

WESTPOWER LIMITED

Electricity Distribution (Information Disclosure) Requirements

For The Year Ended 31 March 2011

August 2011

SCHEDULE 13
FORM 1 – CERTIFICATE FOR DISCLOSED INFORMATION

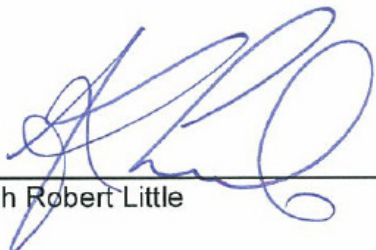
Pursuant to Requirement 11(1)

We, Suzanne Peta Merriman and Hugh Robert Little, Directors of Westpower Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Westpower Limited prepared for the purposes of requirement 3, 4, 6 and 7(5) of the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 complies with those Requirements –

- (i) Report FS1: Regulatory Profit Report;
- (ii) Report FS2: Regulatory Asset and Financing Report;
- (iii) Report FS3: Regulatory Tax Allowance Report;
- (iv) Report AV1: Annual Regulatory Valuation Roll-Forward Report;
- (v) Report AV2; Valuation Disclosure by Asset Class (for System Fixed Assets);
- (vi) Report AV3: System Fixed Assets Replacement Cost Roll – Forward Report;
- (vii) Report AV4: Merger or Acquisition Regulatory Asset Base Disclosure;
- (viii) Report MP1: Network Information Report;
- (ix) Report MP2: Performance Measures Report;
- (x) Report MP3: Price and Quality Report; and
- (xi) Report AM1: Expenditure Forecasts and Reconciliation.

Signed by:



Suzanne Peta Merriman

Hugh Robert Little

Date: 19 August 2011

REPORT FS1: REGULATORY PROFIT STATEMENT

ref		Electricity Distribution Business: Westpower Limited	
		For Year Ended	2011
5			
6	Income		
7			(\$000)
8	Net Line Charge Revenue Received	17,018	
9	plus Discretionary Discounts and Customer Rebates	1,000	FS1a
10	Gross Line Charge Income		18,018
11			
12			
13	Capital Contributions		
14	plus Net Value of Vested Assets	342	
15	Total Capital Contributions and Vested Assets		342
16			
17	AC Loss Rental Rebates Received	223	
18	less AC Loss Rental Rebates Passed On		
19	Net AC loss rental income (deficit)		223
20			
21			
22	Other Income	378	
23			378
24			
25	Total regulatory income		18,961
26			
27			
28	Expenses		
29			
30	Transmission Charges - Payments to Transpower	2,779	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	946	
32	Total Transmission Costs		3,725
33			
34	Operational Expenditure:		
35	General Management, Administration and Overheads	1,325	
36	System Management and Operations	1,303	
37	Routine and Preventative Maintenance	3,258	to AM1
38	Refurbishment and Renewal Maintenance	700	to AM1
39	Fault and Emergency Maintenance	865	to AM1
40	Pass-through Costs	88	
41	Other		
42	Total Operational Expenditure		7,539 to MP2
43			
44			
45	Operational earnings		7,697
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	3,403	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	69	from AV1
50	Total Regulatory Depreciation		3,472 to FS3
51			
52			
53	Earnings before interest and tax (EBIT)		4,225 to FS3
54			
55	less Regulatory Tax Allowance		(369) from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	4,826	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	Regulatory profit / loss (pre-financing and distributions)		9,420 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	1,000	
71	Line Charge Holidays and other Discretionary Discounts		
72	Total Discretionary Discounts and Customer Rebates		1,000

75	FS1b: Related party expenditure - summary		(\$000)
76	Avoided Transmission Charges		
77	Operational Expenditure	6,309	
78	Subvention Payment		
79	Other related party expenditure		
80	Total Related Party Expenditure		6,309
81			
82			
83	<i>N.B.: The additional Related Party information that is required to be disclosed in accordance with Section 3 of the Information Disclosure Handbook is to be disclosed by way of a separate note to this Schedule and forms part of this Schedule.</i>		
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	692	<i>Notes to be provided separately</i>
94	within expenditure category:	General Management, Administration	
95			
96	Material item amount 2	1,303	<i>Notes to be provided separately</i>
97	within expenditure category:	System Management and Operation	
98			
99	Material item amount 3	319	<i>Notes to be provided separately</i>
100	within expenditure category:	Routine and Preventative Maintenance	
101			
102			
103			<i>(further disclosures to be provided on separate page if required)</i>

