

*Information Disclosure by Aurora Energy Ltd*  
for the year ended 31 March 2005

Pursuant to the  
*ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004*

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**INDEX**

	Page
A Statutory Declaration in Respect of Statements and Information Supplied to the Commerce Commission (Requirement 36)	1
B Disclosure of Information Required in Financial Statements (Requirement 6 Schedule 1 Part 2)	2
C Directors' Certification of Financial Statements, Performance Measures, and Statistics Disclosed (Requirement 31 (1))	12
D Certification by Auditor in Relation to Financial Statements (Requirement 30)	13
E Performance Measures: Financial and Efficiency Performance Measures (Requirement 14) Energy Delivery Efficiency Performance Measures (Requirement 20) Reliability Performance Measures (Requirement 21)	15
F Derivation Table (Requirement 15)	19
G Annual Valuation Reconciliation Report (Requirement 16)	20
H Certification of Performance Measures by Auditor (Requirement 30(3))	21
I Certification of Valuation Report of Line Owner (Requirement 31(5))	22

***Information Disclosure Disclaimer***

***Information disclosed in this document has been prepared solely for the purposes of the Electricity Information Disclosure Requirements 2004.***

***The Requirements require the information to be disclosed in the manner it is presented.***

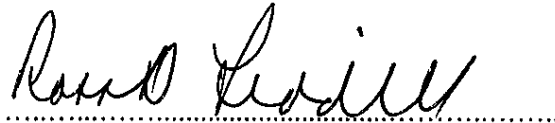
***The information should not be used for any other purpose than that intended under the Requirements.***

***The information disclosed is for the lines business as described in the Requirements. There are other activities of the Company that are not required to be reported under the Requirements.***

**A STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO COMMERCE COMMISSION (REQUIREMENT 36)**

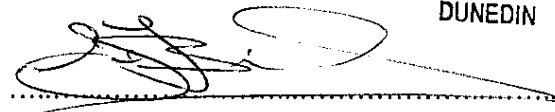
I, Ross Douglas Liddell of 33 Leithton Close, Glenleith, Dunedin, being a director of Aurora Energy Ltd, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Aurora Energy Ltd under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.



Declared at Dunedin this 17 day of August 2005

ARAN JAMES BAILEY  
ENROLLED SOLICITOR  
DUNEDIN



~~Justice of the Peace~~ (or Solicitor or other  
person authorised to take a statutory  
declaration)

<b>B DISCLOSURE OF INFORMATION REQUIRED IN FINANCIAL STATEMENTS (REQUIREMENT 6 SCHEDULE 1 PART 2)</b>
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	note*	2005 \$000	2004 \$000
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>1 Current Assets</b>			
(a) Cash and Bank Balances		80	75
(b) Short Term Investments		-	-
(c) Inventories		-	-
(d) Accounts Receivable		4,692	4,827
(e) Other Current Assets Not Listed in (a) to (d):		2,053	1,939
(f) Total Current Assets		6,825	6,841
<b>2 Fixed Assets</b>	3		
(a) System fixed assets		238,409	235,197
(b) Customer billing and information system assets		-	-
(c) Motor vehicles		6	-
(d) Office equipment		4	5
(e) Land and buildings		12,347	12,428
(f) Capital works under construction		6,437	5,366
(g) Other fixed assets not listed in (a) to (f)		-	-
(h) Total fixed assets		257,203	252,996
<b>3 Other Tangible Assets Not Listed Above</b>		-	-
<b>4 Total Tangible Assets</b>		264,028	259,837
<b>5 Total Intangible Assets</b>			
(a) Goodwill		-	-
(b) Other intangible assets not listed in (a)		-	-
(c) Total intangible		-	-
<b>6 Total Assets</b>		264,028	259,837
<b>7 Current Liabilities</b>			
(a) Bank overdraft		-	-
(b) Short term borrowings		-	-
(c) Accounts payables and accruals		6,940	5,303
(d) Dividend provision		-	-
(e) Provision for income tax		-	-
(f) Other current liabilities not listed in (a) to (e)		-	-
(g) Total current liabilities		6,940	5,303

\* The accompanying notes form an integral part of these financial statements.

	note*	2005 \$000	2004 \$000
<b>8 Non-Current Liabilities</b>			
(a) Payables and accruals		-	-
(b) Long-term debt	5	103,800	108,200
(c) Deferred taxation	4	36,349	30,549
(d) Other funding not listed in (a) or (b)		-	-
(e) Total non-current liabilities		<u>140,149</u>	<u>138,749</u>
<b>9 Equity</b>			
(a) Shareholder's equity:	2		
(i) Share capital		9,750	9,750
(ii) Retained earnings		(3,818)	(5,425)
(iii) Reserves		<u>111,007</u>	<u>111,460</u>
(iv) Total shareholder's equity		<u>116,939</u>	<u>115,785</u>
(b) Minority interests in subsidiaries		-	-
(c) Total equity		<u>116,939</u>	<u>115,785</u>
(d) Capital notes		-	-
(e) Total capital funds		<u>116,939</u>	<u>115,785</u>
<b>10 Total Equity and Liabilities (7(g) + 8(e) + 9(e))</b>		<b>264,028</b>	<b>259,837</b>

