*	**Regulatory Tax Allowance**		(0)	*from FS3*
56					
57	*plus*	**Indexed Revaluation (of System Fixed Assets)**		3,001	*from AV1*
58	*plus*	**Revaluations of Non-System Fixed Assets**		-	*from AV1*
59					
60	**Regulatory profit / loss (pre-financing and distributions)**			**6,883**	*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	2,367	
71	Line Charge Holidays and other Discretionary Discounts	-	
72	**Total Discretionary Discounts and Customer Rebates**		2,367

75	**FS1b: Related party expenditure - summary**		**($000)**
76	Avoided Transmission Charges	-	
77	Operational Expenditure	4,265	
78	Subvention Payment	-	
79	Other related party expenditure	-	
80	**Total Related Party Expenditure**		4,265
81			
82	*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*		
83	*Schedule and forms part of this Schedule.*		
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		*Notes to be provided separately*
94	within expenditure category:	General Management, Administratio	
95			
96	Material item amount 2		*Notes to be provided separately*
97	within expenditure category:	System Management and Operation	
98			
99	Material item amount 3		*Notes to be provided separately*
100	within expenditure category:	Routine and Preventative Maintenan	
101			
102	*(further disclosures to be provided on separate page if required)*		
103			

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

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

Notes

FS1b: Related party expenditure summary - A separate note has been provided on page 5
FS1c: Operational Expenditure - A separate note has been provided on page 6

FS1b Related Party Summary

Subsidiary Entity: Network Waitaki Contracting Limited

- Network Waitaki Contracting Limited is a 100% wholly-owned subsidiary.
- Network Waitaki Contracting Limited provides asset maintenance and construction services to Network Waitaki Limited. Services are charged on either a fixed price basis or "time and materials" basis.
- For the period ended 31 March 2011 Network Waitaki paid Network Waitaki Contracting Limited $4.265 million for asset maintenance and construction services ($4.036 million 2010).
- No debts were written off or forgiven and no transactions took place at nil or nominal value.
- During the year, capital construction transactions carried out by Network Waitaki Contracting Limited totaled the following:

	Year Ended 31 March 2011 $'000	Year Ended 31 March 2010 $'000
Distribution Lines and Cables	2,675	2,536
Medium Voltage Switchgear	215	84
Distribution Transformers and Substations	362	123
Other Property, Plant and Equipment	112	95
Other transactions between Network Waitaki Contracting and Network Waitaki:		
Maintenance of System Property, Plant and Equipment	901	1,198
Total	4,265	4,036

FS1c : Operational Expenditure – Material items greater than 10% of the operational expenditure line item

Amount in $'000	Material Items (greater than 10% of the Operational expenditure line item) Expenditure Category	Details
221	General Management, Administration and Overheads	Indirect Labour
85	General Management, Administration and Overheads	Directors Fees
614	System Management and Operations	Labour
58	Routine and Preventative Maintenance	11kV Patrols and Inspections
218	Routine and Preventative Maintenance	Tree Control
206	Routine and Preventative Maintenance	Zone Sub Maintenance
336	Refurbishment and Renewal Maintenance	11kV Major Maintenance
75	Refurbishment and Renewal Maintenance	LT Major Maintenance
70	Refurbishment and Renewal Maintenance	Upgrade Earths
57	Fault and Emergency Maintenance	Fault Standby
66	Fault and Emergency Maintenance	Total 11kV Faults
56	Fault and Emergency Maintenance	Total LV Faults
56	Pass-through Costs	Local Body Rates
32	Pass-through Costs	EC/EA Levies
37	Pass-through Costs	Commerce Act Levies

2. FS2 – Regulatory Asset & Financing Statement

REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref					
		Electricity Distribution Business:	Network Waitaki Ltd		
5			For Year Ended	2011	
6					
7	**Capital Expenditure on System Fixed Assets (by primary purpose)**			($000)	
8	Customer Connection		124		*to AM1*
9	System Growth		3,509		*to AM1*
10	Reliability, Safety and Environment		327		*to AM1*
11	Asset Replacement and Renewal		789		*to AM1*
12	Asset Relocations		-		*to AM1*
13	**Total Capital Expenditure on System Fixed Assets**			**4,749**	*to AM1*
14					
15					
16	**Capital Expenditure on Non-System Fixed Assets**			**39**	*from AV1*
17					
18					
19	**Capital works roll-forward (for System Fixed Assets)**				
20	Works Under Construction at Beginning of Year		2,225		
21	*plus* Total Capital Expenditure on System Fixed Assets		4,749		
22	*less* Assets Commissioned in Year		6,849		*from AV1*
23	**Works under construction at year end**			**126**	
24					
25					
26	**Regulatory Investment Value calculation**				
27	System Fixed Assets: regulatory value at end of Previous Year		67,185		*from AV1*
28	Non-System Fixed Assets: regulatory value at end of Previous Year		223		*from AV1*
29	Finance During Construction Allowance (on System Fixed assets)		1,646		2.45%
30	**Total Regulatory Asset Base value at beginning of Current Financial Year**			69,054	
31					
32	*plus* System Fixed Assets Commissioned in Year		6,849		*from AV1*
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year		-		*from AV1*
34	Non-System Fixed Assets: Asset Additions		39		*from AV1*
35	Regulatory Asset Base investment in Current Financial Year - total		6,888		
36	**Regulatory Asset Base investment in Current Financial Year - average**			3,444	
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**			**72,497**	*to MP2*

