



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

**For the Assessment Period: 1 April 2011 – 31 March 2012**



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# 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: <b>Network Waitaki Ltd</b>	For Year Ended <b>2012</b>	
5				
6	<b>Income</b>			
7				
8				
9	Net Line Charge Revenue Received	10,601		
10	plus Discretionary Discounts and Customer Rebates	894		FS1a
11	<b>Gross Line Charge Income</b>		11,495	
12				
13	Capital Contributions	585		
14	plus Net Value of Vested Assets	52		
15	<b>Total Capital Contributions and Vested Assets</b>		637	
16				
17	AC Loss Rental Rebates Received	250		
18	less AC Loss Rental Rebates Passed On	-		
19	<b>Net AC loss rental income (deficit)</b>		250	
20				
21				
22	<b>Other Income</b>	14		
23			14	
24				
25	<b>Total regulatory income</b>		12,395	
26				
27				
28	<b>Expenses</b>			
29				
30	Transmission Charges - Payments to Transpower	3,643		
31	plus Avoided Transmission Charges - payments to parties other than Transpower	186		
32	<b>Total Transmission Costs</b>		3,829	
33				
34	<b>Operational Expenditure:</b>			
35	General Management, Administration and Overheads	475		
36	System Management and Operations	1,339		
37	Routine and Preventative Maintenance	577		to AM1
38	Refurbishment and Renewal Maintenance	940		to AM1
39	Fault and Emergency Maintenance	231		to AM1
40	Pass-through Costs	108		
41	Other			
42	<b>Total Operational Expenditure</b>		3,670	to MP2
43				
44				
45	<b>Operational earnings</b>		4,896	
46				
47				
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	3,032		from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	87		from AV1
50	<b>Total Regulatory Depreciation</b>		3,119	to FS3
51				
52				
53	<b>Earnings before interest and tax (EBIT)</b>		1,777	to FS3
54				
55	less <b>Regulatory Tax Allowance</b>		(691)	from FS3
56				
57	plus <b>Indexed Revaluation (of System Fixed Assets)</b>		1,168	from AV1
58	plus <b>Revaluations of Non-System Fixed Assets</b>		-	from AV1
59				
60	<b>Regulatory profit / loss (pre-financing and distributions)</b>		3,637	to MP2

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

**Notes to Regulatory Profit Statement**

69	<b>FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments</b>		<b>(\$000)</b>
70	Customer Rebates	-	
71	Line Charge Holidays and other Discretionary Discounts	894	
72	<b>Total Discretionary Discounts and Customer Rebates</b>		<b>894</b>

75	<b>FS1b: Related party expenditure - summary</b>		<b>(\$000)</b>
76	Avoided Transmission Charges		
77	Operational Expenditure	2,966	
78	Subvention Payment		
79	Other related party expenditure		
80	<b>Total Related Party Expenditure</b>		<b>2,966</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		Notes to be provided separately
94	within expenditure category:		
95			
96	Material item amount 2		Notes to be provided separately
97	within expenditure category:		
98			
99	Material item amount 3		Notes to be provided separately
100	within expenditure category:		
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

**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 per cent wholly-owned.
- 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 2012 Network Waitaki Limited paid Network Waitaki Contracting Limited \$2.966 million for asset maintenance and construction services (\$4.265 million in 2011).
- 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 totalled the following:

	Year Ended 31 March 2012 (\$'000)	Year Ended 31 March 2011 (\$'000)
Distribution Lines and Cables	1,016	2,675
Medium Voltage Switchgear	221	215
Distribution Transformers and Substations	394	362
Other Property, Plant and Equipment	24	112
<i>Other transactions between Network Waitaki Contracting Limited and Network Waitaki Limited:</i>		
Maintenance of System Property, Plant and Equipment	1,311	901
Total	2,966	4,265

