



Buller Electricity  
Limited  
Information Disclosure

31 March 2010

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# BULLER ELECTRICITY LIMITED

## INFORMATION DISCLOSURE

### **Information Disclosure Disclaimer**

The information disclosed has been prepared in accordance with and for the specific use intended in the Electricity Act and information disclosure requirements. No responsibility will be accepted for any third party that may use or rely on this report or any part thereof without the express written permission of Buller Electricity Limited.

Except as allowed for by the Electricity Act 1992 and information disclosure requirements promulgated by the Act, neither the whole or any part of the information disclosed or any reference thereto may be included in any published document, circular or statement or published in any way without Buller Electricity's written approval of the form and context in which it may appear.

The information disclosed is for the line business as described in the Electricity Information Disclosure Requirements 2004. There are also additional activities of the company that are not required to be reported under the Requirements.



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### Certificate for Disclosed Information

#### Pursuant to Requirement 11(1)

We, **Francis Thomas Dooley** and **Peter William Young**, directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Buller Electricity 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.

Director

Director

Dated: July 26 2010

## **Background and Requirements**

### ***Background***

Buller Electricity Limited (“Buller Electricity”) operates two businesses. These businesses are:

- An electricity lines distribution business as defined by Electricity Distribution (Information Disclosure) Requirements 2004.
- A contracting business that performs maintenance and capital works for the electricity lines distribution business and external customers.

### ***Requirements***

As Buller Electricity meets the definition of an electricity lines distribution business in the Electricity Distribution (Information Disclosure) Requirements 2004, certain information is required to be disclosed on an annual basis.

The information disclosures are divided into the following subsections:

#### ***1. Disclosure relating to financial statements***

To meet this requirement Buller Electricity has disclosed the reports FS1, FS2, and FS3 at Appendix 1 of this document.

#### ***2. Disclosure relating to asset valuations***

To meet this requirement Buller Electricity has disclosed the distribution business reports AV1, AV2, AV3 and AV4 at Appendix 2 of this document.

In addition, AV3 reports for 31 March 2007, 31 March 2008 and 31 March 2009 have been included to meet the transitional provision requirement.

The distribution business has not entered into a merger or asset transfer with another distribution business in this financial year.

#### ***3. Disclosure relating to financial and efficiency performance measures***

To meet this requirement Buller Electricity has disclosed the distribution business reports MP1, MP2 and MP3 at Appendix 3 of this document.

The distribution business consists of one non-contiguous network and is consumer-controlled by way of a Consumer Trust.

The majority of the information used to compile the financial and efficiency performance measures has been extracted from the GIS system operated by the distribution business. No estimation procedures have been used in the extraction of this information.

#### ***4. Disclosure relating to asset management plans***

To meet the requirements of paragraph 6(1) of the Electricity Distribution (Information Requirements) Buller Electricity has disclosed the distribution business reports AM1 at Appendix 4 of this document.

#### ***5. Disclosure of transfer payments and other related party disclosures***

Additional disclosures are required to comply with paragraph (8) of the Electricity Distribution (Information Requirements). These are outlined in section 3 of Electricity Information Disclosure Handbook and relate to the transactions entered into between the Distribution business and Other businesses.

The contracting business operated by Buller Electricity meets the definition of an “other business” and therefore details of the transactions entered into are required to be disclosed.

The contracting division performs maintenance of the distribution business network and capital works for the distribution business.

During the year ending 31 March 2010 the following transactions were performed by the contracting division for the distribution business-

<b>Description of good or service</b>	<b>2010 \$</b>	<b>2009 \$</b>
Network maintenance	1,263	531
Capital works		
• subtransmission assets	374	56
• zone substations	428	0
• distribution and LV lines	278	191
• distribution and LV cables	80	104
• distribution substations and transformers	101	142
• distribution switchgear	100	164
• other system fixed assets	121	587
Subtotal capital works	1,482	1,190
Total expenditure	2,745	1,722

Separate bank accounts are not maintained for the lines business and the contracting business and thus there are no outstanding trade balances at 31 March 2010. No related party debts have been written off or forgiven during the year.

All transactions are recognised based on the avoided cost allocation methodology (“ACAM”) required by the Electricity Information Disclosure Handbook. The pricing used is tested periodically by obtaining quotes from the market.

There are no related party transactions in respect of customer connections and disconnections.

Certain Information Disclosures have been audited. The audit report is presented in Appendix 5

#### **6. Continuation of certain provisions of the original requirements**

Within Part 4 of the Electricity Distribution (Information Disclosure) Requirements 2004 certain requirements of the Electricity Information Disclosure requirements issued 31 March 2004 (and subsequent amendments) are required to be performed for the 2009/2010 financial year.

The information required to be disclosed in 14(7) and 14(8) of the Electricity Distribution (Information Disclosure) Requirements 2004 is disclosed in Appendix 6 and Appendix 7 respectively.

**Appendix 1 - Disclosure relating to financial statements**

**REPORT FS1: REGULATORY PROFIT STATEMENT**

ref		Electricity Distribution Business: <b>Buller Electricity Limited</b>
		For Year Ended <b>2010</b>
5		
6	<b>Income</b>	
7		<b>(\$000)</b>
8	Net Line Charge Revenue Received	5,364
9	<i>plus</i> Discretionary Discounts and Customer Rebates	-
10	<b>Gross Line Charge Income</b>	<b>5,364</b>
11		
12		
13	Capital Contributions	1,001
14	<i>plus</i> Net Value of Vested Assets	57
15	<b>Total Capital Contributions and Vested Assets</b>	<b>1,058</b>
16		
17	AC Loss Rental Rebates Received	38
18	<i>less</i> AC Loss Rental Rebates Passed On	
19	<b>Net AC loss rental income (deficit)</b>	<b>38</b>
20		
21		
22	<b>Other Income</b>	
23		-
24		
25	<b>Total regulatory income</b>	<b>6,460</b>
26		
27		
28	<b>Expenses</b>	
29		
30	Transmission Charges - Payments to Transpower	826
31	<i>plus</i> Avoided Transmission Charges - payments to parties other than Transpower	
32	<b>Total Transmission Costs</b>	<b>826</b>
33		
34	<b>Operational Expenditure:</b>	
35	General Management, Administration and Overheads	710
36	System Management and Operations	548
37	Routine and Preventative Maintenance	1,172
38	Refurbishment and Renewal Maintenance	
39	Fault and Emergency Maintenance	91
40	Pass-through Costs	
41	Other	
42	<b>Total Operational Expenditure</b>	<b>2,521</b>
43		
44		
45	<b>Operational earnings</b>	<b>3,113</b>
46		
47		
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	1,100
49	<i>plus</i> Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	127
50	<b>Total Regulatory Depreciation</b>	<b>1,227</b>
51		
52		
53	<b>Earnings before interest and tax (EBIT)</b>	<b>1,886</b>
54		
55	<i>less</i> <b>Regulatory Tax Allowance</b>	<b>102</b>
56		
57	<i>plus</i> <b>Indexed Revaluation (of System Fixed Assets)</b>	<b>495</b>
58	<i>plus</i> <b>Revaluations of Non-System Fixed Assets</b>	<b>-</b>
59		
60	<b>Regulatory profit / loss (pre-financing and distributions)</b>	<b>2,279</b>