3. FS3 – Regulatory Tax Allowance Calculation

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

ref					
		Electricity Distribution Business:	Network Waitaki Ltd		
5		For Year Ended	2011		
6					
7				($000)	
8		**Earnings before interest and tax (EBIT)**		3,882	*from FS1*
9					
10	*add*	Total Regulatory Depreciation	3,270		*from FS1*
11		Other Permanent Differences - not deductible			
12		Other Temporary Adjustments - Current Period	1,522		
13				4,792	
15	*less*	Non Taxable Capital Contributions and Vested Assets	1,485		
16		Tax Depreciation	2,396		
17		Deductible Discretionary Discounts and Customer Rebates	2,367		
18		Deductible Interest	1,911		*from row 53*
19		Other Permanent Differences - Non Taxable			
20		Other Temporary Adjustments - Prior Period	99		
21				8,258	
22					
23		**Regulatory taxable income for Year**		**416**	
24					
25	*less*	Tax Losses Available at Start of Year	416		
26		**Net taxable income**		**(0)**	
27					
28		Statutory Tax Rate	30%		
29		**Regulatory Tax Allowance**		**(0)**	*to FS1*

Notes to Regulatory Tax Allowance Calculation

36	**FS3a: Description of adjustments classified as "other"**
37	
38	The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory
39	notes can be provided in a separate note if necessary).
40	
41	The other categories relate to the movement in ACC and employee entitlements during the year along with changes in tax legislation - no longer able to
42	claim depreciation on buildings.
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	6.59%	%	
53					
54		Deductible Interest	1,911	$000	*to row 18*
55					
56		Interest Tax Shield Adjustment	573	$000	*to MP2*

The company has tax losses carried forward at the start of the year of $1,991,000 which would have been shown in line 25. This tax loss has been included as regulatory profit/loss pre financing and distributions in prior years. Entering the $1,991,000 into line 25 has the effect of increasing the regulatory profit/loss pre financing and distribution by $1,991,000 * 30% or $597,000. This income has been accounted for in prior years. Given the tax loss carried for has already been included in the ROI in prior years; the tax loss has been excluded from FS3. This year $416,000 tax losses have been utilised. The remaining tax losses to be carried forward are $1,575,000.