### STATEMENT OF FINANCIAL PERFORMANCE

<b>11 Operating Revenue</b>			
(a) Revenue from line/access charges		55,620	53,023
(b) Revenue from "other" business (transfer payment)		-	-
(c) Interest on short-term investments, cash and bank balances		-	-
(d) AC loss-rental rebates		1,124	2,261
(e) Other revenue not listed in (a) to (d)		<u>8,078</u>	<u>6,777</u>
(f) Total operating revenue		<b>64,822</b>	<b>62,061</b>
<b>12 Operating Expenditure</b>			
(a) Transmission charges		16,023	15,177
(b) Transfer payments to "other" business:			
(i) asset maintenance		7,636	7,501
(ii) consumer disconnections and reconnections		-	-
(iii) meter data		-	-
(iv) consumer-based load control		-	-
(v) royalty and patent expenses		-	-
(vi) avoided transmission charges for own generation		-	-
(vii) other goods and services		<u>3,500</u>	<u>3,419</u>
(viii) total transfer payment to other business		<b>11,136</b>	<b>10,920</b>

\* The accompanying notes form an integral part of these financial statements.

	note*	2005 \$000	2004 \$000
(c) Payments to non-related entities for:			
(i) asset maintenance		-	-
(ii) consumer disconnections and reconnections		-	-
(iii) meter data		-	-
(iv) consumer-based load control		-	-
(v) royalty and patent expenses		-	-
(vi) total of specified expenses to non-related parties		-	-
(d) Employee salaries, wages and redundancies		-	-
(e) Consumer billing and information system expense		-	-
(f) Depreciation on:			
(i) system fixed assets		9,642	9,735
(ii) other assets not listed in (i)		1	-
(iii) total depreciation expense		9,643	9,735
(g) Amortisation of:			
(i) goodwill		-	-
(ii) other intangibles		-	-
(iii) total amortisation of intangibles		-	-
(h) Corporate and administration		1,257	1,136
(i) Human resource expenses		-	-
(j) Marketing and advertising		43	3
(k) Merger and acquisition expenses		-	-
(l) Take-over defence expenses		-	-
(m) Research and development expenses		-	-
(n) Consultancy and legal expenses		114	597
(o) Donations		-	-
(p) Directors' fees		89	77
(q) Auditor's fees:			
(i) audit fees to principal auditor		27	27
(ii) audit fees to other auditors		38	-
(iii) fees paid for other services provided by principal and other auditors		-	-
(iv) total auditor's fees		65	27
(r) Cost of offering credit:			
(i) bad debts written off		-	-
(ii) increase in estimated doubtful debts		-	-
(iii) total cost of offering credit		-	-
(s) Local Authority rates expense		236	272
(t) AC loss rental rebates paid to retailers		1,124	2,261
(u) Rebates to consumers due to ownership interest		-	-
(v) Subvention payments		1,172	1,290
(w) Unusual expenses		-	-
(x) Other expenditure not listed in (a) to (w)		-	-
<b>13 Total Operating Expenditure (sum (12(a) to 12(x))</b>		<b>40,902</b>	<b>41,495</b>

\* The accompanying notes form an integral part of these financial statements.

	note*	2005 \$000	2004 \$000
<b>14 Operating Surplus Before Interest and Income Tax</b>		<b>23,920</b>	<b>20,566</b>
<b>15 Interest Expense:</b>			
(a) Interest expense on borrowings		7,324	7,537
(b) Financing charges relating to finance leases		-	-
(c) Other interest expense not listed in (a) or (b)		-	-
(d) Total interest expense		<u>7,324</u>	<u>7,537</u>
<b>16 Operating Surplus Before Income Tax</b>		<b>16,596</b>	<b>13,029</b>
<b>17 Income Tax</b>	1	<b>8,136</b>	<b>7,512</b>
<b>18 Net Surplus After Tax</b>		<b>8,460</b>	<b>5,517</b>

#### STATEMENT OF MOVEMENTS IN EQUITY

Equity at beginning of year	<b>115,785</b>	106,314
Surplus and revaluations		
net profit after tax for period	<b>8,460</b>	5,517
valuations	-	-
Total recognised revenues and expenses	<u><b>8,460</b></u>	<u>5,517</u>
Other movements		
dividend distributions	<b>(7,306)</b>	(3,796)
Capital transferred	-	7,750
	<u><b>(7,306)</b></u>	<u>3,954</u>
Equity at end of year	<u><b>116,939</b></u>	<u>115,785</u>