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

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

REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	Westpower Limited	
		For Year Ended	2011
5			
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(\$000)
8	Customer Connection	277	to AM1
9	System Growth	193	to AM1
10	Reliability, Safety and Environment	979	to AM1
11	Asset Replacement and Renewal	2,482	to AM1
12	Asset Relocations	25	to AM1
13	Total Capital Expenditure on System Fixed Assets	3,956	to AM1
14			
15			
16	Capital Expenditure on Non-System Fixed Assets	-	from AV1
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	2,173	
21	plus Total Capital Expenditure on System Fixed Assets	3,956	
22	less Assets Commissioned in Year	4,840	from AV1
23	Works under construction at year end	1,289	
24			
25			
26	Regulatory Investment Value calculation		
27	System Fixed Assets: regulatory value at end of Previous Year	108,052	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	457	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	2,647	2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year	111,156	
31			
32	plus System Fixed Assets Commissioned in Year	4,840	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	-	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	4,840	
36	Regulatory Asset Base investment in Current Financial Year - average	2,420	
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	113,576	to MP2

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

ref		Electricity Distribution Business:	Westpower Limited	
5			For Year Ended	2011
6				
7				(\$000)
8		Earnings before interest and tax (EBIT)	4,225	from FS1
9				
10	add	Total Regulatory Depreciation	3,472	from FS1
11		Other Permanent Differences - not deductible		
12		Other Temporary Adjustments - Current Period	38	
13			3,510	
15	less	Non Taxable Capital Contributions and Vested Assets	342	
16		Tax Depreciation	4,699	
17		Deductible Discretionary Discounts and Customer Rebates	929	
18		Deductible Interest	2,994	from row 53
19		Other Permanent Differences - Non Taxable		
20		Other Temporary Adjustments - Prior Period		
21			8,964	
22				
23		Regulatory taxable income for Year	(1,229)	
24				
25	less	Tax Losses Available at Start of Year		
26		Net taxable income	(1,229)	
27				
28		Statutory Tax Rate	30%	
29		Regulatory Tax Allowance	(369)	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

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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	2,994	\$000 to row 18
55				
56		Interest Tax Shield Adjustment	898	\$000 to MP2

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business: Westpower Limited							
5							For Year Ended: 2011	
6							Year of most recent ODV: 2004	
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9							(\$'000)	
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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
61	CPI at CPI reference date	953	985	1010	1044	1075	1097
62	Revaluation Rate	2.69%	3.36%	2.54%	3.37%	2.97%	2.05%
63							
64	System Fixed Assets: Regulatory Value at End of Previous Year	63,643	71,485	80,923	82,924	95,377	102,407
65	Indexed Revaluation of System Fixed Assets	1,715	2,400	2,054	2,791	2,832	2,096

68	AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB						
69	For Year Ended	2005	2006	2007	2008	2009	2010
70	Acquisition of System Fixed Assets from another EDB						
71	Sale of System Fixed Assets to another EDB						
72	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB						

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

Electricity Distribution Business: **Westpower Limited**
 For Year Ended: **2011**

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Subtotals by Asset Class (for System Fixed Assets)

	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)	
System Fixed Assets									
Regulatory Value of System Fixed Assets (as per most recent ODV)	8,463	11,713	25,446	5,339	8,984	1,400	2,298	63,643	from AV1
Cumulative roll-forward since most recent ODV:									
Asset Additions								52,004	from AV1
Indexed Revaluation (of System Fixed Assets)								18,714	from AV1
less Regulatory Depreciation (of System Fixed Assets)								19,704	from AV1
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-	from AV1
Net Increase (Decrease) Due to Changes in Asset Register Information								-	from AV1
Regulatory Value of System Fixed Assets at Year End								114,657	from AV1

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

ref	Electricity Distribution Business:	Westpower Limited
5		For Year Ended: 2011
6	System Fixed Assets - Replacement Cost	
7		(\$000)
8	Replacement cost at end of previous year	168,595
9		
10	Asset Additions	5,182
11	Indexed Revaluation (of System Fixed Assets)	7,531
12	less Replacement Cost of Assets Decommissioned	1,321
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-
14	Net Increase (Decrease) Due to Changes in Asset Register Information	
15	Replacement cost of System Fixed Assets at year end	179,987
16		
17		
18	System Fixed Assets - Depreciated Replacement Cost	
19		
20	Depreciated Replacement Cost at end of previous year	108,052
21		
22	Asset Additions	5,182
23	Indexed Revaluation (of System Fixed Assets)	4,826
24	less Depreciation of Replacement Cost	3,020
25	less Depreciated Replacement Cost of Assets Decommissioned	383
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-
27	Net Increase (Decrease) Due to Changes in Asset Register Information	
28	Depreciated replacement cost of System Fixed Assets at year end	114,657