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 Category	expenditure line item) Details
258	General Management, Administration and Overheads	Indirect Labour
92	General Management, Administration and Overheads	Directors Fees
702	System Management and Operations	Labour
49	Routine and Preventative Maintenance	11kV Patrols and Inspections
223	Routine and Preventative Maintenance	Zone Sub Maintenance
0	Refurbishment and Renewal Maintenance	11kV Major Maintenance
0	Refurbishment and Renewal Maintenance	LT Major Maintenance
0	Refurbishment and Renewal Maintenance	Tree Control
1517	Fault and Emergency Maintenance	Fault Standby
0	Fault and Emergency Maintenance	Total 11kV Faults
0	Fault and Emergency Maintenance	Total LV Faults
60	Pass-through Costs	Local Body Rates
34	Pass-through Costs	EA Levies
13	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	
		For Year Ended	2012
5			
6			
7	<b>Capital Expenditure on System Fixed Assets (by primary purpose)</b>		<b>(\$000)</b>
8	Customer Connection	341	to AM1
9	System Growth	847	to AM1
10	Reliability, Safety and Environment	757	to AM1
11	Asset Replacement and Renewal	1,088	to AM1
12	Asset Relocations	68	to AM1
13	<b>Total Capital Expenditure on System Fixed Assets</b>	<b>3,101</b>	to AM1
14			
15			
16	<b>Capital Expenditure on Non-System Fixed Assets</b>	<b>366</b>	from AV1
17			
18			
19	<b>Capital works roll-forward (for System Fixed Assets)</b>		
20	Works Under Construction at Beginning of Year	126	
21	plus Total Capital Expenditure on System Fixed Assets	3,101	
22	less Assets Commissioned in Year	2,541	from AV1
23	<b>Works under construction at year end</b>	<b>686</b>	
24			
25			
26	<b>Regulatory Investment Value calculation</b>		
27	System Fixed Assets: regulatory value at end of Previous Year	74,388	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	173	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	1,822	2.45%
30	<b>Total Regulatory Asset Base value at beginning of Current Financial Year</b>	<b>76,383</b>	
31			
32	plus System Fixed Assets Commissioned in Year	2,541	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	366	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	2,907	
36	<b>Regulatory Asset Base investment in Current Financial Year - average</b>	<b>1,453</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>77,836</b>	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	2012
6				
7				(\$000)
8	<b>Earnings before interest and tax (EBIT)</b>		1,777	from FS1
9				
10	<i>add</i> Total Regulatory Depreciation		3,119	from FS1
11	Other Permanent Differences - not deductible			
12	Other Temporary Adjustments - Current Period		100	
13			3,219	
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets		637	
16	Tax Depreciation		2,601	
17	Deductible Discretionary Discounts and Customer Rebates		894	
18	Deductible Interest		1,812	from row 53
19	Other Permanent Differences - Non Taxable			
20	Other Temporary Adjustments - Prior Period		1,522	
21			7,466	
22				
23	<b>Regulatory taxable income for Year</b>		<b>(2,469)</b>	
24				
25	<i>less</i> Tax Losses Available at Start of Year		-	
26	<b>Net taxable income</b>		<b>(2,469)</b>	
27				
28	Statutory Tax Rate		28%	
29	<b>Regulatory Tax Allowance</b>		<b>(691)</b>	to FS1

#### Notes to Regulatory Tax Allowance Calculation

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

48	<b>FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)</b>		
49			
50	Standard Debt Leverage Assumption (debt/total assets)	40%	%
51			
52	Standard Cost of Debt Assumption	5.82%	%
53			
54	Deductible Interest	1,812	\$000 to row 18
55			
56	Interest Tax Shield Adjustment	507	\$000 to MP2

The company has tax losses carried forward at the start of the year of \$1,575,000 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 \$1,575,000 into line 25 has the effect of increasing the regulatory profit /loss pre financing and distribution by \$1,575,000\*28% or \$441,000. This income has been accounted for in prior years. Given the tax loss carried forward has already been included in the ROI in prior years; the carried forward tax loss has been excluded from FS3.