#### STATEMENT OF CASH FLOWS

##### **Cashflows From Operating Activities**

Cash was provided from:		
Receipts from customers	64,957	63,508
	<hr/>	<hr/>
	64,957	63,508
Cash was disbursed to:		
Payments to suppliers and employees	31,227	31,521
Income tax paid	2,450	2,150
Interest paid	7,324	7,537
	<hr/>	<hr/>
	41,001	41,208
Net cash inflows/(outflows) from operating activities	6	23,956
		22,300

\* The accompanying notes form an integral part of these financial statements.

	2005 \$000	2004 \$000
<b>Cashflows From Investing Activities</b>		
Cash was provided from:		
Sale of assets	50	110
Cash was disbursed to:		
Purchase of fixed assets	12,295	17,517
Net cash inflows/(outflows) from investing activities	(12,245)	(17,407)
<b>Cashflows From Financing Activities</b>		
Cash was provided from:		
Proceeds of borrowings	-	-
Proceeds from Capital transferred	-	7,750
	-	7,750
Cash was disbursed to:		
Repayment of term liabilities	4,400	8,800
Dividend distributions	7,306	3,796
	11,706	12,596
Net cash inflows/(outflows) from financing activities	(11,706)	(4,846)
Net increase/(decrease) in cash held	5	47
Cash at beginning of year	75	28
<b>Cash at End of Year</b>	<b>80</b>	<b>75</b>

## STATEMENT OF ACCOUNTING POLICIES

### SPECIAL PURPOSE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the requirements of the Electricity Information Disclosure Requirements 2004, and relate to:

- The Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services.

### SPECIFIC ACCOUNTING POLICIES

In accordance with clause 6 of the Requirements, the methodology adopted to allocate costs, revenues, assets and liabilities among the businesses is in accordance with the Electricity Information Disclosure Handbook.

The particular accounting policies adopted in the preparation of these financial statements are:

#### (a) Revenue

Revenue shown in the Statement of Financial Performance for the Line Business relates to the provision of electricity distribution.

#### (b) Expenditure

Expenditure shown in the Statement of Financial Performance is derived as follows:

##### Line Business

- Transmission charges, employee remuneration, administration and operating expenses are directly attributable to the Line Business.
- Maintenance and operation is provided in accordance with a 10 year Asset Management Services Contract with DELTA Utility Services Ltd.
- Other costs are allocated in accordance with the avoidable cost allocation methodology.

(c) **Dividends**

Dividends have been calculated in accordance with the Company's dividend policy.

(d) **Allocation of Assets and Liabilities**

Assets and liabilities are those which are directly related to the Lines Business.

(e) **Current Assets**

Accounts receivable are those directly related to the Lines Business and are valued at expected realisable value less provision for doubtful debts.

(f) **Fixed Assets**

On 1 July 2001, Aurora Energy (formerly Dunedin Electricity) revalued its electricity distribution network assets to the fair market value determined by the chartered accounting firm of KPMG. In the opinion of the Directors and their professional advisors, this best represents the fair value of those assets.

The increment in value resulting from this is credited to the revaluation reserves of the Company after adjusting for depreciation previously claimed.

Network additions since 1 July 2001 are carried at their cost less depreciation.

(g) **Distinction Between Capital and Revenue Expenditure**

Capital expenditure is defined as all expenditure on the creation of a new asset, and any expenditure which results in a significant improvement to the original function of an existing asset. Revenue expenditure is defined as expenditure which maintains an asset in working condition and expenditure incurred operating the Company.

(h) **Depreciation**

Fixed assets are depreciated on the basis of valuation or cost price less estimated residual value on a straight line basis over their estimated useful life. Rates used are:

Buildings	1 - 2.5%
Plant and equipment	2.5 - 15%
Network assets	1 - 15%
Furniture and fittings	10%
Computer equipment	20%

(i) **Taxation**

Income tax expense is charged in the statement of financial performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or income tax losses are only recognised where there is virtual certainty of realisation.

(j) **Goods and Services Tax**

These accounts are prepared exclusive of GST except for accounts receivable and accounts payable which are GST inclusive.

(k) **Financial Instruments**

The Lines Business is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position. All revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(l) **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.