4. AV1 – Annual Regulatory Valuation Roll-Forward Report

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref									
						Electricity Distribution Business:	Network Waitaki Ltd		
5						For Year Ended:	2011		
6						Year of most recent ODV	2004		
7									
8								($000)	
9			ODV Year + 1	ODV Year + 2	ODV Year + 3	ODV Year + 4	ODV Year + 5	ODV Year + 6	ODV Year + 7	
10		For Year Ending:	2005	2006	2007	2008	2009	2010	2011	
11	**System Fixed Assets**									
12		**Regulatory Value at End of Previous Year***	45,668	46,805	52,550	57,096	60,614	63,136	67,185	*to FS2*
13	*plus*									
14		Assets Commissioned	1,779	6,506	5,553	4,029	3,296	5,056	6,849	*to FS2*
15		Gross Value of Vested Assets						480	534	*to FS1*
16		Assets Acquired from (Sold to) a Non-EDB								*to FS2*
17		**Asset Additions**	1,779	6,506	5,553	4,029	3,296	5,536	7,383	
18	*plus*									
19		**Indexed Revaluation**	1,230	1,572	1,334	1,922	1,800	1,292	3,001	*to FS1*
20	*less*									
21		Depreciation of System Fixed Assets	1,872	1,957	2,159	2,285	2,497	2,580	2,845	
22		Regulatory Value of Assets Decommissioned		376	182	148	77	199	336	
23		**Regulatory Depreciation (incl. value of assets decommissioned)**	1,872	2,333	2,341	2,433	2,574	2,779	3,181	*to FS1*
24										
25	*plus (minus)*									
26		Acquisition of System Fixed Assets from another EDB	-	-	-	-	-	-	-	*from AV4*
27	*less*	Sale of System Fixed Assets to another EDB	-	-	-	-	-	-	-	*from AV4*
28		**Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB**	-	-	-	-	-	-	-	
29										
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**		**46,805**	**52,550**	**57,096**	**60,614**	**63,136**	**67,185**	**74,388**	
34										
35	**Non-System Fixed Assets**									
36		**Regulatory value at end of previous year**	65	56	473	390	296	238	223	
37										
38	*plus*	Asset Additions		572	71	72	43	55	39	*to FS2*
39	*plus*	Revaluations								*to FS1*
40	*less*	Depreciation (incl. value of assets decommissioned)	9	155	154	166	101	70	89	*to FS1*
41	*plus*	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-	-	-	*from AV4*
42	**Regulatory Value of Non-System Fixed Assets at Year end**		**56**	**473**	**390**	**296**	**238**	**223**	**173**	
43										
44										
45	**Total Regulatory Asset Base Value (excluding FDC)**		**46,861**	**53,023**	**57,486**	**60,910**	**63,374**	**67,408**	**74,561**	
46										
47										
48	** The commencing figure for completing this schedule is the most recent ODV value*									
49	*Note: Additional columns to be added if required*									

Notes to Annual Regulatory Valuation Roll-forward Report

57	**AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets**								
58	CPI as at date of ODV	928							
59									
60	For Year Ended	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	
61	CPI at CPI reference date	953	985	1010	1044	1075	1097	1146	
62	**Revaluation Rate**	**2.69%**	**3.36%**	**2.54%**	**3.37%**	**2.97%**	**2.05%**	**4.47%**	
63									
64	System Fixed Assets: Regulatory Value at End of Previous Year	45,668	46,805	52,550	57,096	60,614	63,136	67,185	
65	**Indexed Revaluation of System Fixed Assets**	**1,230**	**1,572**	**1,334**	**1,922**	**1,800**	**1,292**	**3,001**	*to FS1, AV1*

68	**AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB**							($000)	
69	For Year Ended	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	
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								

In 2010 and 2011, due to improved understanding surrounding capital contributions, vested assets have been able to be identified and differentiated from capital contributions and have been disclosed in the appropriate schedules.

Although vested assets were received in prior years, these vested assets were included within the total regulatory asset base value in prior years and as a result there was no effect on the total regulatory asset base value. Due to the impracticalities in obtaining prior year vested asset amounts, these have not been restated.

5. AV2 – Regulatory Valuation Disclosure by Asset Class

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

Electricity Distribution Business: Network Waitaki Ltd
For Year Ended: 2011

Subtotals by Asset Class (for System Fixed Assets)

($000)

ref		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										
13	Regulatory Value of System Fixed Assets (as per most recent ODV	2,298	4,042	20,596	3,911	9,178	4,907	736	**45,668**	*from AV1*
14										
15	***Cumulative roll-forward since most recent ODV:***									
16	Asset Additions								34,082	*from AV1*
17	Indexed Revaluation (of System Fixed Assets)								12,151	*from AV1*
18	*less* Regulatory Depreciation (of System Fixed Assets)								17,513	*from AV1*
19	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-	*from AV1*
20	Net Increase (Decrease) Due to Changes in Asset Register Information								-	*from AV1*
21	**Regulatory Value of System Fixed Assets at Year End**								**74,388**	*from AV1*

6. AV3 – System Fixed Assets Replacement Cost Roll-Forward Report

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

ref			($000)	
		Electricity Distribution Business:	Network Waitaki Ltd	
5		For Year Ended:	2011	
6	**System Fixed Assets - Replacement Cost**			
7				
8		**Replacement cost at end of previous year**	138,251	
9				
10		Asset Additions	7,383	*AV3a*
11		Indexed Revaluation (of System Fixed Assets)	6,175	
12	*less*	Replacement Cost of Assets Decommissioned	1,082	
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**	**150,727**	
16				
17				
18	**System Fixed Assets - Depreciated Replacement Cost**			
19				
20		**Depreciated Replacement Cost at end of previous year**	67,454	
21				
22		Asset Additions	7,383	*AV3a*
23		Indexed Revaluation (of System Fixed Assets)	3,013	
24	*less*	Depreciation of Replacement Cost	2,876	
25	*less*	Depreciated Replacement Cost of Assets Decommissioned	370	
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**	**74,604**	