This year tax losses of \$1,043,000 were made. The tax losses to be carried forward are \$2,618,000.



## 5. AV2 – Regulatory Valuation Disclosure by Asset Class

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

ref								Electricity Distribution Business: <b>Network Waitaki Ltd</b>		
6								For Year Ended: <b>2012</b>		
7										
8										
9										
10	<b>Subtotals by Asset Class (for System Fixed Assets)</b>							(\$000)		
11	<b>System Fixed Assets</b>	Subtransmission	Zone Substations	Distribution & LV Lines	Distribution & LV Cables	Distribution Substations and Transformers	Distribution Switchgear	Other System Fixed Assets	<b>Total for System Fixed Assets (per AV1)</b>	
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	<b>Cumulative roll-forward since most recent ODV:</b>									
16	Asset Additions								36,675	from AV1
17	Indexed Revaluation (of System Fixed Assets)								13,319	from AV1
18	less Regulatory Depreciation (of System Fixed Assets)								20,545	from AV1
19	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-	from AV1
20	Net Increase (Decrease) Due to Changes in Asset Register Information								-	from AV1
21	<b>Regulatory Value of System Fixed Assets at Year End</b>								<b>75,117</b>	from AV1

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

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

ref	Electricity Distribution Business:	Network Waitaki Ltd	
5		For Year Ended:	2012
6	<b>System Fixed Assets - Replacement Cost</b>		
7		(\$000)	
8	Replacement cost at end of previous year	150,727	
9			
10	Asset Additions	2,593	AV3a
11	Indexed Revaluation (of System Fixed Assets)	2,367	
12	less Replacement Cost of Assets Decommissioned	635	
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>155,053</b>	
16			
17			
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>		
19			
20	Depreciated Replacement Cost at end of previous year	74,604	
21			
22	Asset Additions	2,593	AV3a
23	Indexed Revaluation (of System Fixed Assets)	1,172	
24	less Depreciation of Replacement Cost	2,914	
25	less Depreciated Replacement Cost of Assets Decommissioned	157	
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>75,298</b>	

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

#### Notes to Price and Quality Measures

36	<b>AV3a: New Asset Additions</b>		
37			
38	Asset Additions - Depreciated Replacement Cost	2,593	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>2,593</b>	
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

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

As at (date):  

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
13								
14	Replacement Cost (RC)							
15								-
16	less Depreciation							
17	-	-	-	-	-	-	-	-
18	<b>Depreciated Replacement Cost (DRC)</b>							
19	less Optimisation adjustment							
20	-	-	-	-	-	-	-	-
21	<b>Optimised Depreciated Replacement Cost (ODRC)</b>							
22	less Economic Value Adjustment (EVA)							
23	-	-	-	-	-	-	-	-
24	<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)
27			
28	Regulatory Value of System Fixed Assets (as per most recent ODV)		
29	-		
30	<b>Cumulative roll-forward since most recent ODV:</b>		
31	Asset Additions		
32	Indexed Revaluation (of System Fixed Assets)		
33	less Regulatory Depreciation (of System Fixed Assets)		
34	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		
35	Net Increase (Decrease) due to Changes in Asset Register Information		
36	-		-
37	<b>RAB Value of Transferred Assets at Transfer Date</b>		
38	-	-	to AV1
39	-	-	to AV1
40	RAB Value of Transferred Assets at Transfer Date		
41	-		
42	"p" factor (proportion of year following transfer of assets)		
43	0%		
44	<b>Adjustment for merger, acquisition or sale to another EDB</b>		
45		-	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	
48			
49	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		
50		-	to AV3
51	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		
52		-	to AV3