**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		
72	<b>Total Discretionary Discounts and Customer Rebates</b>		<b>-</b>

75	<b>FS1b: Related party expenditure - summary</b>		<b>(\$000)</b>
76	Avoided Transmission Charges		
77	Operational Expenditure	1,369	
78	Subvention Payment		
79	Other related party expenditure	1,681	
80	<b>Total Related Party Expenditure</b>		<b>3,050</b>
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	<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	Not applicable	<i>Notes to be provide</i>
94	within expenditure category:	Select one	
95			
96	Material item amount 2	not applicable	<i>Notes to be provide</i>
97	within expenditure category:	Select one	
98			
99	Material item amount 3	not applicable	<i>Notes to be provide</i>
100	within expenditure category:	Select one	
101			
102			
103			<i>(further disclosures to be provided on separate page if required)</i>

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:	Other	
113	New classification:	Other	
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:	Other	
118	New classification:	Other	
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:	Other	
123	New classification:	Other	
124			

## REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	Buller Electricity Limited
		For Year Ended 2010
5		
6		
7	<b>Capital Expenditure on System Fixed Assets (by primary purpose)</b>	<b>(\$000)</b>
8	Customer Connection	447
9	System Growth	335
10	Reliability, Safety and Environment	536
11	Asset Replacement and Renewal	164
12	Asset Relocations	
13	<b>Total Capital Expenditure on System Fixed Assets</b>	<b>1,482</b>
14		
15		
16	<b>Capital Expenditure on Non-System Fixed Assets</b>	<b>135</b>
17		
18		
19	<b>Capital works roll-forward (for System Fixed Assets)</b>	
20	Works Under Construction at Beginning of Year	
21	<i>plus</i> Total Capital Expenditure on System Fixed Assets	1,482
22	<i>less</i> Assets Commissioned in Year	1,425
23	<b>Works under construction at year end</b>	<b>57</b>
24		
25		
26	<b>Regulatory Investment Value calculation</b>	
27	System Fixed Assets: regulatory value at end of Previous Year	24,207
28	Non-System Fixed Assets: regulatory value at end of Previous Year	2,148
29	Finance During Construction Allowance (on System Fixed assets)	593
30	<b>Total Regulatory Asset Base value at beginning of Current Financial Year</b>	<b>26,948</b>
31		
32	<i>plus</i> (System Fixed Assets Commissioned in Year	1,425
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	(119)
34	Non-System Fixed Assets: Asset Additions	135
35	Regulatory Asset Base investment in Current Financial Year - total	1,441
36	<b>Regulatory Asset Base investment in Current Financial Year - average</b>	<b>721</b>
37		
38	<i>plus (minus) where a merger or acquisition has taken place within the year</i>	
39	<b>Adjustment for merger, acquisition or sale to another EDB</b>	-
40		
41	<b>Regulatory Investment Value</b>	<b>27,669</b>

**REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION**

ref		Electricity Distribution Business:	Buller Electricity Limited
		For Year Ended	2010
5			
6			
7			(\$000)
8	<b>Earnings before interest and tax (EBIT)</b>		1,886
9			
10	<i>add</i> Total Regulatory Depreciation	1,227	
11	Other Permanent Differences - not deductible	16	
12	Other Temporary Adjustments - Current Period		
13			1,243
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets	1,058	
16	Tax Depreciation	845	
17	Deductible Discretionary Discounts and Customer Rebates		
18	Deductible Interest	885	
19	Other Permanent Differences - Non Taxable		
20	Other Temporary Adjustments - Prior Period		
21			2,788
22			
23	<b>Regulatory taxable income for Year</b>		<b>341</b>
24			
25	<i>less</i> Tax Losses Available at Start of Year		
26	<b>Net taxable income</b>		<b>341</b>
27			
28	Statutory Tax Rate	30%	
29	<b>Regulatory Tax Allowance</b>		<b>102</b>

**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	8.00%	%
53			
54	Deductible Interest	885	\$000
55			
56	Interest Tax Shield Adjustment	266	\$000

**Appendix 2 – Disclosure relating to asset valuations**

**REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT**

ref		Electricity Distribution Business: Buller Electricity				
5		For Year Ended: 2010				
6		Year of most recent ODV: 2004				
7						
8						(\$000)
9		ODV Year +	ODV Year +	ODV Year +	ODV Year +	ODV Year +
10		1	2	3	4	5
11		2005	2006	2007	2008	2009
12		For Year Ending:				
13						
14						
15						
16						
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**Notes to Annual Regulatory Valuation Roll-forward Report**

57	<b>AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets</b>	
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	18,654 20,632 21,929 22,279 23,311 24,207
65	Indexed Revaluation of System Fixed Assets	503 693 557 750 692 495