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

Notes to Price and Quality Measures

36	**AV3a: New Asset Additions**			
37				
38		Asset Additions - Depreciated Replacement Cost	7,383	*from AV1*
39	*plus*	Difference in Replacement Cost and Depreciated Replacment Cost values of Asset Additions		
40				
41		**Asset Additions - Replacement Cost**	7,383	
42				

7. AV4 Business Merger, Acquisition or Sale – Regulatory Asset Base Disclosure

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

Electricity Distribution Business: Network Waitaki Ltd

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

As at (date): 31/03/2011

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 transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
Replacement Cost (RC)								-
less Depreciation								-
Depreciated Replacement Cost (DRC)	-	-	-	-	-	-	-	-
less Optimisation adjustment								-
Optimised Depreciated Replacement Cost (ODRC)	-	-	-	-	-	-	-	-
less Economic Value Adjustment (EVA)								-
Most recent ODV value	-	-	-	-	-	-	-	-

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)	-			
Cumulative roll-forward since most recent ODV:				
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				
RAB Value of Transferred Assets at Transfer Date	-		-	
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%			
Adjustment for merger, acquisition or sale to another EDB		-		*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		-	*to AV3*
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-	*to AV3*

Signed by: Selling Entity

Acquiring Entity

8. MP1 – Network Information

REPORT MP1: NETWORK INFORMATION
(Separate report required for each Non-Contiguous Network)

Electricity Distribution Business: Network Waitaki Ltd
For Year Ended: 2011

Network Name: Network Waitaki Limited *(enter "Total Business" or name of network)*
Disclosure: Annual Disclosure - Requirement 6(1)

	Circuit Length by Operating Line Voltage (at year end)	Overhead (km)	Underground (km)	Total (km)	
	> 66kV			-	
	50kV & 66kV			-	
	33kV	168	8	176	
	SWER (all SWER voltages)			-	
	22kV (other than SWER)			-	
	6.6kV to 11kV (inclusive - other than SWER)	1,295	49	1,344	
	Low Voltage (< 1kV)	182	28	210	
	Total circuit length (for Supply)	**1,645**	**85**	**1,730**	*to MP2*
	Dedicated Street Lighting Circuit Length			-	

	Overhead Circuit Length by Terrain (at year end)	(km)	(%)
	Urban (only)	145	9%
	Rural (only)	1,060	64%
	Remote (only)	440	27%
	Rugged (only)		0%
	Rural & rugged (only)		0%
	Remote & rugged (only)		0%
	Unallocated overhead lines		0%
	Total overhead length	**1,645**	100%

	Transformer capacity (at year end)			*Previous Year*
	Distribution Transformer Capacity (EDB Owned)	172	MVA	*166*
	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	12	MVA	*12*
	Total Distribution Transformer Capacity	184	MVA *(to MP2)*	*178*
	Zone Substation Transformer Capacity	155	MVA	*132*

	System Fixed Assets age (at year end)		
	Average Age of System Fixed Assets	25	Years
	Average Expected Total Life of System Fixed Assets	50	Years
	Average Age as a Proportion of Average Expected Total Life	49%	%
	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	25%	%

	Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
	GXP Demand	**48**	**52**	
plus	Embedded Generation Output at HV and Above	-		
	Maximum System Demand	**48**		
less	Net Transfers to (from) Other EDBs at HV and Above	-		
	Demand on system for supply to customers' Connection Points	48		
less	Subtransmission Customers' Connection Point Demand	-	-	
	Maximum Distribution Transformer Demand	**48**		*to MP2*
	GXP Demand not Supplied at Subtransmission Level			
	Embedded Generation Output - Connected to Subtransmission System			
	Net Transfers to (from) Other EDBs at Subtransmission Level Only			
	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	4		
	Five-Year System Maximum Demand Growth Forecast	9.7	% p.a.	

	Electricity volumes carried	(GWh)		
	Electricity Supplied from GXPs	241		
less	Electricity Exports to GXPs	-		
plus	Electricity Supplied from Embedded Generators	-		
less	Net Electricity Supplied to (from) Other EDBs	-		
	Electricity entering system for supply to customers' Connection Points	241		
less	Electricity Supplied to Customers' Connection Points	223		*to MP2*
	Electricity Losses (loss ratio)	**18**	**7.6%** %	
	Electricity Supplied to Customers' Connection Points	223		
less	Electricity Supplied to Largest 5 Connection Points	50		
	Electricity supplied other than to Largest 5 Connection Points	**173**	**78%** %	
	Load Factor	**57%** %		
	Number of Connection Points (at year end)	**12,318**	ICPs	*to MP2*

	Intensity of service requirements		
	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	28	kW/km
	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	129	MWh/km
	Connection Point Density (ICPs / Total circuit length)	7	ICP/km
	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	18,099	kWh/ICP

Some instances were found where a certain electricity retailer on the Network Waitaki's network reported extremely high volumes of electricity supplied to customers that were unrealistic given historic usage and the equipment known to be connected at those connection points. Network Waitaki established that this was caused by an unprecedented disruption to the

electricity retailer's systems as a result of a failure of the retailer's new billing system which was further exacerbated by the Christchurch earthquake.