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	5,182
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	
40		
41	Asset Additions - Replacement Cost	5,182
42		

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

Electricity Distribution Business: Westpower Limited

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

8 As at (date):

9 Proportion of year following transfer of assets 0%

12 **PART 1: Most recent ODV valuation of System Fixed Assets transferred**

(\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

26 **PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)**

(\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
27			
28			
29			
30			
31			
32			
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43			
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46			

47 **PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred**

(\$000)

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets	
48			
49			
50			
51			
52			

53 Signed by: Selling Entity

54

55 Acquiring Entity

56

57

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

Electricity Distribution Business: **Westpower Limited**
For Year Ended: **2011**

Network Name: **Westpower 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	9		9
50kV & 66kV	61		61
33kV	267	1	268
SWER (all SWER voltages)			-
22kV (other than SWER)			-
6.6kV to 11kV (inclusive - other than SWER)	1,466	59	1,525
Low Voltage (< 1kV)	169	119	288
Total circuit length (for Supply)	1,972	179	2,151

to MP2

Dedicated Street Lighting Circuit Length

			-
--	--	--	---

Overhead Circuit Length by Terrain (at year end)

	(km)	(%)
Urban (only)	154	8%
Rural (only)	1,365	69%
Remote (only)	150	8%
Rugged (only)	5	0%
Rural & rugged (only)	271	14%
Remote & rugged (only)	27	1%
Unallocated overhead lines		0%
Total overhead length	1,972	100%

Transformer capacity (at year end)

		Previous Year
Distribution Transformer Capacity (EDB Owned)	153 MVA	147
Distribution Transformer Capacity (Non-EDB Owned, Estimated)	27 MVA	27
Total Distribution Transformer Capacity	180 MVA (to MP2)	174
Zone Substation Transformer Capacity	209 MVA	209

System Fixed Assets age (at year end)

Average Age of System Fixed Assets	18 Years
Average Expected Total Life of System Fixed Assets	52 Years
Average Age as a Proportion of Average Expected Total Life	34% %
Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	12% %

Electricity demand

	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)
GXP Demand	37	61
plus Embedded Generation Output at HV and Above	18	
Maximum System Demand	55	
less Net Transfers to (from) Other EDBs at HV and Above		
Demand on system for supply to customers' Connection Points	55	
less Subtransmission Customers' Connection Point Demand	17	19
Maximum Distribution Transformer Demand	38	
GXP Demand not Supplied at Subtransmission Level		
Embedded Generation Output - Connected to Subtransmission System	12	13
Net Transfers to (from) Other EDBs at Subtransmission Level Only		
Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	-	
Five-Year System Maximum Demand Growth Forecast	1.8 % p.a.	

to MP2

Electricity volumes carried

	(GWh)
Electricity Supplied from GXPs	218
less Electricity Exports to GXPs	
plus Electricity Supplied from Embedded Generators	91
less Net Electricity Supplied to (from) Other EDBs	
Electricity entering system for supply to customers' Connection Points	309
less Electricity Supplied to Customers' Connection Points	293
Electricity Losses (loss ratio)	16 5.0% %
Electricity Supplied to Customers' Connection Points	293
less Electricity Supplied to Largest 5 Connection Points	125
Electricity supplied other than to Largest 5 Connection Points	168 57% %

to MP2

Load Factor

64% %

Number of Connection Points (at year end)

12,876 ICPs

to MP2

Intensity of service requirements

Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	18 kW/km
Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	136 MWh/km
Connection Point Density (ICPs / Total circuit length)	6 ICP/km
Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	22,792 kWh/ICP

REPORT MP2: PERFORMANCE MEASURES

Electricity Distribution Business: **Westpower Limited**
For Year Ended: **2011**