2005  
\$000

2004  
\$000

## NOTES TO THE FINANCIAL STATEMENTS

### **Note 1 : Taxation**

Net profit before tax	16,596	13,029
Permanent difference	8,059	9,734
	<u>24,655</u>	<u>22,763</u>
Tax at 33 cents in the dollar	8,136	7,512
Income tax charge	<u>8,136</u>	<u>7,512</u>
Income tax charge comprises:		
Current taxation	2,336	1,538
Deferred taxation	5,800	5,974
	<u>8,136</u>	<u>7,512</u>

### **Note 2 : Shareholders Funds**

Issued capital		
Balance at beginning of year	9,750	2,000
Transferred During Year	-	7,750
	<u>9,750</u>	<u>9,750</u>

#### **Reserves**

Asset revaluation reserve		
Balance at beginning of year	111,460	111,716
Transferred to retained earnings on disposal of assets	(453)	(256)
	<u>111,007</u>	<u>111,460</u>

#### **Retained Earnings**

Balance at beginning of year	(5,425)	(7,402)
Net surplus for year	8,460	5,517
Dividend distributions	(7,306)	(3,796)
Transfer from Asset Revaluation Reserve	453	256
	<u>(3,818)</u>	<u>(5,425)</u>

### **Total Shareholders Funds**

116,939      115,785

**Note 3 : Fixed Assets**

2004 Book Value \$000		AS AT 31 MARCH 2005		Book Value \$000
	Line Business	Cost or Revaluation \$000	Accumulated Depreciation \$000	
233,618	Network	269,870	32,945	236,925
1,250	Plant	1,811	591	1,220
329	Load Control Equipment	509	245	264
235,197	Subtotal	272,190	33,781	238,409
9,687	Buildings	9,980	374	9,606
2,741	Land	2,741	-	2,741
-	Vehicles	6	-	6
247,625	Subtotal	284,917	34,155	250,762
5	Furniture	5	1	4
5,366	Capital Work in Progress	6,437	-	6,437
252,996		291,359	34,156	257,203

	2005 \$000	2004 \$000
Capital work in progress comprises:		
Distribution substations	721	497
Low voltage reticulation	2,278	1,540
Distribution lines and cables	1,798	1,440
Distribution transformers	1,403	950
Other	108	24
Zone substations	129	915
Transmission reticulation	-	-
	6,437	5,366

**Note 4 : Deferred Tax Liability**

Balance at beginning of year	30,549	24,575
Movement from income tax charge	5,800	5,974
Balance at end of year	36,349	30,549

**Note 5 : Term Debt**

Balance at beginning of year	108,200	117,000
Current year borrowing	-	-
Current year repayment	(4,400)	(8,800)
Balance at end of the year	103,800	108,200

The Line Business has a borrowing facility allowing it to draw funds up to \$110 million. At year-end \$103.8 million had been drawn on the facility. The weighted average interest rate on the advances at 31 March 2005 was 7.34%. The repayment period on the advances is between 2 and 10 years as follows:

1 - 2 years	-
2 - 5 years	-
5 years and greater	103,800
	103,800

	2005 \$000	2004 \$000
<b>Note 6 : Reconciliation of Net Surplus from Operating Activities</b>		
Net profit after tax	8,460	5,517
Items not involving cashflows depreciation	9,643	9,735
Impact of changes in working capital items		
(increase)/decrease in accounts receivable	135	1,447
(increase)/decrease in inventories	-	-
(increase)/decrease in tax refund	(114)	(612)
increase/(decrease) in taxation payable	-	-
increase/(decrease) in accounts payable	1,637	79
increase/(decrease) in term liabilities	-	-
gain on sale of assets	-	-
increase/(decrease) in deferred tax liability	5,800	5,974
capital creditors included in accounts payable	(1,605)	160
Net cash inflows/(outflows) from operating activities	<u>23,956</u>	<u>22,300</u>

#### **Note 7 : Commitments**

As 31 March 2005, capital expenditure contracted for was \$900,079 (2004 : \$2,197,642).

#### **Note 8 : Contingent Liabilities**

There were no contingent liabilities as at 31 March 2005 (2004 : nil).

#### **Note 9 : Financial Instruments**

Financial instruments which potentially subject the Lines Business to credit risk principally consist of cash and accounts receivable.

##### **Credit Risk**

Contracts have been entered into with various counter-parties having such credit ratings and in accordance with dollar limits as set by the board of directors.

##### **Collateral**

The Lines Business does not generally require collateral or other security to support service contracts. While the Lines Business may be subject to credit losses up to the notional value of the services or goods supplied in the event of non-performance by counter-parties, it does not expect such losses to occur.

##### **Concentration of Credit Risk**

Financial instruments which potentially subject the Lines Business to concentrations of credit risk principally consist of cash and accounts receivable.

The Lines Business places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

The Lines Business has several large customers for which no collateral is required. These debtors are subject to normal on-going credit control procedures.