Signed by: Selling Entity

Acquiring Entity

## 8. MP1 – Network Information

### REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business:	Network Waitaki Ltd
6		For Year Ended: 2012
7	Network Name:	Network Waitaki Limited (enter "Total Business" or name of network)
9	Disclosure:	Annual Disclosure - Requirement 6(1)
10	<b>Circuit Length by Operating Line Voltage (at year end)</b>	
11		<b>Overhead (km)      Underground (km)      Total (km)</b>
12	> 66kV	-
13	50kV & 66kV	-
14	33kV	168      8      176
15	SWER (all SWER voltages)	-
16	22kV (other than SWER)	-
17	6.6kV to 11kV (inclusive - other than SWER)	1,296      50      1,346
18	Low Voltage (< 1kV)	182      28      210
19	<b>Total circuit length (for Supply)</b>	<b>1,646      86      1,732</b> to MP2
20		
21	<b>Dedicated Street Lighting Circuit Length</b>	-
22		
23	<b>Overhead Circuit Length by Terrain (at year end)</b>	<b>(km)      (%)</b>
24	Urban (only)	145      9%
25	Rural (only)	1,061      64%
26	Remote (only)	440      27%
27	Rugged (only)	-      0%
28	Rural & rugged (only)	-      0%
29	Remote & rugged (only)	-      0%
30	Unallocated overhead lines	-      0%
31	<b>Total overhead length</b>	<b>1,646      100%</b>
32		
33		
34	<b>Transformer capacity (at year end)</b>	<b>Previous Year</b>
35	Distribution Transformer Capacity (EDB Owned)	175 MVA      172
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	13 MVA      12
37	<b>Total Distribution Transformer Capacity</b>	<b>188 MVA (to MP2)      184</b>
38		
39	Zone Substation Transformer Capacity	156 MVA      155
40		
41	<b>System Fixed Assets age (at year end)</b>	
42	Average Age of System Fixed Assets	26 Years
43	Average Expected Total Life of System Fixed Assets	50 Years
44	Average Age as a Proportion of Average Expected Total Life	51%
45		
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	27%
47		
48		
49		
50	<b>Electricity demand</b>	<b>Maximum coincident system demand (MW)      Non-coincident Sum of maximum demands (MW)</b>
51	<b>GXP Demand</b>	<b>46      51</b>
52	<i>plus</i> Embedded Generation Output at HV and Above	
53	<b>Maximum System Demand</b>	<b>46</b>
54	<i>less</i> Net Transfers to (from) Other EDBs at HV and Above	
55	<b>Demand on system for supply to customers' Connection Points</b>	<b>46</b>
56	<i>less</i> Subtransmission Customers' Connection Point Demand	
57	<b>Maximum Distribution Transformer Demand</b>	<b>46</b> to MP2
58		
59	GXP Demand not Supplied at Subtransmission Level	
60	Embedded Generation Output - Connected to Subtransmission System	
61	Net Transfers to (from) Other EDBs at Subtransmission Level Only	
62		
63	<b>Estimated Controlled Load Shed at Time of Maximum System Demand (MW)</b>	<b>4</b>
64		
65	<b>Five-Year System Maximum Demand Growth Forecast</b>	<b>4.0 % p.a.</b>
66		
67		
68		
69	<b>Electricity volumes carried</b>	<b>(GWh)</b>
70	Electricity Supplied from GXPs	227
71	<i>less</i> Electricity Exports to GXPs	
72	<i>plus</i> Electricity Supplied from Embedded Generators	
73	<i>less</i> Net Electricity Supplied to (from) Other EDBs	
74	<b>Electricity entering system for supply to customers' Connection Points</b>	<b>227</b>
75	<i>less</i> Electricity Supplied to Customers' Connection Points	220
76	<b>Electricity Losses (loss ratio)</b>	<b>8      3.4%</b> to MP2
77		
78	Electricity Supplied to Customers' Connection Points	220
79	<i>less</i> Electricity Supplied to Largest 5 Connection Points	46
80	<b>Electricity supplied other than to Largest 5 Connection Points</b>	<b>173      79%</b>
81		
82	<b>Load Factor</b>	<b>56%</b>
83		
84	<b>Number of Connection Points (at year end)</b>	<b>12,278 ICPs</b> to MP2
85		
86	<b>Intensity of service requirements</b>	
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	27 kW/km
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	127 MWh/km
89	Connection Point Density (ICPs / Total circuit length)	7 ICP/km
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	17,885 kWh/ICP