68	<b>AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB</b>	
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)

ref	Electricity Distribution Business:							Buller Electricity	
6								For Year Ended:	
7								2010	
8									
9	<b>Subtotals by Asset Class (for System Fixed Assets)</b>								
10								(\$000)	
	Subtransmission	Zone Substations	Distribution & LV Lines	Distribution & LV Cables	Distribution Substations and Transformers	Distribution Switchgear	Other System Fixed Assets	Total for System Fixed Assets (per AV1)	
11	<b>System Fixed Assets</b>								
12									
13	Regulatory Value of System Fixed Assets (as per most recent ODV)	2,264	5,530	6,404	1,772	2,000	170	514	18,654
14	<b>Cumulative roll-forward since most recent ODV:</b>								
15	Asset Additions								7,548
16	Indexed Revaluation (of System Fixed Assets)								3,689
17	less Regulatory Depreciation (of System Fixed Assets)								5,383
18	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-
19	Net Increase (Decrease) Due to Changes in Asset Register Information								457
20	<b>Regulatory Value of System Fixed Assets at Year End</b>								<b>24,965</b>
21									

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

ref	Electricity Distribution Business: <b>Buller Electricity Limited</b>	
5		For Year Ended: <b>2010</b>
6	<b>System Fixed Assets - Replacement Cost</b>	
7		(\$000)
8	Replacement cost at end of previous year	42,984
9		
10	Asset Additions	1,363
11	Indexed Revaluation (of System Fixed Assets)	880
12	<i>less</i> Replacement Cost of Assets Decommissioned	956
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-
14	Net Increase (Decrease) Due to Changes in Asset Register Information	
15	<b>Replacement cost of System Fixed Assets at year end</b>	<b>44,271</b>
16		
17		
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>	
19		
20	Depreciated Replacement Cost at end of previous year	24,859
21		
22	Asset Additions	1,363
23	Indexed Revaluation (of System Fixed Assets)	509
24	<i>less</i> Depreciation of Replacement Cost	815
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned	297
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-
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>25,619</b>

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

### Notes to Price and Quality Measures

36	<b>AV3a: New Asset Additions</b>	
37		
38	Asset Additions - Depreciated Replacement Cost	1,363
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	
40		
41	<b>Asset Additions - Replacement Cost</b>	<b>1,363</b>
42		

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

ref	Electricity Distribution Business:	Buller Electricity	
	For Year Ended:	2009	
5			
6	<b>System Fixed Assets - Replacement Cost</b>		
7		(\$000)	
8	<b>Replacement cost at end of previous year</b>	41,118	
9			
10	Asset Additions	1,190	AV3a
11	Indexed Revaluation (of System Fixed Assets)	1,221	
12	<i>less</i> Replacement Cost of Assets Decommissioned	546	
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>42,983</b>	
16			
17			
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>		
19			
20	<b>Depreciated Replacement Cost at end of previous year</b>	23,956	
21			
22	Asset Additions	1,190	AV3a
23	Indexed Revaluation (of System Fixed Assets)	711	
24	<i>less</i> Depreciation of Replacement Cost	826	
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned	172	
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>24,859</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	1,190	from AV1
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	<b>Asset Additions - Replacement Cost</b>	1,190	
42			



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

ref	Electricity Distribution Business:	Buller Electricity	
5		For Year Ended:	2008
6	<b>System Fixed Assets - Replacement Cost</b>		
7		(\$000)	
8	<b>Replacement cost at end of previous year</b>	38,974	
9			
10	Asset Additions	1,199	AV3a
11	Indexed Revaluation (of System Fixed Assets)	1,312	
12	<i>less</i> Replacement Cost of Assets Decommissioned	368	
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>41,117</b>	
16			
17			
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>		
19			
20	<b>Depreciated Replacement Cost at end of previous year</b>	22,913	
21			
22	Asset Additions	1,199	AV3a
23	Indexed Revaluation (of System Fixed Assets)	771	
24	<i>less</i> Depreciation of Replacement Cost	783	
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned	146	
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>23,954</b>	

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

#### Notes to Price and Quality Measures

36	<b>AV3a: New Asset Additions</b>		
37			
38	Asset Additions - Depreciated Replacement Cost	1,199	from AV1
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	<b>Asset Additions - Replacement Cost</b>	<b>1,199</b>	
42			

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

ref		Electricity Distribution Business:	Buller Electricity	
		For Year Ended:	2007	
5				
6	<b>System Fixed Assets - Replacement Cost</b>			
7			(\$000)	
8	<b>Replacement cost at end of previous year</b>		37,616	
9				
10	Asset Additions		710	AV3a
11	Indexed Revaluation (of System Fixed Assets)		955	
12	<i>less</i> Replacement Cost of Assets Decommissioned		307	
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>38,974</b>	
16				
17				
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>			
19				
20	<b>Depreciated Replacement Cost at end of previous year</b>		22,559	
21				
22	Asset Additions		710	AV3a
23	Indexed Revaluation (of System Fixed Assets)		573	
24	<i>less</i> Depreciation of Replacement Cost		792	
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned		137	
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>22,913</b>	

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

**Notes to Price and Quality Measures**

36	<b>AV3a: New Asset Additions</b>			
37				
38	Asset Additions - Depreciated Replacement Cost		710	from AV1
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions			
40				
41	<b>Asset Additions - Replacement Cost</b>		710	
42				

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

Electricity Distribution Business: Buller Electricity Limited

6 Disclosure required? (YES or NIL DISCLOSURE): NO DISCLOSURE REQUIRED  
 7  
 8 As at (date): 31/03/2010  
 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 transforme	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
13 Replacement Cost (RC)								
14								
15								
16 less Depreciation								
17 <b>Depreciated Replacement Cost (DRC)</b>	-	-	-	-	-	-	-	-
18								
19 less Optimisation adjustment								
20 <b>Optimised Depreciated Replacement Cost (ODRC)</b>	-	-	-	-	-	-	-	-
21								
22 less Economic Value Adjustment (EVA)								
23 <b>Most recent ODV Value</b>	-	-	-	-	-	-	-	-
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 Regulatory Value of System Fixed Assets (as per most recent ODV)	-		
28			
29 <b>Cumulative roll-forward since most recent ODV:</b>			
30 Asset Additions			
31 Indexed Revaluation (of System Fixed Assets)			
32 less Regulatory Depreciation (of System Fixed Assets)			
33 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
34 Net Increase (Decrease) Due to Changes in Asset Register Information			
35 <b>RAB Value of Transferred Assets at Transfer Date</b>	-		-
36			
37 Acquisition of Assets from Another EDB	-	-	to AV1
38 Sale of Assets to Another EDB	-	-	to AV1
39			
40			
41 RAB Value of Transferred Assets at Transfer Date	-		
42 "p" factor (proportion of year following transfer of assets)	0%		
43 <b>Adjustment for merger, acquisition or sale to another EDB</b>		-	to FS2
44			
45			
46			