**Note 10 : Disclosure of Information Relating to Transactions Between Persons in a Prescribed Business Relationship and Related Parties (Requirement 8)**

	2005 \$000	2004 \$000
<b>During the Year the Line Business:</b>		
<b>Purchased the following services from DELTA Utility Services Ltd:</b>		
Asset maintenance	7,636	7,501
Network management, operation and other	3,500	3,419
Consumer reconnections and disconnections	-	-
	<hr/>	<hr/>
Total	11,136	10,920
 Network capital work and development		
distribution substations	982	1,058
low voltage reticulation	3,100	3,278
distribution lines and cables	2,447	3,065
distribution transformers	1,910	2,021
zone substations	176	580
other plant and equipment	147	52
sub-transmission reticulation	-	2,591
	<hr/>	<hr/>
Total	8,762	12,645

Network operation and maintenance is charged in accordance with a Fixed Term Contract. Capital work is subject to open tender, established market rates, or competitive pricing.

At balance date, \$5,492,945 was owed to DELTA Utility Services Ltd (2004 - \$3,634,070). Of this, \$1,542,762 was due and payable on 20 April, while \$3,950,183 relating to capital work in progress was payable at a later date.

**Other Line Business Related Parties:**

The Lines Business has a borrowing facility with Dunedin City Treasury Ltd. During the year it paid \$7,324 million interest (2004 - \$7.537 million) and as at 31 March 2005 \$103.8 million of loan monies were outstanding (2004 : \$108.2 million).

During the year, the Lines Business also undertook the following transactions with Dunedin City Holdings Ltd:

Purchase of subvention expense	\$1.17 million (2004 : \$1.29 million)
Dividends paid	\$7.31 million (2004 : \$3.80 million)

As at 31 March 2005, \$0.825 million of subvention was outstanding (2004 : \$1.041 million).

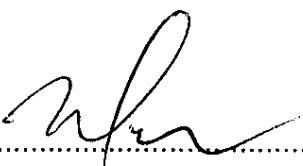
No related party transactions took place at a nominal or nil value. No related party debts have been written-off or forgiven during the period.

**C DIRECTORS' CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED (REQUIREMENT 31(1))**


We, Raymond Stuart Polson and Ross Douglas Liddell, directors of Aurora Energy Ltd, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) the attached audited financial statements of Aurora Energy Ltd prepared for the purposes of requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004, comply with those Requirements; and
- (b) the attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Aurora Energy Ltd, and having been prepared for the purposes of requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2005.



Raymond Stuart Polson



Ross Douglas Liddell

17 August .....2005

**D CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS**



**Audit New Zealand**

**REPORT OF THE AUDITOR-GENERAL  
TO THE READERS OF THE FINANCIAL STATEMENTS OF  
AURORA ENERGY LIMITED  
FOR THE YEAR ENDED 31 MARCH 2005**

We have audited the financial statements of Aurora Energy Limited on pages 2 to 11. The financial statements provide information about the past financial performance of Aurora Energy Limited and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 6 to 7.

***Directors' Responsibilities***

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Aurora Energy Limited as at 31 March 2005, and the results of its operations and cash flows for the year ended on that date.

**Auditor's Responsibilities**

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity Information Disclosure Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Bede Kearney of Audit New Zealand to undertake the audit.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Aurora Energy Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with

sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Aurora Energy Limited.

### **Unqualified Opinion**

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

In our opinion –

- proper accounting records have been maintained by Aurora Energy Limited as far as appears from our examination of those records; and
- the financial statements of Aurora Energy Limited on pages 2 to 11:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Aurora Energy Limited's financial position as at 31 March 2005 and the results of its operations and cash flows for the year ended on that date; and
  - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 17 August 2005 and our unqualified opinion is expressed as at that date.



B F Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



## E PERFORMANCE MEASURES

	2005	2004	2003	2002
<b>Disclosures of financial performance measures and efficiency performance measures under requirement 14 of the Electricity Information Disclosure Requirements 2004</b>				
1 Financial performance measures				
(a) Return on funds	13.5%	14.9%	15.5%	15.1%
(b) Return on equity	18.2%	28.9%	46.5%	32.0%
(c) Return on investment	8.1%	31.6%	9.3%	9.0%
2 Efficiency performance measures				
(a) Direct line costs per kilometre	\$2,126	\$2,131	\$2,159	\$2,217
(b) Indirect line costs per electricity consumer	\$26.63	\$31.32	\$30.41	\$24.65

### Disclosure of financial performance measures and efficiency performance measures under requirement 20 of the Electricity Information Disclosure Requirements 2004