Based on historic trends and its knowledge of the network, Network Waitaki has made adjustments to the reported volumes from this retailer to levels that it considers are realistic.

9. MP2 – Performance Measures

REPORT MP2: PERFORMANCE MEASURES

Electricity Distribution Business: Network Waitaki Ltd

For Year Ended: 2011

Performance comparators

	Previous Years:			Current Financial Year		
	Current Yr - 3	Current Yr - 2	Current Yr - 1			
Operational expenditure ratio						
Total Operational Expenditure	3	3	3	3	$m	*from FS1*
Replacement Cost of System Fixed Assets (at year end)*	124	131	138	151	$m	*from AV3*
Ratio (%)	2.42%	2.29%	2.17%	**1.98%**	%	
Capital expenditure ratio						
Total Capital Expenditure on System Fixed Assets	4	4	6	5	$m	*from FS2*
Replacement Cost of System Fixed Assets (at year end)*	124	131	138	151	$m	*from AV3*
Ratio (%)	3.23%	3.05%	4.35%	**3.15%**	%	
Capital expenditure growth ratio						
Capital Expenditure: Customer Connection and System Growth			5	4	$m	*from FS2*
Change in Total Distribution Transformer Capacity	6	8	5	6	MVA	*from MP1*
$/kVA	-	-	1,000	**606**	$/kVA	
Renewal expenditure ratio						
Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal			1	1	$m	*from FS1 & 2*
Regulatory Depreciation of System Fixed Assets	2	3	3	3	$m	*from AV1*
Ratio (%)	0%	0%	33%	**43%**	%	
Distribution Transformer Capacity Utilisation						
Maximum Distribution Transformer Demand	46	47	51	48	MW	*from MP1*
Total Distribution Transformer Capacity (at year end)*	165	173	178	184	kVA	*from MP1*
Ratio (%)	27.9%	27.2%	28.7%	**26.1%**	%	
Return on Investment						
Regulatory Profit / Loss (pre-financing and distributions)	6	6	6	7	$m	*from FS1*
less Interest Tax Shield Adjustment	1	1	-	1	$m	*from FS3*
Adjusted Regulatory Profit	5	5	6	6	$m	
Regulatory Investment Value	61	64	67	72	$m	*from FS2*
Ratio (%)	8.20%	7.81%	8.96%	**8.70%**	%	

** If a Merger or Asset Transfer with another EDB was enetered into during the year, the denominators are calcuated as time-weighted averages.*

Expenditure comparison table

	Expenditure metrics ($ per):				
	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)** ($/MVA)
Capital Expenditure ($) per	2,768	21	99,754	389	27,838
Operational Expenditure ($) per	1,728	13	62,271	243	17,378

from FS2 & MP1 / *from FS1 & MP1*

Notes

Current Financial Year Information

Current Financial Year information for "Operational Expenditure Ratio", "Capital Expenditure Ratio", "Return on Investment", "Capital Expenditure Growth Ratio" and "Renewal Expenditure Growth Ratio" are automatically generated due to a locked template spreadsheet. There was no requirement to provide prior year information for the line items called "Capital Expenditure Growth Ratio" and "Renewal Expenditure Growth Ratio" for any years before the year ending 31 March 2010.