47 PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred (\$000)

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets
48		
49 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		-
50 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-
51		
52		
53		
54		
55		
56		
57		

Signed by: Selling Entity  
 Acquiring Entity

**Appendix 3 – Disclosure relating to financial and efficiency performance measures**

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

ref	Electricity Distribution Business:		Buller Electricity Limited	
6	Network Name:		For Year Ended: 2010	
7	Disclosure:		(enter "Total Business" or name of network)	
9	Annual Disclosure - Requirement 6(1)			
10	<b>Circuit Length by Operating Line Voltage (at year end)</b>			
11		Overhead (km)	Underground (km)	Total (km)
12	> 66kV	1		1
13	50kV & 66kV			-
14	33kV	105	1	106
15	SWER (all SWER voltages)			-
16	22kV (other than SWER)			-
17	6.6kV to 11kV (inclusive - other than SWER)	363	13	376
18	Low Voltage (< 1kV)	115	19	134
19	<b>Total circuit length (for Supply)</b>	<b>584</b>	<b>32</b>	<b>617</b>
20				to MP2
21	<b>Dedicated Street Lighting Circuit Length</b>			
22		58	8	66
23	<b>Overhead Circuit Length by Terrain (at year end)</b>			
24		(km)	(%)	
25	Urban (only)	98	17%	
26	Rural (only)	426	73%	
27	Remote (only)		0%	
28	Rugged (only)	50	8%	
29	Rural & rugged (only)		0%	
30	Remote & rugged (only)	10	2%	
31	Unallocated overhead lines		0%	
32	<b>Total overhead length</b>	<b>584</b>	<b>100%</b>	
33		Error (Row19)		
34	<b>Transformer capacity (at year end)</b>			
35	Distribution Transformer Capacity (EDB Owned)	32	MVA	Previous Year 35
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	10	MVA	1
37	<b>Total Distribution Transformer Capacity</b>	42	MVA (to MP2)	36
38				
39	Zone Substation Transformer Capacity	49	MVA	49
40				
41	<b>System Fixed Assets age (at year end)</b>			
42	Average Age of System Fixed Assets	25	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	13%	%	
47				
48				
49				
50				
51	<b>Electricity demand</b>			
52		Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
53	<b>GXP Demand</b>	9		
54	plus Embedded Generation Output at HV and Above			
55	<b>Maximum System Demand</b>	9		
56	less Net Transfers to (from) Other EDBs at HV and Above			
57	<b>Demand on system for supply to customers' Connection Points</b>	9		
58	less Subtransmission Customers' Connection Point Demand			
59	<b>Maximum Distribution Transformer Demand</b>	9		
60				to MP2
61	GXP Demand not Supplied at Subtransmission Level			
62	Embedded Generation Output - Connected to Subtransmission System			
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only			
64				
65	<b>Estimated Controlled Load Shed at Time of Maximum System Demand (MW)</b>	2		
66				
67	<b>Five-Year System Maximum Demand Growth Forecast</b>	1.0	% p.a.	
68				
69	<b>Electricity volumes carried</b>			
70		(GWh)		
71	Electricity Supplied from GXPs	53		
72	less Electricity Exports to GXPs			
73	plus Electricity Supplied from Embedded Generators			
74	less Net Electricity Supplied to (from) Other EDBs			
75	<b>Electricity entering system for supply to customers' Connection Points</b>	53		
76	less Electricity Supplied to Customers' Connection Points	48		
77	<b>Electricity Losses (loss ratio)</b>	5	9.7% %	to MP2
78	Electricity Supplied to Customers' Connection Points	48		
79	less Electricity Supplied to Largest 5 Connection Points	9		
80	<b>Electricity supplied other than to Largest 5 Connection Points</b>	39	81% %	
81				
82	<b>Load Factor</b>	67%	%	
83				
84	<b>Number of Connection Points (at year end)</b>	4,422	ICPs	to MP2
85				
86	<b>Intensity of service requirements</b>			
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	15	kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	78	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	7	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	10,855	kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business: Buller Electricity Limited			
	For Year Ended: 2010			
	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		2	3 \$m
11	Replacement Cost of System Fixed Assets (at year end*)		43	44 \$m
12	<b>Ratio (%)</b>	Not defined	4.65%	<b>5.69%</b> %
13				
14	<b>Capital expenditure ratio</b>			
15	Total Capital Expenditure on System Fixed Assets		1	1 \$m
16	Replacement Cost of System Fixed Assets (at year end*)		43	44 \$m
17	<b>Ratio (%)</b>	Not defined	2.33%	<b>3.35%</b> %
18				
19	<b>Capital expenditure growth ratio</b>			
20	Capital Expenditure: Customer Connection and System Growth		-	1 \$m
21	Change in Total Distribution Transformer Capacity	1	3	2 6 MVA
22	<b>\$/kVA</b>	-	-	<b>130</b> \$/kVA
23				
24	<b>Renewal expenditure ratio</b>			
25	Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal		1	0 \$m
26	Regulatory Depreciation of System Fixed Assets	1	1	1 \$m
27	<b>Ratio (%)</b>	0%	100%	<b>15%</b> %
28				
29	<b>Distribution Transformer Capacity Utilisation</b>			
30	Maximum Distribution Transformer Demand	8	8	9 MW
31	Total Distribution Transformer Capacity (at year end*)	30	34	36 kVA
32	<b>Ratio (%)</b>	26.7%	23.5%	<b>25.0%</b> %
33				
34	<b>Return on Investment</b>			
35	Regulatory Profit / Loss (pre-financing and distributions)		2	2 \$m
36	less Interest Tax Shield Adjustment		-	0 \$m
37	Adjusted Regulatory Profit	-	-	2 \$m
38	Regulatory Investment Value		26	28 \$m
39	<b>Ratio (%)</b>	Not defined	7.69%	<b>7.28%</b> %
40	* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.			
41				
42	<b>Expenditure comparison table</b>			
43				
44	<b>Expenditure metrics (\$ per):</b>			
45		<b>Electricity Supplied to Customers' Connection Points</b>	<b>Maximum coincident system demand</b>	<b>Distribution Transformer Capacity (EDB-Owned)</b>
46	<b>Total circuit length (for Supply)</b>	<b>(\$/MWh)</b>	<b>(\$/MW)</b>	<b>(\$/MVA)</b>
47	Capital Expenditure (\$) per	2,622	34	179,667
48	Operational Expenditure (\$) per	4,089	53	280,111
				366
				50,531
				78,781