1 Energy delivery efficiency performance measures				
(a) Load factor	57.5%	58.7%	54.6%	53.9%
(b) Loss ratio	*6.1%	*6.3%	*6.2%	*6.4%
* Note – the loss ratio is deduced from reports of energy injected by others and reports of retail sales by others. Aurora Energy is unable to audit these reports and has little confidence in their accuracy. Accordingly the ratio should be treated with great caution.				
(c) Capacity utilisation	34.2%	32.5%	36.7%	36.2%
2 Statistics				
(a) System length				
Circuit kilometres 66 kV	109	54		
Circuit kilometres 33 kV	479	535	591	591
Circuit kilometres 11 kV	2,181	2,115	2,029	1,959
Circuit kilometres 6.6 kV	773	798	815	804
Circuit kilometres 400 V	1,603	1,523	1,436	1,385
Circuit kilometres 600 V DC	4	4	4	4
Total	5,149	5,029	4,875	4,743
(b) System length – overhead				
Circuit kilometres 66 kV	109	54		
Circuit kilometres 33 kV	390	447	503	503
Circuit kilometres 11 kV	1,818	1,796	1,760	1,734
Circuit kilometres 6.6 kV	541	562	583	579
Circuit kilometres 400 V	1,063	1,035	998	980
Circuit kilometres 600 V DC	1	1	1	1
Total Overhead	3,922	3,895	3,845	3,797
(c) System length – underground				
Circuit kilometres 66 kV				
Circuit kilometres 33 kV	89	88	88	88
Circuit kilometres 11 kV	363	320	269	225
Circuit kilometres 6.6 kV	232	235	232	225
Circuit kilometres 400 V	540	487	439	405
Circuit kilometres 600 V DC	3	3	3	3
Total Underground	1,228	1,133	1,031	946



*Information Disclosure by Aurora Energy Ltd for the Year Ended 31 March 2005*

	2005	2004	2003	2002
(d) Transformer capacity (kVA)	779,835	758,211	740,166	725,937
(e) Maximum demand (kW)	266,859	246,190	271,850	262,700
(f) Total electricity supplied before losses from the system (kWh)	1,344,545,511	1,269,877,041	1,300,088,384	1,240,262,196
(g) Electricity conveyed after losses for each party (kWh)				
Party 1	579,997,179	559,134,598	549,017,685	476,920,650
Party 2	386,155,577	372,571,922	404,561,670	415,684,154
Party 3	223,143,337	214,527,945	198,173,212	175,438,820
Party 4	33,675,391	4,623,330	29,942,765	21,637,496
Party 5	20,743,856	20,742,113	28,311,598	20,808,949
Party 6	16,588,984	15,450,111	6,669,136	10,245,858
Party 7	1,998,497	2,302,073	2,619,514	2,882,468
Party 8	321,934	36,594	-	-
Party 9	-	-	9,072	19,288
Party 10	-	-	-	36,562,064
Party 11	-	-	-	448,257
Party 12	-	-	-	321,492
(h) Total consumers	75,117	73,972	72,794	71,431

**Disclosure of reliability performance measures under requirement 21 of the Electricity Information Disclosure Requirements 2004**

**1 Total number of interruptions**

Class A – planned by Transpower	0	0	0	0
Class B – planned by line owners	269	293	341	228
Class C – unplanned by line owners	445	453	464	390
Class D – unplanned by Transpower	0	1	3	1
Class E – unplanned by embedded generation	0	0	1	0
Class F – unplanned by generation on other networks	0	0	0	0
Class G – unplanned by other line owner	0	0	0	0
Class H – planned by another line owner	0	0	0	0
Class I – any other loss of supply	0	0	0	0

**2 No of interruption targets for next financial year**

Class B – planned by line owners	300	300	250	200
Class C – unplanned by line owners	450	450	430	350

**3 Average no of interruption targets for next 5 years**

Class B – planned by line owners	280	280	230	190
Class C – unplanned by line owners	440	420	390	350

**4 Proportion of Class C interruptions not restored within**

3 hours	16.63%	16.56%	13.7%	11.0%
24 hours	0.0%	0.9%	0.2%	0.0%

**5 (a) and (d) The total number of faults per 100 circuit kilometres of prescribed voltage electric line**

66 kV	1.8	1.8		
33 kV	5.4	3.4	4.4	2.2
11 kV	12.4	12.6	12.2	11.0
6.6 kV	7.0	6.0	6.9	5.1
Total	10.0	9.5	9.6	8.0