# 9.MP2 – Performance Measures

## REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business: <b>Network Waitaki Ltd</b>						
	For Year Ended: <b>2012</b>						
	Previous Years:			Current Financial Year			
	Current Yr - 3	Current Yr - 2	Current Yr - 1				
5							
6	<b>Performance comparators</b>						
7							
8							
9	<b>Operational expenditure ratio</b>						
10	Total Operational Expenditure	3	3	3	4 \$m	from FS1	
11	Replacement Cost of System Fixed Assets (at year end*)	131	138	151	155 \$m	from AV3	
12	<b>Ratio (%)</b>	2.29%	2.17%	1.99%	<b>2.37%</b>		
13							
14	<b>Capital expenditure ratio</b>						
15	Total Capital Expenditure on System Fixed Assets	4	6	5	3 \$m	from FS2	
16	Replacement Cost of System Fixed Assets (at year end*)	131	138	151	155 \$m	from AV3	
17	<b>Ratio (%)</b>	3.05%	4.35%	3.31%	<b>2.00%</b>		
18							
19	<b>Capital expenditure growth ratio</b>						
20	Capital Expenditure: Customer Connection and System Growth		5	4	1 \$m	from FS2	
21	Change in Total Distribution Transformer Capacity	8	5	6	4 MVA	from MP1	
22	<b>\$/kVA</b>	-	1,000	667	<b>297</b>	\$/kVA	
23							
24	<b>Renewal expenditure ratio</b>						
25	Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal		1	1	2 \$m	from FS1 & 2	
26	Regulatory Depreciation of System Fixed Assets	3	3	3	3 \$m	from AV1	
27	<b>Ratio (%)</b>	0%	33%	33%	<b>67%</b>		
28							
29	<b>Distribution Transformer Capacity Utilisation</b>						
30	Maximum Distribution Transformer Demand	47	51	48	46 MW	from MP1	
31	Total Distribution Transformer Capacity (at year end*)	173	178	184	188 kVA	from MP1	
32	<b>Ratio (%)</b>	27.2%	28.7%	26.1%	<b>24.5%</b>		
33							
34	<b>Return on Investment</b>						
35	Regulatory Profit / Loss (pre-financing and distributions)	6	6	7	4 \$m	from FS1	
36	less Interest Tax Shield Adjustment	1	-	1	1 \$m	from FS3	
37	Adjusted Regulatory Profit	5	6	6	3 \$m		
38	Regulatory Investment Value	64	67	72	78 \$m	from FS2	
39	<b>Ratio (%)</b>	7.81%	8.96%	8.33%	<b>4.02%</b>		
40							
41	* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.						
42	<b>Expenditure comparison table</b>						
43							
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>	2,001	16	75,360	282	19,809	from FS2 & MP1
48	<b>Operational Expenditure (\$ per)</b>	2,119	17	79,791	299	20,974	from FS1 & MP1
49							

## 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 spread sheet. 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: 2012
7	Network Name:	Network Waitaki Limited
8	Disclosure:	Annual Disclosure - Requirement 6(1)

### QUALITY

#### Interruptions

##### Interruptions by class

Class A		planned interruptions by Transpower
Class B	126	planned interruptions on the network
Class C	74	unplanned interruptions on the network
Class D		unplanned interruptions by Transpower
Class E		unplanned interruptions of network owned generation
Class F		unplanned interruptions of generation (non-network)
Class G		unplanned interruptions caused by other electricity industry participant
Class H		planned interruptions caused by other electricity industry participant
<b>Total</b>	<b>200</b>	<b>Total of above</b>