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

ref	Electricity Distribution Business: <b>Buller Electricity</b>						
6	For Year Ended: <b>2010</b>						
7	Network Name: <input type="text"/>						
9	Disclosure: <b>Annual Disclosure - Requirement 6(1)</b>						
10	<b>QUALITY</b>						
11	<b>Interruptions</b>						
12	<b>Interruptions by class</b>						
13	Class A	planned interruptions by Transpower:					
14	Class B	60 planned interruptions on the network					
15	Class C	64 unplanned interruptions on the network					
16	Class D	unplanned interruptions by Transpower					
17	Class E	unplanned interruptions of network owned generation					
18	Class F	unplanned interruptions of generation (non-network)					
19	Class G	unplanned interruptions caused by other electricity industry participant					
20	Class H	planned interruptions caused by other electricity industry participant					
21	<b>Total</b>	<b>124 Total of above</b>					
22	<b>Interruption targets for Forecast Year</b>						
23	Class B	2011 <b>55</b> Current Financial Year +1 planned interruptions on the network					
24	Class C	43 unplanned interruptions on the network					
25	<b>Average interruption targets for 5 Forecast Years</b>						
26	Class B	2011-2015 <b>54</b> Current Financial Year +1 to +5 planned interruptions on the network					
27	Class C	41 unplanned interruptions on the network					
28	<b>Class C interruptions restored within</b>						
29	≤3Hrs	>3hrs					
30	43	21					
31	<b>Faults</b>						
32	<b>Faults per 100 circuit kilometres</b>						
33	The total number of faults for Current Financial Year	13.30 in year 2010					
34	The total number of faults forecast for the Forecast Year	11.40 in year 2011					
35	The average annual number of faults forecast for the 5 Forecast Years	10.50 average over years 2011-2015					
36	<b>Fault Information per 100 circuit kilometres by Voltage and Type</b>						
37	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV	
38	Is this voltage part of the EDB system?	Yes	No	No	Yes	Select one	No
39	Current Financial Year	16.00			3.80		
40	Forecast Year	12.20			8.50		
41	Average annual for 5 Forecast Years	11.10			8.70		
42	<b>Fault Information per 100 circuit kilometres by Voltage and Type</b>						
43	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV	
44	Underground	7.90			-		
45	Overhead	16.20			3.80		
46	<b>Reliability</b>						
47	<b>Overall reliability</b>	SAIDI	SAIFI	CAIDI			
48	Based on the total number of interruptions	302.30	2.24	135.00			
49	<b>Reliability by interruption class</b>	SAIDI	SAIFI	CAIDI			
50	Class B	147.80	0.49	300.00			
51	Class C	154.50	1.75	89.00			
52	<b>Targets for Forecast Year</b>	SAIDI	SAIFI	CAIDI			
53	Class B	173.00	0.68	254.55			
54	Class C	145.00	1.26	115.38			
55	<b>Average targets for 5 Forecast Years</b>	SAIDI	SAIFI	CAIDI			
56	Class B	165.60	0.62	265.40			
57	Class C	135.90	1.18	115.40			
58	<b>PRICES</b>						
59	<b>Price information by Connection Point Class</b>						
60	<b>Connection Point Class</b>						
61		Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total	
62	Gross line charge income (\$000)	3,862	462	248	792	5,364	
63	Electricity Supplied to Customers' Connection Points (MWh)	30,563	5,151	2,809	9,477	48,000	
64	Number of Connection Points (ICPs) at year end	4,332	72	9	9	4,422	
65	Unit Price (cents/kWh)	12.6	9.0	8.8	8.4	11.2	
66	Relative Unit Price Index	1.00	0.71	0.70	0.66	0.88	
67							
68							
69							
70							
71							
72							
73							
74							
75							
76							
77							
78							
79							
80							
81							

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

**Notes to Price and Quality Measures**

89	<b>MP3a: Connection Point Class breakpoints</b>	
90	Connection Point Class breakpoints methodology	
91	kVA based breakpoints	<input type="text"/>
92	<b>kVA based breakpoints - additional disclosure</b>	
93	Breakpoint between small and medium classes	100 kVA
94	Breakpoint between large and medium classes	200 kVA
95		
96		

Appendix 4 – Disclosure relating to asset management plans



REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

		Electricity Distribution Business:		Buller Electricity		
		For Year Ended		2010		
				(\$000)		
5	<b>A) Five year forecasts of expenditure</b>					
6	<i>From most recent Asset Management Plan</i>					
7			Forecast Years			
8		Actual for Current Financial Year	year 1	year 2	year 3	year 4
9	<i>for year ended</i>	2010	2011	2012	2013	2014
10	Capital Expenditure: Customer Connection	447	630	200	200	200
11	Capital Expenditure: System Growth	335	75	60	30	30
12	Capital Expenditure: Reliability, Safety and Environment	536	504	297	265	265
13	Capital Expenditure: Asset Replacement and Renewal	164	477	461	486	445
14	Capital Expenditure: Asset Relocations	-	50	50	50	50
15	<b>Subtotal - Capital Expenditure on asset management</b>	<b>1,482</b>	<b>1,736</b>	<b>1,068</b>	<b>1,031</b>	<b>990</b>
16						
17	Operational Expenditure: Routine and Preventative Maintenance	1,172	387	378	378	388
18	Operational Expenditure: Refurbishment and Renewal Maintenance	-	773	738	738	753
19	Operational Expenditure: Fault and Emergency Maintenance	91	259	274	274	274
20	<b>Subtotal - Operational Expenditure on asset management</b>	<b>1,263</b>	<b>1,419</b>	<b>1,390</b>	<b>1,390</b>	<b>1,415</b>
21						
22	<b>Total direct expenditure on distribution network</b>	<b>2,745</b>	<b>3,155</b>	<b>2,458</b>	<b>2,421</b>	<b>2,388</b>
23						
24	<b>Overhead to Underground Conversion Expenditure</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
25						
26	<i>The Electricity Distribution Business is to provide the amount of Overhead to Underground Conversion Expenditure included in each of the above Expenditure Categories (explanatory notes can be provided in a separate note if necessary).</i>	<i>30k included as part of Capital Asset Replacement work.</i>				
27						
28						
29						
30						