Performance comparators

	Previous Years:			Current Financial Year		
	Current Yr - 3	Current Yr - 2	Current Yr - 1			
Operational expenditure ratio						
<i>Total Operational Expenditure</i>	6	7	7	8	\$m	from FS1
<i>Replacement Cost of System Fixed Assets (at year end*)</i>	149	160	169	180	\$m	from AV3
Ratio (%)	4.35%	4.40%	4.38%	4.19%	%	
Capital expenditure ratio						
<i>Total Capital Expenditure on System Fixed Assets</i>	5	8	6	4	\$m	from FS2
<i>Replacement Cost of System Fixed Assets (at year end*)</i>	149	160	169	180	\$m	from AV3
Ratio (%)	3.69%	4.87%	3.31%	2.20%	%	
Capital expenditure growth ratio						
<i>Capital Expenditure: Customer Connection and System Growth</i>			1	0	\$m	from FS2
<i>Change in Total Distribution Transformer Capacity</i>			1	6	MVA	from MP1
\$/kVA	Not defined	Not defined	1,190	78	\$/kVA	
Renewal expenditure ratio						
<i>Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal</i>			4	3	\$m	from FS1 & 2
<i>Regulatory Depreciation of System Fixed Assets</i>			3	3	\$m	from AV1
Ratio (%)	Not defined	Not defined	122%	94%	%	
Distribution Transformer Capacity Utilisation						
<i>Maximum Distribution Transformer Demand</i>	33	36	38	38	MW	from MP1
<i>Total Distribution Transformer Capacity (at year end*)</i>	160	173	174	180	kVA	from MP1
Ratio (%)	20.6%	20.8%	21.8%	21.1%	%	
Return on Investment						
<i>Regulatory Profit / Loss (pre-financing and distributions)</i>	10	8	6	9	\$m	from FS1
<i>less Interest Tax Shield Adjustment</i>	1	1	1	1	\$m	from FS3
<i>Adjusted Regulatory Profit</i>	10	7	6	9	\$m	
<i>Regulatory Investment Value</i>	91	101	109	114	\$m	from FS2
Ratio (%)	10.41%	6.94%	5.30%	7.50%	%	

* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated 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)	1,839	13	71,927	307	25,856	from FS2 & MP1
Operational Expenditure (\$ per)	3,505	26	137,073	586	49,275	from FS1 & MP1

REPORT MP3: PRICE & QUALITY MEASURES
 (Separate report required for each Non-contiguous Network)

Electricity Distribution Business: **Westpower Limited**
 For Year Ended: **2011**

Network Name: **Westpower Limited**
 Disclosure: **Annual Disclosure - Requirement 6(1)**

QUALITY

Interruptions

Interruptions by class

Class A	1	planned interruptions by Transpower:
Class B	112	planned interruptions on the network
Class C	115	unplanned interruptions on the network
Class D	4	unplanned interruptions by Transpower
Class E		unplanned interruptions of network owned generation
Class F		unplanned interruptions of generation (non-network)
Class G		unplanned interruptions caused by other electricity industry participant
Class H		planned interruptions caused by other electricity industry participant
Total	232	Total of above

Interruption targets for Forecast Year

Class B	2012	Current Financial Year +1
Class C	102	planned interruptions on the network
	119	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

Class B	2012-2016	Current Financial Year +1 to +5
Class C	93	planned interruptions on the network
	107	unplanned interruptions on the network

Class C interruptions restored within

≤3Hrs	>3hrs
70	45

Faults

Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	5.35	in year	2011
The total number of faults forecast for the Forecast Year	5.62	in year	2012
The average annual number of faults forecast for the 5 Forecast Years	5.62	average over years	2012-2016

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SW		22kV non-SW	SW	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Yes	No	No	Yes	Yes	Yes	
Current Financial Year	6.43			6.34	-	-	
Forecast Year	6.76			7.53	6.56	11.18	
Average annual for 5 Forecast Years	6.76			7.53	6.56	11.18	

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SW		22kV non-SW	SW	33kV	50kV & 66kV	>66kV
Underground	8.47				-	-	-
Overhead	6.34				6.37	-	-