	2005	2004	2003	2002
5 (b) and (d) Target number of faults per 100 circuit kilometres for next financial year				
66 kV	3.0	2.0		
33 kV	5.0	3.0	2.5	2.5
11 kV	12.5	12.5	12.0	10.0
6.6 kV	7.0	6.0	6.0	4.0
Total	10.0	9.4	8.9	7.2
5 (c) and (d) Average target number of faults per 100 circuit kilometres for next 5 years				
66 kV	3.0	2.0		
33 kV	5.0	3.0	2.5	2.5
11 kV	12.5	12.5	12.0	10.0
6.6 kV	7.0	6.0	6.0	4.0
Total	10.0	9.4	8.9	7.2
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
33 kV	3.4	3.4	1.1	0.0
11 kV	4.4	5.0	5.2	4.0
6.6 kV	5.6	2.5	1.7	1.8
Total	4.7	3.9	3.2	2.4
7 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
66 kV	1.8	1.8		
33 kV	5.9	3.4	5.0	2.6
11 kV	14.0	13.9	13.4	11.9
6.6 kV	7.6	7.5	8.9	6.4
Total	11.2	10.8	11.0	9.1
8 The SAIDI for the total number of interruptions (minutes)	80.5	97.3	101.3	88.7
9 SAIDI target for next financial year (minutes)				
Class B – planned by line owners	15.0	15.0	15.0	15.0
Class C – unplanned by line owners	75.0	75.0	75.0	75.0
10 Average SAIDI targets for next 5 years (minutes)				
Class B – planned by line owners	15.0	15.0	15.0	15.0
Class C – unplanned by line owners	75.0	75.0	75.0	75.0
11 The SAIDI for the total number of interruptions within each interruption class (minutes)				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	7.3	16.3	20.5	13.8
Class C – unplanned by line owners	73.2	80.0	68.6	61.5
Class D – unplanned by Transpower	-	1.0	12.1	13.4
Class E – unplanned by embedded generation	-	-	0.1	-
Class F – unplanned by generation on other net-works	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-

*Information Disclosure by Aurora Energy Ltd for the Year Ended 31 March 2005*

	2005	2004	2003	2002
12 The SAIFI for the total number of interruptions	1.46	1.72	2.08	1.85
13 SAIFI target for next financial year				
Class B – planned by line owners	0.13	0.13	0.13	0.13
Class C – unplanned by line owners	1.36	1.36	1.07	1.07
14 Average SAIFI targets for next 5 years				
Class B – planned by line owners	0.13	0.13	0.13	0.13
Class C – unplanned by line owners	1.36	1.36	1.07	1.07
15 The SAIFI for the total number of interruptions within each interruption class				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	0.07	0.14	0.15	0.17
Class C – unplanned by line owners	1.39	1.47	1.36	1.39 <sup>1</sup>
Class D – unplanned by Transpower	-	0.11	0.57	0.23
Class E – unplanned by embedded generation	-	-	-	-
Class F – unplanned by generation on other networks	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-
16 The CAIDI for the total number of interruptions	55.20	56.60	48.70	47.90
17 CAIDI target for next financial year				
Class B – planned by line owners	120.0	120.0	120.0	120.0
Class C – unplanned by line owners	55.0	55.0	70.0	70.0
18 Average CAIDI targets for next 5 years				
Class B – planned by line owners	120.0	120.0	120.0	120.0
Class C – unplanned by line owners	55.0	55.0	70.0	70.0
19 The CAIDI for the total number of interruptions within each interruption class				
Class A – planned by Transpower	-	-	-	-
Class B – planned by line owners	100.2	119.9	134.9	81.7
Class C – unplanned by line owners	52.8	54.5	50.6	42.2
Class D – unplanned by Transpower	-	8.8	21.3	59.0
Class E – unplanned by embedded generation	-	-	16.0	-
Class F – unplanned by generation on other networks	-	-	-	-
Class G – unplanned by other line owner	-	-	-	-
Class H – planned by another line owner	-	-	-	-
Class I – any other loss of supply	-	-	-	-

<sup>1</sup> Revised as a result of the audit for the Second Assessment under the Commerce Act (Electricity Lines Thresholds) Notice 2003