**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
32			
33			
34	447	190	135.3%
35	335	850	-60.6%
36	536	378	41.8%
37	164	365	-55.1%
38	-	30	-100.0%
39	<b>1,482</b>	<b>1,813</b>	<b>-18.3%</b>
40			
41	1,172	259	352.5%
42	-	601	-100.0%
43	91	239	-61.9%
44	<b>1,263</b>	<b>1,099</b>	<b>14.9%</b>
45			
46	<b>2,745</b>	<b>2,912</b>	<b>-5.7%</b>
47			
48			

**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):* Customer connection work driven by customer requests. Major project from a single customer raised actual. Growth work was underspent due to a major project being delayed due to Resource Consent issues. Capital replacement above forecast as reliability work rezoned into capital replacement. Capital replacement under forecast due to rezoning Capital replacement. Capital Reliability Capital relocations: no relocations (UG conversion) Maintenance work under forecast (-8.8%), Work areas were rezoned over the 3 categories.

**Appendix 5 – Audit report**



**AUDITOR'S INDEPENDENT ASSURANCE REPORT  
TO THE BOARD OF DIRECTORS OF BULLER ELECTRICITY LIMITED  
REPORT ON BULLER ELECTRICITY LIMITED'S COMPLIANCE WITH THE ELECTRICITY  
DISTRIBUTION  
(INFORMATION DISCLOSURE) REQUIREMENTS 2008  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010**

The Auditor-General is the auditor of Buller Electricity Limited (the company). The Auditor-General has appointed me, Alex Skinner, using the staff and resources of KPMG, to provide an opinion on the compliance of the attached reports on pages 5 to 23 prepared by the company with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements) for the financial year ended 31 March 2010. In this independent assurance report the attached reports are called the 'disclosure information'.

**Respective Responsibilities**

The Board of Directors is responsible for preparing disclosure information which complies with the Requirements.

Clause 10 of the Requirements requires the Auditor-General to provide an opinion that the disclosure information prepared by the company complies with and is presented in all material respects in accordance with the Requirements for the financial year ended 31 March 2010.

**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 2010. This independent assurance report is not intended to be used for any purposes, other than that for which it was prepared.

Material misstatements, whether caused by fraud or error, are differences or omissions of amounts and disclosures that would affect a user's overall understanding of the disclosure information prepared by the company.

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 prepared pursuant to the Commerce Act (Electricity Lines Thresholds) Notice 2004 for the year ended 31 March 2010 have been subject to audit. The audit opinion on the financial statements of the company for the year ended 31 March 2010 was unqualified and was dated 31 May 2010.

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.

*Historical Financial and Non-Financial Information*

We conducted the engagement 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 audit 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 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 2010 and the immediately preceding financial year, and that the information has been calculated based on source data provided by the company, whilst acknowledging 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). We have not performed audit procedures on the source data.

#### **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.

#### **Unqualified 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 2010 complies with the Requirements.

#### *Historical Financial and Non-Financial Information*

In our opinion, the company has:

- presented the historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 for the financial year ended 31 March 2010 that complies with the Requirements, in all material respects; 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 unaudited source data provided by the company.

#### *Prospective Financial and Non-Financial Information*

In our opinion, the company has presented the 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 2010 and the immediately preceding financial year, and has calculated the prospective financial and non-financial information based on unaudited source data provided by the company.

Alex Skinner  
KPMG  
On behalf of the Auditor-General  
26 July 2010

**Appendix 6 – Financial performance measures and efficiency performance measures**

**Disclosure of financial performance measures and efficiency performance measures under requirement 14 of the Electricity Information Disclosure Requirements 2004.**

Efficiency Performance Measures

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
(a) Direct line costs per kilometre	\$2,652	\$1,765	\$1,998	\$1,918
System Length Km	617	602	600	590
(b) Indirect line costs per electricity consumer	\$155	\$146	\$169	\$191
Total consumers	4,422	4,398	4,320	4,258

**Appendix 7 – Energy delivery efficiency performance measures**

**Disclosure of energy delivery efficiency performance measures under Requirement 20 of the Electricity Information Disclosure Requirements 2004.**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
(a) System Length (Total) (kms)				
Circuit Kilometres 110kV	2	2	2	2
Circuit Kilometres 33kV	105	105	105	105
Circuit Kilometres 11kV	376	362	362	361
Circuit Kilometres 400V	134	134	134	132
<b>Total</b>	<b>617</b>	<b>602</b>	<b>602</b>	<b>600</b>
(b) Transformer Capacity (In Kilovolt Amperes)	35,000	35,000	35,000	33,000
(c) Total Customers	4,422	4,398	4,398	4,320





**BULLER ELECTRICITY LIMITED**

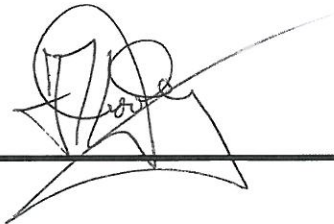
**Robertson Street  
P O Box 243  
Westport 7866  
New Zealand**

**Telephone: 03 788 8171  
Facsimile: 03 788 8191  
Email: [Info@bullernetwork.co.nz](mailto:Info@bullernetwork.co.nz)**

**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND  
INFORMATION SUPPLIED TO COMMERCE COMMISSION**

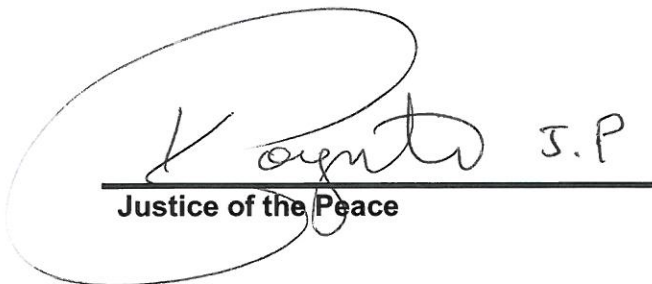
I, FRANCIS THOMAS DOOLEY of 41 OROWAITI ROAD, WESTPORT 7825 being a Director of BULLER ELECTRICITY LIMITED, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Buller Electricity Limited 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.