10. MP3 – Price and Quality Measures

REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

ref								
					Electricity Distribution Business:	Network Waitaki Ltd		
6					For Year Ended:	2011		
7	Network Name:	Network Waitaki Limited						
	Disclosure:	Annual Disclosure - Requirement 6(1)						
9								
10	**QUALITY**							
11								
12	**Interruptions**							
13	**Interruptions by class**							
14	Class A		planned interruptions by Transpower:					
15	Class B	93	planned interruptions on the network					
16	Class C	88	unplanned interruptions on the network					
17	Class D		unplanned interruptions by Transpower					
18	Class E		unplanned interruptions of network owned generation					
19	Class F		unplanned interruptions of generation (non-network)					
20	Class G		unplanned interruptions caused by other electricity industry participant					
21	Class H		planned interruptions caused by other electricity industry participant					
22	**Total**	181	**Total of above**					
23								
24	**Interruption targets for Forecast Year**			**2012**	**Current Financial Year +1**			
25	Class B			125	planned interruptions on the network			
26	Class C			80	unplanned interruptions on the network			
27								
28	**Average interruption targets for 5 Forecast Years**			**2012-2016**	**Current Financial Year +1 to +5**			
29	Class B			125	planned interruptions on the network			
30	Class C			80	unplanned interruptions on the network			
31								
32	**Class C interruptions restored within**			≤3Hrs	>3hrs			
33				67	21			
34								
35	**Faults**							
36	**Faults per 100 circuit kilometres**							
37	The total number of faults for Current Financial Year			4.68	in year	2011		
38	The total number of faults forecast for the Forecast Year			4.64	in year	2012		
39	The average annual number of faults forecast for the 5 Forecast Years			4.64	average over years	2012-2016		
40								
41	**Fault Information per 100 circuit kilometres by Voltage and Type**							
42				6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
43	Is this voltage part of the EDB system?			Select one	Select one	Select one	Select one	Select one	Select one
44	Current Financial Year			5.95			0.57		
45	Forecast Year			5.00			1.00		
46	Average annual for 5 Forecast Years			5.00			1.00		
47									
48	**Fault Information per 100 circuit kilometres by Voltage and Type**								
49				6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
50	Underground			4.08			-		
51	Overhead			6.02			0.60		
52									
53	**Reliability**								
54	**Overall reliability**			**SAIDI**	**SAIFI**	**CAIDI**			
55	Based on the total number of interruptions			61.33	0.82	75.08			
56									
57	**Reliability by interruption class**			**SAIDI**	**SAIFI**	**CAIDI**			
58	Class B			11.35	0.05	208.93			
59	Class C			49.96	0.76	65.54			
60									
61	**Targets for Forecast Year**			**SAIDI**	**SAIFI**	**CAIDI**			
62	Class B			45.00	0.85	53.00			
63	Class C			45.00	0.85	53.00			
64									
65	**Average targets for 5 Forecast Years**			**SAIDI**	**SAIFI**	**CAIDI**			
66	Class B			45.00	0.85	53.00			
67	Class C			45.00	0.85	53.00			
68									
69									
70	**PRICES**								
71									
72	**Price information by Connection Point Class**								
73									
74						***Connection Point Class***			
75					Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	**Total**	
76	**Gross line charge income ($000)**				4,236	$ 5,270.00	1,711	1,284	12,501	*from FS1*
77	**Electricity Supplied to Customers' Connection Points (MWh)**				73,240	69,882	29,965.45	49,860	222,947	*from MP1*
78	**Number of Connection Points (ICPs) at year end**				10,510	1,742	61	5	12,318	*from MP1*
79	**Unit Price (cents/kWh)**				**5.8**	**7.5**	**5.7**	**2.6**	**5.6**	
80	**Relative Unit Price Index**				1.00	1.30	0.99	0.45	0.97	
81										

REPORT MP3: PRICE AND QUALITY (cont)

Notes to Price and Quality Measures

89	**MP3a: Connection Point Class breakpoints**		
90			
91	**Connection Point Class breakpoints methodology**	kVA based breakpoints	
92			
93	**kVA based breakpoints - additional disclosure**		
94	Breakpoint between small and medium classes	15	kVA
95	Breakpoint between large and medium classes		kVA
96			

The break point for large consumers is sites with time of use metering. Due to an absence of firm data a breakpoint between large and medium classes based on KVA could not be determined.

11. AM1 – Expenditure Forecasts and Reconciliation

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

Electricity Distribution Business: Network Waitaki Ltd

For Year Ended: 2011

($000)