##### Interruption targets for Forecast Year

	<b>2013</b>	<b>Current Financial Year +1</b>
Class B	125	planned interruptions on the network
Class C	80	unplanned interruptions on the network

##### Average interruption targets for 5 Forecast Years

	<b>2013-2017</b>	<b>Current Financial Year +1 to +5</b>
Class B	125	planned interruptions on the network
Class C	80	unplanned interruptions on the network

##### Class C interruptions restored within

	≤3Hrs	>3hrs
	54	20

#### Faults

##### Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	4.16	in year	2012
The total number of faults forecast for the Forecast Year	4.62	in year	2013
The average annual number of faults forecast for the 5 Forecast Years	4.62	average over years	2013-2017

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

	6.6kV & 11kV non-SWGR	22kV non-SWGR	SWGR	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Select one	Select one	Select one	Select one	Select one	Select one
Current Financial Year	4.04			0.12		
Forecast Year	5.00			1.00		
Average annual for 5 Forecast Years	5.00			1.00		

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

	6.6kV & 11kV non-SWGR	22kV non-SWGR	SWGR	33kV	50kV & 66kV	>66kV
Underground	2.00			-		
Overhead	5.32			1.19		

#### Reliability

##### Overall reliability

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	50.85	0.95	53.52

##### Reliability by interruption class

	SAIDI	SAIFI	CAIDI
Class B	13.52	0.07	193.14
Class C	37.33	0.88	42.42

##### Targets for Forecast Year

	SAIDI	SAIFI	CAIDI
Class B	20.27	0.10	202.70
Class C	60.80	0.90	67.60

##### Average targets for 5 Forecast Years

	SAIDI	SAIFI	CAIDI
Class B	20.27	0.10	202.70
Class C	60.80	0.90	67.60

### 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)	4,144.31	4,559	1,521	1,271	11,495	from FS1
Electricity Supplied to Customers' Connection Points (MWh)	75,328	66,748	31,111	46,403	219,590	from MP1
Number of Connection Points (ICPs) at year end	10,242	1,964	67	5	12,278	from MP1
Unit Price (cents/kWh)	5.5	6.8	4.9	2.7	5.2	
Relative Unit Price Index	1.00	1.24	0.89	0.50	0.95	

## REPORT MP3: PRICE AND QUALITY (cont)

### Notes to Price and Quality Measures

#### MP3a: Connection Point Class breakpoints

Connection Point Class breakpoints methodology	Metering installation category based breakpoints
kVA based breakpoints - additional disclosure	
Breakpoint between small and medium classes	15 kVA
Breakpoint between large and medium classes	TOU kVA

The breakpoint 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 **2012**

(\$000)

### A) Five year forecasts of expenditure

From most recent Asset Management Plan

for year ended	Actual for Current Financial Year	Forecast Years					
		year 1	year 2	year 3	year 4	year 5	
		2012	2013	2014	2015	2016	
Capital Expenditure: Customer Connection	341	570	598	598	618	618	from FS2
Capital Expenditure: System Growth	847	1,860	6,437	2,594	2,452	789	from FS2
Capital Expenditure: Reliability, Safety and Environment	757	1,709	1,553	699	540	540	from FS2
Capital Expenditure: Asset Replacement and Renewal	1,088	1,325	603	1,485	1,252	2,916	from FS2
Capital Expenditure: Asset Relocations	68	140	140	140	140	140	from FS2
<b>Subtotal - Capital Expenditure on asset management</b>							
Operational Expenditure: Routine and Preventative Maintenance	577	784	846	884	861	884	from FS1
Operational Expenditure: Refurbishment and Renewal Maintenance	940	735	735	752	762	752	from FS1
Operational Expenditure: Fault and Emergency Maintenance	231	260	260	260	260	260	from FS1
<b>Subtotal - Operational Expenditure on asset management</b>							
<b>Total direct expenditure on distribution network</b>	-	-	-	-	-	-	
<b>Overhead to Underground Conversion Expenditure</b>							