Reliability

Overall reliability

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	330.82	3.73	89.00

Reliability by interruption class

Class B	SAIDI	SAIFI	CAIDI
Class C	46.92	0.17	272.00
	250.36	2.45	102.00

Targets for Forecast Year

Class B	SAIDI	SAIFI	CAIDI
Class C	60.00	0.68	88.00
	115.00	1.31	88.00

Average targets for 5 Forecast Years

Class B	SAIDI	SAIFI	CAIDI
Class C	60.00	0.68	88.00
	115.00	1.31	88.00

PRICES

Price information by Connection Point Class

	Connection Point Class					
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total	
Gross line charge income (\$000)	8,157	5,255	1,562	3,043	18,017	Error (FS1)
Electricity Supplied to Customers' Connection Points (MWh)	81,583	62,168	25,195	124,520	293,466	from MP1
Number of Connection Points (ICPs) at year end	12,027	827	17	5	12,876	from MP1
Unit Price (cents/kWh)	10.0	8.5	6.2	2.4	6.1	
Relative Unit Price Index	1.00	0.85	0.62	0.24	0.61	

REPORT MP3: PRICE AND QUALITY (cont)

Notes to Price and Quality Measures

89 **MP3a: Connection Point Class breakpoints**

90

Connection Point Class breakpoints methodology

Metering installation category based breakpoints

92

kVA based breakpoints - additional disclosure

93

94

Breakpoint between small and medium classes

15 kVA

95

Breakpoint between large and medium classes

200 kVA

96

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

Electricity Distribution Business: **Westpower Limited**
 For Year Ended **2011**
 (\$'000)

A) Five year forecasts of expenditure
 From most recent Asset Management Plan

ref		Actual for Current Financial Year	Forecast Years					
			year 1	year 2	year 3	year 4	year 5	
			2011	2012	2013	2014	2015	
10	Capital Expenditure: Customer Connection	277	215	223	237	246	261	from FS2
11	Capital Expenditure: System Growth	193	647	1,155	625	657	1,025	from FS2
12	Capital Expenditure: Reliability, Safety and Environment	979	1,453	1,027	955	1,230	874	from FS2
13	Capital Expenditure: Asset Replacement and Renewal	2,482	3,197	2,624	1,704	626	563	from FS2
14	Capital Expenditure: Asset Relocations	25	-	-	-	-	-	from FS2
15	Subtotal - Capital Expenditure on asset management	3,956	5,512	5,029	3,521	2,759	2,723	
17	Operational Expenditure: Routine and Preventative Maintenance	3,258	3,737	3,646	3,757	3,926	4,111	from FS1
18	Operational Expenditure: Refurbishment and Renewal Maintenance	700	766	893	939	850	1,021	from FS1
19	Operational Expenditure: Fault and Emergency Maintenance	865	904	959	1,012	1,075	1,180	from FS1
20	Subtotal - Operational Expenditure on asset management	4,823	5,407	5,498	5,708	5,851	6,312	
22	Total direct expenditure on distribution network	8,779	10,919	10,527	9,229	8,610	9,035	
24	Overhead to Underground Conversion Expenditure	21						
26	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).	Undergrounding expenditure included in Reliability, Safety and Environment						

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

ref		Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1	
34	Capital Expenditure: Customer Connection	277	204	35.8%	from row 10
35	Capital Expenditure: System Growth	193	535	-63.9%	from row 11
36	Capital Expenditure: Reliability, Safety and Environment	979	1,778	-44.9%	from row 12
37	Capital Expenditure: Asset Replacement and Renewal	2,482	3,139	-20.9%	from row 13
38	Capital Expenditure: Asset Relocations	25	-	Not defined	from row 14
39	Subtotal - Capital Expenditure on asset management	3,956	5,656	-30.1%	
41	Operational Expenditure: Routine and Preventative Maintenance	3,258	3,313	-1.7%	from row 17
42	Operational Expenditure: Refurbishment and Renewal Maintenance	700	1,061	-34.0%	from row 18
43	Operational Expenditure: Fault and Emergency Maintenance	865	875	-1.1%	from row 19
44	Subtotal - Operational Expenditure on asset management	4,823	5,249	-8.1%	
46	Total direct expenditure on distribution network	8,779	10,905	-19.5%	

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): [See explanatory notes attached.](#)

**WESTPOWER LIMITED
INFORMATION DISCLOSURE FOR THE YEAR ENDED 31 MARCH 2011**

EXPLANATORY NOTES

FS1C OPERATIONAL EXPENDITURE NOTES

General Management, Administration and Overheads

This balance includes a representation fee paid to Electronet Services for management, accounting, IT and admin services (\$547,000) and consultancy fees (\$145,000) including consultation on Commerce Commission requirements.

System Management and Operations

This balance includes a representation fee (\$1,303,000) paid to Electronet Services for engineering services, network management and network operations.