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Declared at Westport this 26<sup>th</sup> day of July 2010.



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Justice of the Peace

# BULLER ELECTRICITY LIMITED

Disclosure of Pricing Methodology  
For Pricing as at  
1<sup>st</sup> April 2010

Pursuant to  
Requirements 22 and 23 of the  
Electricity Information  
Disclosure Requirements 2004

April 2010

## **INTRODUCTION**

This publication sets out the methodology used to determine line charges to convey electricity from the generating stations to the Consumers installations. Line charges recover costs associated with the use of Transpower New Zealand Limited National Grid and the costs of operating and maintaining Buller Electricity Limited Network together with a provision to provide a rate of return on the investment in the distribution system.

Under requirements 22 and 23 of the Electricity Information Disclosure Requirements 2004, Buller Electricity Limited is required to show how their line charges are derived for the line business. They also cover ripple control equipment costs.

The information herein describes the line owners:

- (a) Line Pricing Methodology used to determine prices charged as at 1<sup>st</sup> April 2010 for the supply of line function services.
- (b) The methodology used for allocation of costs, revenues and assets from 1 April 2010.
- (c) Costs and revenues attributable to load groups and the methodology used to allocate those costs and revenue between load groups from 1<sup>st</sup> April 2010.

The information in this publication was prepared by Buller Electricity Limited after making all reasonable enquiries and to the best of the knowledge of the company complies with the above sections of the Electricity Information Disclosure Requirements 2004.

All charges shown in the Electricity Price Schedule are exclusive of goods and services tax.

**A Hawes**  
**Acting Chief Executive**  
**April 2010**

# BULLER ELECTRICITY LIMITED

## ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

### 1. PREFACE

The methodology used by Buller Electricity Limited to determine line function services applying as at 1 April 2010 is based on Requirement 23 of the Electricity Information Disclosure Guidelines and Handbooks on business procedures issued by the Commerce Commission.

The line tariff is based on charges applied to the metering information as supplied by energy retailers for Installation Control Points (ICPs).

The transmission cost recovery is spread equally over all consumers as no single consumer can be identified as having a marked effect on the maximum demand that drives the transmission charges. The Buller network maintains an evening peak which suggests no large industrial loads affect the maximum demand.

Appropriate details and any departure from the methodology set out in the guidelines are set out below.

### 2. REVENUE REQUIREMENT

In accordance with Requirement 23 the revenue requirement of the company's line business is based on the recovery of the following costs and return on investment.

- Operations and Maintenance
- Administration and Overheads
- Interest Payments
- Depreciation of System Assets
- Transmission Costs
- Taxation
- Cost of Capital (Return on Investment )

### 3. COST IDENTIFICATION

The major cost elements are:

<b>Element</b>	<b>\$000</b>
Operations and Maintenance	1,419
Line Business Administration	1,347
Interest Payments	139
Depreciation of System Assets	961
Transmission Costs	1,010
Taxation	295
Cost of Capital	786
<b>Total Revenue Requirement</b>	<b>5,957</b>

A transfer pricing system allocates costs to the appropriate business units from corporate support services in accordance with the guidelines. This ensures that costs are correctly apportioned between the cost centres of each business unit within the company.

Lines business administration expenditure includes the management of designing and running the line business and the management of the computerised load control system and geographical information system. Operations and maintenance are the direct costs associated with the system assets and the cost of capital is the expected return on investment.

In calculating line charges, budgets incorporating the transfer pricing are used.

### **3.1 COST ALLOCATION METHODOLOGIES**

Allocations of direct and indirect costs, revenues and assets that are identifiable to the lines business have been allocated which is consistent with the disclosure guidelines.

## **4. NETWORK COMPONENTS**

Network related expenditure comprises that applicable to the meshed and dedicated networks as follows:

- Operations and Maintenance
- Administration
- Interest
- Depreciation
- Transmission Costs
- Tax
- Return on Investment

The Network components are grouped into the following components

- 400V Lines General
- 400V Lines Dedicated
- Distribution Transformers
- 11kV Lines General
- 11kV Lines Dedicated
- Zone Substations
- Subtransmission Lines
- Dedicated Network

400V and 11kV refer to the voltage level at which the Consumer receives supply indicating which component in the network the consumer uses.

## **5. LINE LOSSES**

The cost of distribution line losses between the Grid Exit Point and the Consumers premises are treated as an electricity supply business cost and are included in the variable energy charge of the energy trader.

Loss adjustment factors reflect the total losses incurred via the various components of the distribution network when electricity is conveyed across the network.

## **6. REVENUE REQUIREMENTS**

All costs identified in paragraphs 3 and 4 above aggregate to the distribution business total costs equating to the company's total revenue requirements.

## **7. DISAGGREGATION OF LINE CHARGES**

The total line charge is allocated into six load groups and line charges are derived based on their use of the various network components and their capacity requirements.

As per the Government Policy Statement, Buller Electricity Limited does not differentiate in pricing by geographic location for load groups even though the cost of supply for remote rural feeders is higher than urban areas. This means that rural consumers benefit due to a high level of cross subsidy.

## **8. PRICE AND MANNER OF CALCULATIONS**

The revenue requirement is divided amongst the total number of separately metered installations to be recovered by using a fixed and variable line charge. The variable charge is dependent on the amount of energy consumed.

## **9. FIXED CHARGES**

The fixed line charge applies to all separately metered installations. For low user domestic consumers the amount is controlled by regulation. Buller Electricity Limited applies different amounts to standard domestic and low user fixed charges to encourage consumers eligible for low fixed charges to apply to the energy retailer for the low fixed charge tariff. Commercial consumers traditionally attract maximum demand charges to reflect the costs imposed on the distribution network by those demands. Keeping track of measurement of those demands became difficult with the split in line and energy companies so Buller Electricity Limited has applied a fixed daily charge to commercial consumers based on, and equivalent to, the old demand charges. At the time of transfer between the two charges the effect on revenue was neutral.