**F SCHEDULE 1 – PART 7**

**FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS**

Derivation Table	Input and Calculations	Symbol in Formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	23,920							
Operating surplus before interest and income tax adjusted pursuant to Requirement 18 (OSBIT)	23,920							
Interest on cash, bank balances, and short-term investments (IST)	0							
OSBIT minus IST	23,920	a		23,920				23,920
Net surplus after tax from financial statements	8,460							
Net surplus after tax adjusted pursuant to Requirement 18 (NSAT)	8,460	n				8,460		
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add	0	add	0
Subvention payment	1,172	s	add	1,172	add	1,172	add	1,172
Depreciation of SFA at BV (x)	9,642							
Depreciation of SFA at ODV (y)	7,560							
ODV depreciation adjustment	2,082	d	add	2,082	add	2,082	add	2,082
Subvention payment tax adjustment	387	s*t			deduct	387	deduct	387
Interest tax shield	2,417	q					deduct	2,417
Revaluations	0	r					add	0
Income tax	8,136	p					deduct	8,136
<b>Numerator</b>				27,174 OSBIT <sup>ADJ</sup> = a + g + s + d		11,327 NSAT <sup>ADJ</sup> = n + g + s - s*t + d		16,234 OSBIT <sup>ADJ</sup> = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA <sub>0</sub> )	252,996							
Fixed assets at end of current financial year (FA <sub>1</sub> )	257,203							
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	1,463							
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	(195)							
Average total funds employed (ATFE)	255,734 (or Requirement 32 time-weighted average)	c		255,734				255,734
Total equity at end of previous financial year (TE <sub>0</sub> )	115,785							
Total equity at end of current financial year (TE <sub>1</sub> )	116,939							
Average total equity	116,362 (or Requirement 32 time-weighted average)	k				116,362		
WUC at end of previous financial year (WUC <sub>0</sub> )	5,366							
WUC at end of current financial year (WUC <sub>1</sub> )	6,437							
Average total works under construction	5,902 (or Requirement 32 time-weighted average)	e	deduct	5,902	deduct	5,902	deduct	5,902
Revaluations	0	r						
Half of revaluations	0	r/2					deduct	0
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0							
Intangible assets at end of current financial year (IA <sub>1</sub> )	0							
Average total intangible asset	0 (or Requirement 32 time-weighted average)	m			deduct	0		
Subvention payment at end of previous financial year (S <sub>0</sub> )	1,290							
Subvention payment at end of current financial year (S <sub>1</sub> )	1,172							
Subvention payment tax adjustment at end of previous financial year	426							
Subvention payment tax adjustment at end of current financial year	387							
Average subvention payment and related tax adjustment	825	v			add	825		
System fixed assets at end of previous financial year at book value (SFA <sub>bv0</sub> )	247,625							
System fixed assets at end of current financial year at book value (SFA <sub>bv1</sub> )	250,762							
Average value of system fixed assets at book value	249,194 (or Requirement 32 time-weighted average)	f	deduct	249,194	deduct	249,194	deduct	249,194
System fixed assets at year beginning at ODV value (SFA <sub>odv0</sub> )	193,833							
System fixed assets at end of current financial year at ODV value (SFA <sub>odv1</sub> )	206,632							
Average value of system fixed assets at ODV value	200,233 (or Requirement 32 time-weighted average)	h	add	200,233	add	200,233	add	200,233
<b>Denominator</b>				200,871 ATFE <sup>ADJ</sup> = c - e - f + h		62,324 Ave TE <sup>ADJ</sup> = k - e - m + v - f + h		200,871 ATFE <sup>ADJ</sup> = c - e - 1/2r - f + h
<b>Financial Performance Measure:</b>				13.5 ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100		18.2 ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100		8.1 ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100

t = maximum statutory income tax rate applying to corporate entities      subscript '0' = end of the previous financial year      subscript '1' = end of the current financial year  
 ROF = return on funds      ROE = return on equity      ROI = return on investment      bv = book value      ave = average      odv = optimised deprival valuation

<b>G SCHEDULE 1 PART 8</b> <b>ANNUAL VALUATION RECONCILIATION REPORT</b>
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	2005 \$000
<b>System Fixed Assets at ODV-End of Previous Financial Year</b>	<b>193,833</b>
Add system fixed assets acquired during the year at ODV	8,016
Add prior year system fixed assets acquired at ODV	12,343
Less system fixed assets disposed of during the year at ODV	-
Less depreciation of system fixed assets at ODV	(7,560)
Add revaluations of system fixed assets	-
<b>System Fixed Assets at End of Current Financial Year at ODV</b>	<b>206,632</b>

<b>H</b>	<b>CERTIFICATION OF PERFORMANCE MEASURES BY AUDITOR</b>
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**Audit New Zealand**

**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF  
AURORA ENERGY LIMITED**

We have examined the information on pages 15 and 19 to 20, being –

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Aurora Energy Limited and dated 17 August 2005 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

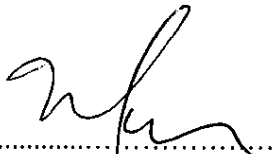
B F Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
17 August 2005


<b>I CERTIFICATION OF VALUATION REPORT OF LINE OWNER</b>
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We, Raymond Stuart Polson and Ross Douglas Liddell, directors of Aurora Energy Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) the attached valuation report of Aurora Energy Limited prepared for the purposes of requirement 19 of the Commerce Commission's Electricity Information Disclosure Requirements 2004, complies with those Requirements; and
- (b) the replacement cost of the line business fixed assets of Aurora Energy Limited is \$425,434,475; and
- (c) the depreciated replacement cost of the line business system fixed assets of Aurora Energy Limited is \$210,745,658; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Aurora Energy Limited is \$206,632,324; and
- (e) the optimised deprival valuation of the line business system fixed assets of Aurora Energy Limited is \$206,632,324; and
- (f) the values in (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004).

These valuations are as at 31 March 2005.

  
.....  
Raymond Stuart Polson

  
.....  
Ross Douglas Liddell

17 August ..... 2005