Refurbishment and Renewal Maintenance

This balance includes \$319,000 for ad hoc pole replacement arising from condition assessment activity.

Fault and Emergency Maintenance

This balance includes \$153,000 for fault standby services provided by Electronet Services.

AM1 EXPLANATION OF VARIANCES

Capital Expenditure – Customer Connection

Connection expenditure is driven by customer demand. While the number of connections is down on last year, the cost has increased due to the nature of the connections completed during the year.

Capital Expenditure – System Growth

Transformer purchases during the year were achieved under budget due to reduced new customer demand requirements.

Capital Expenditure – Reliability, Safety and Environment

2 projects were not completed due to changed network requirements (\$100,000). 9 projects were deferred due to delays in projects involving external parties or resourcing (\$393,000). The remainder of the variance is due to the revision of the scope of a number of projects and completion of two lines switchgear projects under budget.

Capital Expenditure – Asset Replacement and Renewal

4 projects were not completed due to reduced customer driven upgrade requirements (\$235,000). 4 projects were deferred due to delays in projects due to resourcing (\$243,000). The remainder of the variance is due to the revision of the scope of a number of projects and the completion of a lines switchgear project under budget.

Capital Expenditure – Asset Relocations

Asset Relocations customer driven and were not budgeted for.

Operation Expenditure – Refurbishment and Renewal Maintenance

Refurbishment and Renewal expenditure is driven by condition assessment activity. Projects including ad hoc pole replacement and substation maintenance were under budget by \$233,000 due to reduced network requirements. A number of transformer site refurbishments (\$183,000) were delayed awaiting a new earth testing unit.

**WESTPOWER LIMITED
INFORMATION DISCLOSURE - TRANSITIONAL REQUIREMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

RELATED PARTIES

All transactions with related parties were conducted on an arms length basis at normal commercial terms.

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

ElectroNet Services Limited

The contracting and management subsidiary of Westpower Limited, ElectroNet Services, has provided the following services for the period 1 April 2010 to 31 March 2011:

	2011 \$000	2010 \$000
Construction of subtransmission assets	493	1,163
Construction of zone substations	582	1,300
Construction of distribution lines and cables	1,225	1,266
Construction of medium voltage switchgear	693	714
Construction of distribution transformers	331	302
Construction of distribution substations	112	60
Construction of low voltage lines and cables	141	211
Construction of other fixed assets	221	426
	<u>3,798</u>	<u>5,442</u>
Maintenance of assets	4,482	4,675
Asset management services	1,303	1,231
Other Services	524	533
	<u>10,107</u>	<u>11,881</u>
Balance Outstanding 31 March	1,578	1,578

Mitton Electronet Limited

The electrical engineering consulting subsidiary of ElectroNet Services Limited, Mitton Electronet, has provided the following services for the period 1 April 2010 to 31 March 2011.

	2011 \$000	2010 \$000
Construction of zone substations	97	86
Construction of distribution lines and cables	3	
Construction of medium voltage switchgear		4
Construction of other fixed assets	3	7
	<u>103</u>	<u>97</u>
Maintenance of assets	91	36
Other	8	
	<u>202</u>	<u>133</u>
Balance Outstanding 31 March	29	16

Auditor's independent assurance report

To the readers of Westpower Limited's

Report for the financial year ended 31 March 2011 regarding Westpower Limited's compliance with the Electricity Distribution (Information Disclosure) Requirements 2008

The Auditor-General is the auditor of Westpower Limited (the company). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on the company's report for the financial year ended 31 March 2011 on pages 1 to 16 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 unmodified and was dated 30 June 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.

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 audited under the financial statement has been limited to agreeing the amounts and disclosures to the underlying records and audited financial statements of the company.

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.

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

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.

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.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
19 August 2011

Matters relating to the electronic publication of the audited electricity distribution disclosures

This audit report relates to the electronic publication of the electricity distribution disclosures of Westpower Limited (the company) for the year ended 31 March 2011.

We have not been engaged to report on the integrity of any website on which the electricity distribution disclosures have been published. We accept no responsibility for any changes that may have occurred to the electricity distribution disclosures since they were initially approved and published.

This audit report refers only to the electricity distribution disclosures named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication they should refer to the original published hard copy of the electricity distribution disclosures and related audit report dated 19 August 2011 to confirm the information included in the electricity distribution disclosures published on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.