A) Five year forecasts of expenditure

From most recent Asset Management Plan

	Actual for Current Financial Year	Forecast Years					
for year ended	2011	year 1 2012	year 2 2013	year 3 2014	year 4 2015	year 5 2016	
Capital Expenditure: Customer Connection	124	570	630	630	650	650	*from FS2*
Capital Expenditure: System Growth	3,509	915	891	250	259	259	*from FS2*
Capital Expenditure: Reliability, Safety and Environment	327	1,305	2,158	762	223	223	*from FS2*
Capital Expenditure: Asset Replacement and Renewal	789	725	603	1,038	690	690	*from FS2*
Capital Expenditure: Asset Relocations	-	140	140	140	140	140	*from FS2*
Subtotal - Capital Expenditure on asset management	**4,749**	**3,655**	**4,421**	**2,819**	**1,962**	**1,962**	
Operational Expenditure: Routine and Preventative Maintenance	543	747	747	747	747	747	*from FS1*
Operational Expenditure: Refurbishment and Renewal Maintenance	577	719	719	719	719	719	*from FS1*
Operational Expenditure: Fault and Emergency Maintenance	228	254	254	254	254	254	*from FS1*
Subtotal - Operational Expenditure on asset management	**1,348**	**1,720**	**1,720**	**1,720**	**1,720**	**1,720**	
Total direct expenditure on distribution network	**6,097**	**5,375**	**6,142**	**4,540**	**3,682**	**3,682**	
Overhead to Underground Conversion Expenditure							

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).

B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure

	Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1	
Capital Expenditure: Customer Connection	124	1,145	-89.1%	*from row 10*
Capital Expenditure: System Growth	3,509	4,205	-16.5%	*from row 11*
Capital Expenditure: Reliability, Safety and Environment	327	126	159.1%	*from row 12*
Capital Expenditure: Asset Replacement and Renewal	789	645	22.4%	*from row 13*
Capital Expenditure: Asset Relocations	-	135	-100.0%	*from row 14*
Subtotal - Capital Expenditure on asset management	**4,749**	**6,256**	**-24.1%**	
Operational Expenditure: Routine and Preventative Maintenance	543	715	-24.1%	*from row 17*
Operational Expenditure: Refurbishment and Renewal Maintenance	577	752	-23.3%	*from row 18*
Operational Expenditure: Fault and Emergency Maintenance	228	253	-9.9%	*from row 19*
Subtotal - Operational Expenditure on asset management	**1,348**	**1,720**	**-21.6%**	
Total direct expenditure on distribution network	**6,097**	**7,976**	**-23.6%**	

Explanation of variances

Distribution Business must provide a brief explanation for any line item variance of more than 10%

Explanatory notes (can be provided in a separate note if necessary):

Variance between previous forecast for the current financial year, and actual expenditure.

Capital Expenditure – Customer Connection

Network Waitaki Limited has no control over the demand for customer connections to its network. The Asset Management Plan (AMP) forecast an expected level of capital expenditure relating to customer connections based on historical trends and economic data available at the time of preparing the plan. The variance in 'Capital Expenditure - Customer Connection' costs reflects the difference in consumer demand for new connections and the assumptions made in the AMP. Another contributing factor was the absence of any subdivision works, which were provisioned for in the previous forecast.

Capital Expenditure – System Growth

The forecast in the 2010 AMP allowed for the purchase of equipment (switchgear, transformers) for the proposed Livingston GXP and for Holcim's Cement Plant. These two projects, worth $1,100,000, did not firm up.

Capital Expenditure – Reliability, Safety and the Environment

Routine tests and equipment failure on other distribution networks showed that it was necessary to replace line assets like 11kV air break switches and oil switchgears. The actual spent is also inclusive of $125,000 carried over from the 2009/2010 capital budget.

Capital Expenditure – Asset Replacement and Renewal

The actual level of capital expenditure is higher than allowed for in the AMP. This is because it was deemed in a review that it was necessary to replace four zone transformer tap changers. The purchase of the two new replacement tap changers cost $100,000 and was not allowed for in the 2010 AMP.

Capital Expenditure – Asset Relocations

Typically this classification is used in conjunction with those projects classified under 'Capital Expenditure - Reliability, Safety and the Environment' which require network re-configurations. Such relocations arise from increased supply provisions, new substations, or construction of new feeders into areas already inter-connected that have lower capacity capabilities. Specifically, the budget allows for the re-location of voltage boosters and reclosers and possible additions of air break switches. The planned projects requiring network reconfiguration under the 'Capital Expenditure - Reliability, Safety and the Environment' classification did not eventuate; instead other safety-related projects were approved and executed in their place.

Operational Expenditure – Routine and Preventative Maintenance

A longer than expected completion time for a sub-transmission capital project (the Ngapara - Duntroon 33kV line) impacted on maintenance works. The works carried out were assessed on a risk priority basis so system performance was not affected.

Operational Expenditure – Refurbishment and Renewal Maintenance

A longer than expected completion time for a sub-transmission capital project (the Ngapara - Duntroon 33kV line) impacted on maintenance works. The works carried out were assessed on a risk priority basis so system performance was not affected.