A small number of commercial customers continue to pay an asset specific charge relating to transformer installations. The revenue from these is included in the line charge revenue.

## **10. METERING AND LOAD CONTROL EQUIPMENT**

Buller Electricity Limited sold its metering and ripple control relays to TrustPower, the incumbent energy retailer. Buller Electricity Limited, however, retained the operational services for load control and charges the network users for this service. The revenue from these services is included in the line charge revenue.

## **11. LOAD GROUPS**

Installations have been grouped into six load groups for pricing according to their assessed kVA capacity or maximum power loadings. The groups reflect the significant cost differences between low and high voltage supply. Separate pricing options are set out in a pricing schedule which changes from time to time.

Revenue requirements are split between fixed and variable line charges. The Table below indicates the usage of each load group and the number of consumers connected to the network in each group. Buller Electricity Limited allocates costs to load groups by their designated share of the use of the assets.

The following statistics, as at 1<sup>st</sup> April 2010, are formulated to allocate costs:

	<b>Load Group 1</b>	<b>Low User Group</b>	<b>Load Group 2</b>	<b>Load Group 3</b>	<b>Load Group 4</b>	<b>Load Group 5</b>	<b>Total</b>
<b>GWhrs</b>	9.95	7.85	9.4	5.16	2.82	9.79	44.96
<b>No. of Connections</b>	1,943	1,827	573	76	9	9	4,437
<b>Share of Assets</b>	22%	17%	21%	11%	6%	22%	100%

Costs are then allocated to the load groups as below, using the share of assets allocation.

<b>\$000</b>	<b>Load Group 1</b>	<b>Low User Group</b>	<b>Load Group 2</b>	<b>Load Group 3</b>	<b>Load Group 4</b>	<b>Load Group 5</b>	<b>Total</b>
<b>Operations and Maintenance</b>	314	248	297	163	89	309	<b>1,419</b>
<b>Line Business Administration</b>	298	235	282	154	84	293	<b>1,347</b>
<b>Interest Payments</b>	31	24	29	16	9	30	<b>139</b>
<b>Depreciation of System Assets</b>	213	168	201	110	60	209	<b>961</b>
<b>Transmission Costs</b>	224	176	211	116	63	220	<b>1,010</b>
<b>Taxation</b>	65	51	62	34	18	64	<b>295</b>
<b>Cost of Capital</b>	174	137	164	90	49	171	<b>786</b>
<b>Total Cost Recovery</b>	<b>1,319</b>	<b>1,040</b>	<b>1,246</b>	<b>683</b>	<b>373</b>	<b>1,297</b>	<b>5,957</b>

Each load group has a revenue requirement derived from this table that is detailed in the data

below.

### 11.1 LOAD GROUP ONE

Up to 15 kVA capacity loads supplied at 400V sharing the use of the low voltage urban and rural meshed network and all other assets. This load group comprises all domestic and low consumption business consumers.

		Revenue \$000	No Consumers
(a)	Fixed Charge	709	1,943
(b)	Variable Charge	1,318	

### 11.2 LOAD GROUP LOW USER

Domestic consumers living permanently at the premises and using less than 8,000 kWh of energy in any one year may be eligible (at the retailers discretion) for low user rates.

		Revenue \$000	No Consumers
(a)	Fixed Charge	100	1,827
(b)	Variable Charge	1,040	

### 11.3 LOAD GROUP TWO

Over 15 kVA supplied from the general 400V system sharing the use of the low voltage circuits and network assets. The group comprises farm and business consumers (including street lighting) with maximum power demands between 15kVA and 99kVA.

		Revenue \$000	No Consumers
(a)	Fixed Charge	209	573
(b)	Variable Charge	1,245	

### 11.4 LOAD GROUP THREE

Over 15kVA supplied at 400V with dedicated supply feeders. This group are mainly non domestic installations between 15 and 99kVA.

		Revenue \$000	No Consumers
(a)	Fixed Charge	111	76
(b)	Variable Charge	683	



## 11.5 LOAD GROUP FOUR

Over 100 kVA supplied from the general 11 kV system taking supply at 400V. This group is medium industrial consumers.

		Revenue \$000	No Consumers
(a)	Fixed Charge	49	9
(b)	Variable Charge	373	

## 11.6 LOAD GROUP FIVE

Over 200 kVA with dedicated 11kV supply feeders. These are industrial consumers who take supply at high voltage and have dedicated transformers to supply them. The pricing structure has a power demand component and has maximum loadings over 200kVA.

		Revenue \$000	No Consumers
(a)	Fixed Charge	115	9
(b)	Variable Charge	1,297	
(c)	Ancillary Charges	17	

## 11.7 TOTAL REVENUE REQUIREMENTS

Total revenue requirements are summarised below.

	\$000
<b>Total Fixed Charges</b>	1,294
<b>Total Variable Charges</b>	5,956
<b>Ancillary Charges</b>	17
<b>Total Revenue</b>	<b>5,957</b>

## 12. TRANSMISSION PRICING

Transpower's pricing structure at each of the two grid exit points is a fixed charge per annum. The maximum demand entitlement is applied to each of the two substations which are based on the peak loadings that Buller Electricity Limited imposes on each of the Grid connection points.

The company's policy for allocating transmission charges to each load group is as follows:

As all consumers share the common use of the Grid, transmission charges including the connection, capacity and network charges reflect the average costs incurred and have been

allocated across all consumers.

## 12.1 ALL LOAD GROUPS

Transmission costs for the Load Groups are recovered by a variable unit charge of 2.25 cents per unit with no fixed component and total costs of the two points of supply are averaged over the 6 load groups.

<b>Transmission Charges</b>	<b>Units of energy Sold</b>	<b>Cost per Unit</b>
\$1.01M	44.96 GWhrs	2.25 cents

## 13. GENERAL

All energy retailers using the Buller Electricity Limited network pay the same line charges. However pricing options may differ between energy retailers which may have an affect on the final charge the consumer pays.