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	341	570	-40.2%	from row 10
Capital Expenditure: System Growth	847	915	-7.5%	from row 11
Capital Expenditure: Reliability, Safety and Environment	757	1,305	-42.0%	from row 12
Capital Expenditure: Asset Replacement and Renewal	1,088	725	50.1%	from row 13
Capital Expenditure: Asset Relocations	68	140	-51.4%	from row 14
<b>Subtotal - Capital Expenditure on asset management</b>	<b>3,101</b>	<b>3,655</b>	<b>-15.2%</b>	
Operational Expenditure: Routine and Preventative Maintenance	577	747	-22.8%	from row 17
Operational Expenditure: Refurbishment and Renewal Maintenance	940	719	30.8%	from row 18
Operational Expenditure: Fault and Emergency Maintenance	231	254	-8.9%	from row 19
<b>Subtotal - Operational Expenditure on asset management</b>	<b>1,748</b>	<b>1,720</b>	<b>1.6%</b>	
<b>Total direct expenditure on distribution network</b>	<b>4,849</b>	<b>5,375</b>	<b>-9.8%</b>	

#### 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 actual expenditure was in line with forecast.

### Capital Expenditure – Reliability, Safety and the Environment

The actual spend was significantly less than forecast in the AMP due to:

1. a change in focus to completing more condition based Asset Replacement and Renewal since the writing of the AMP;
2. a \$170K tap changer replacement project encountering design issues which meant it could not be completed in the financial year; and
3. a \$100K line rebuild that had originally been categorised under this category in the AMP was later re-categorised under Asset Replacement and Renewal.

### Capital Expenditure – Asset Replacement and Renewal

This category was significantly more than forecast due to:

1. a change in focus towards completing more condition based line rebuilds than originally forecast in the AMP;
2. a greater than expected expenditure on fuse/link replacements than forecast;
3. a \$100K line rebuild that had been incorrectly categorised in the AMP under Reliability, Safety, and the Environment; and
4. some Asset Relocation work being recorded against Asset Replacement and Renewal.

### Capital Expenditure – Asset Relocations

This category is driven by requests from third parties, such as asset relocations due to road widening. Third party requests were much less than expected and those that did occur appear to have been incorrectly captured under Asset Replacement and Renewal.

### Operational Expenditure – Routine and Preventative Maintenance

Total Operational Expenditure was in line with the total forecast in the AMP. Routine and Preventative Maintenance was less than forecast in the AMP due to a greater emphasis being put on catching up on Refurbishment work, which had built up from years when there had been more customer connection driven work than expected.

### Operational Expenditure – Refurbishment and Renewal Maintenance

Total Operational Expenditure was in line with the total forecast in the AMP. Refurbishment and Renewal Maintenance was more than forecast in the AMP due to a greater emphasis being put on catching up on this work, which had built up from years when there had been more customer connection driven work than expected. This was done at the expense of some Routine and Preventative Maintenance. However, the amount of Routine and Preventative Maintenance was still in keeping with Network Waitaki's policies and well within accepted levels.

### Operational Expenditure – Fault and Emergency Maintenance

The actual expenditure was in line with forecast.

## IV. Auditor's Report



### ***Auditor's Independent Assurance Report***

To the Readers of Network Waitaki Limited's  
Report for the Financial Year Ended 31 March 2012 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 2012 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 2012. 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 2012 have been subject to audit. The audit opinion on the financial statements of the company for the year ended 31 March 2012 was unqualified and was dated 28 May 2012.

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.

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

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## IV. Auditor's Report (Continued)



### *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 2012 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 2012 complies with the Requirements.

## IV. 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 2012 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 2012 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.

A handwritten signature in blue ink, appearing to read 'Robert Harris', is written over a light blue horizontal line.

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

PricewaterhouseCoopers

17 December 2012

# V. Directors' Certificates

## 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.



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Clare Kearney Director



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John Walker Director

Dated: 17 December 2012