IV. Transitional Provisions

1. Direct and Indirect Line Charges

Year	2011	2010	2009	2008
Direct Line costs per kilometre	1,190.97	1,332.70	1,154.63	942.84
Direct expenditure	2,060,384	2,284,252	2,157,559	1,849,138
System Length (km)	1,730	1,714	1,869	1,961

Year	2011	2010	2009	2008
Indirect Line costs per consumer	74.91	68.65	68.23	63.34
Indirect expenditure	922,743	841,487	836,171	758,234
Total consumers	12,318	12,257	12,256	11,970

V. Auditor's Report

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Auditor's Independent Assurance Report

To the Readers of Network Waitaki Limited's Report for the Financial Year Ended 31 March 2011 regarding Network Waitaki Limited's Compliance with the Electricity Distribution (Information Disclosure) Requirements 2008

The Auditor-General is the auditor of Network Waitaki Limited (the company). The Auditor-General has appointed me, Robert Harris, using the staff and resources of PricewaterhouseCoopers, to provide an opinion, on her behalf, on the company's report for the financial year ended 31 March 2011 on pages 3 to 17 regarding compliance with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements). In this independent assurance report we refer to the company's report as the 'disclosure information'. The disclosure information comprises both historical and prospective financial and non-financial information.

Respective responsibilities
The Board of Directors is responsible for preparing disclosure information that complies with the Requirements.

Clause 10 of the Requirements requires the Auditor-General to provide an opinion on whether the disclosure information prepared by the company complies with and is presented in all material respects in accordance with the Requirements.

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 2011. This independent assurance report is not intended to be used for any purposes, other than that for which it was prepared.

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 company's compliance with the Requirements are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the company may not have complied with the Requirements. Our opinion has been formed on the above basis.

Basis of opinion
The company's financial statements for the year ended 31 March 2011 have been subject to audit. The audit opinion on the financial statements of the company for the year ended 31 March 2011 was unqualified and was dated 30 May 2011.

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 company in the preparation of the disclosure information.

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A matter is material if it would affect a user's overall understanding of the disclosure information prepared by the company.

Historical financial and non-financial information
Our work on the historical financial and non-financial information has been carried out in accordance with the Standard on Assurance Engagements (New Zealand) 3100: *Compliance Engagements* issued by the New Zealand Institute of Chartered Accountants.

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 on the prospective financial and non-financial information 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 2011 and the immediately preceding financial year, and that the information has been calculated based on source data provided by the company. We have not performed audit procedures on the source data.

We acknowledge that 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).

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.

In addition to the engagement, we have performed other audit assignments for the company. This involved issuing an audit opinion on the annual financial statements on behalf of the Auditor-General. We have also provided other professional advisory services to the company. These assignments were compatible with the Auditor-General's independence requirements. Other than these assignments, we have no relationship with or interests in the company or any of its subsidiaries.

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

In our opinion:
- the company 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 company for the financial year ended 31 March 2011 complies with the Requirements.

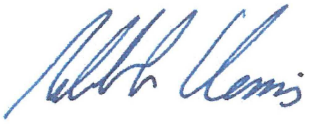
V. Auditor's Report (Continued)

Historical Financial and Non-Financial Information
In our opinion, the company has:

- presented the historical financial information in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 for the financial year ended 31 March 2011 in all material respects in compliance with the Requirements, 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 un-audited source data provided by the company.

Prospective Financial and Non-Financial Information
In our opinion, the company has:

- presented the prospective financial and non-financial 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 2011 and the immediately preceding financial year; and
- calculated the prospective financial and non-financial information based on un-audited source data provided by the company.



Robert Harris
On behalf of the Auditor-General
Christchurch, New Zealand

PricewaterhouseCoopers

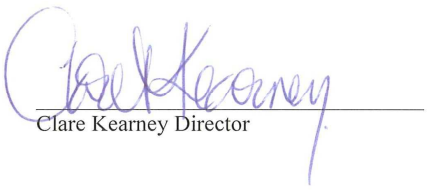
29 August 2011

VI. Directors' Certificate

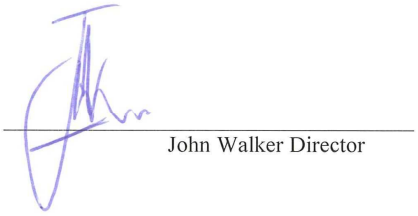
Certificate for Disclosed Information

We Clare Kearney and John Walker, directors of Network Waitaki Ltd certify that having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Network Waitaki Ltd 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 Measure Report;
(x) Report MP3: Price and Quality Report; and
(xi) Report AM1: Expenditure Forecasts and Reconciliation.



Clare Kearney Director



John Walker Director

Dated: 29 August 2011