

# Orion New Zealand Limited

## Information for disclosure for the year ended 31 March 2009

Pursuant to the  
Electricity Distribution  
(Information Disclosure)  
Requirements 2008

Approved 12 August 2009



**Commerce Commission**  
**Template**  
**Electricity Distribution (Information Disclosure) Requirements**  
**Report Schedules**  
**Schedules 2 to 13**

2009 TEMPLATE

Version 1.1 Template

15 June 2009

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## Template Guidelines

The Template Electricity Distribution (Information Disclosure) Requirements Report Schedules (Templates) have been made available to assist Distribution Business with the completion of their regulatory reporting requirements. The template and more specifically the formula have been prepared to be consistent with the Requirements. For the avoidance of doubt, the Electricity Distribution (Information Disclosure) Requirements, take precedence over the Templates where there is an inconsistency.

The following guidelines have been prepared to assist the preparer of the reports in completing the templates. The templates are linked through formulae. The completion of the templates as outlined below will assist the users in the process of inputting information.

Various disclosures in the reports are ascertainable from other disclosures, therefore where appropriate the template includes formula that automatically populates those disclosures. Therefore where formula is provided, manual input is not required.

<u>Step</u>	<u>Guideline</u>	<u>Reference</u>
<b>Step 1 - Company Name and Dates</b>		
	Insert company name and current financial year (year end date) in cells E4 and F5 of FS1 respectively. Note - only the year of the year end date is to be input (Example -"2008")	FS1
	Insert most recent ODV date in cell I6 of sheet AV1. Note - only the year of the most recent ODV date is to be input (Example -"2004") Note - that all other dates in the templates will automatically update	AV1
<b>Step 2 - Asset Valuation Information</b>		
	Enter the asset valuation information into reports AV1, AV2, AV3 and AV4. Points to note:	AV1 AV2 AV3 AV4
	AV1 Historic Information should be entered first, including - 'Regulatory Value at End of Previous Year' and other previous years information (if required). Note - the previous year information required is entered into the input cells to the left of the non-coloured cells. The current year information input cells will be white once Step 1 is complete.	AV1
	Indexed Revaluation on line 19 of AV1 is automatically updated once the historic information is complete and the CPI information has been entered into AV1a. The CPI information is determined as outlined in the definitions included in Schedule 1 of the Requirements.	AV1
	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB information on lines 26 to 28 will be automatically populated once AV1b is complete.	AV1
	For AV1b - 'Input for prior year Acquisitions (Sales) of Assets to (from) another EDB', the prior years information is that which has been disclosed in lines 26, 27 and 41 of AV1 in previous years. Note - there is no requirement to disclose the Current Financial Year information for AV1b.	AV1
	A report AV4 is to be completed for each merger or asset transfer with another EDB. If there has been no merger or asset transfer activity (as defined by Requirement 6(4)) select 'NO DISCLOSURE REQUIRED' in the drop down menus of cell E6 of each of the AV4's. The Templates allow for three separate merger or asset transfers. The Commission can be contacted if additional AV4 reports are required.	AV4
	AV3a reconciles the difference between the Asset Additions Replacement Cost and Depreciated Replacement cost as disclosed in AV1 and AV3. Cell F38 of AV3 will be automatically populated once line 17 of AV1 is entered. Cell F39 is required to be populated to complete the calculation of the Replacement Cost which flows to Cell F11.	AV1 AV3
	An error message in cells N13 or N21 indicates there is discrepancy between AV1 and AV2.	AV1 AV2

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<b>Step</b>	<b>Guideline</b>	<b>Reference</b>
<b>Step 3 - Financial Statements Information</b>		
	Enter the financial statement information into reports FS1, FS2 and FS3. Points to note:	FS1 FS2 FS3 FS1
	Discretionary Discounts and Customer Rebates on line 9 of FS1 is automatically populated once FS1a is complete.	FS1
	Net Value of Vested Assets on line 14 of AV1 is automatically populated once FS1d is complete.	FS1
	Regulatory Tax on line 55 of FS1 is automatically populated once FS3 is complete.	FS1 FS3
	Deductible Interest on line 18 of FS3 is automatically populated once FS2b is complete.	FS2 FS3
	The Standard Cost of Debt Assumption is determined as outlined in the definitions included in Schedule 1 of the Requirements.	
	FS1b, FS1c and FS1e includes supporting information to the disclosures that are made in the main report of FS1 and would be best completed once the main report of FS1 is complete.	FS1
	Section 3 of of the Information Disclosure Handbook outlines the required related party disclosures. FS1b is a summary of this information and the full disclosures will require additional disclosure by way of a separate note.	FS1
	FS3a is supporting information to the disclosures that are made in the main report of FS3 and would be best populated once the main report of FS3 is complete.	FS3
<b>Step 4 - Measurement Performance Information</b>		
	Enter the measurement performance information into reports MP1, MP2 and MP3. Points to note:	MP1 MP2 MP3 MP1 MP3
	'Total Business' should be entered into cell E7 of MP1 for disclosures relating to the total business. If additional reports MP1 and MP3 are required (as per Requirements 6(1)(b), 6(1)(c) or 6(4)) a separate file should be created and the name of the network/assets for which the report relates should be entered into cell E7.	MP1 MP3
	Either 'Annual Disclosure- Requirement 6(1)' or 'Merger or Asset Transfer - Requirement 6(4)' should be selected from the drop down menu in cell E8	MP1
	Historic information is required in cells J35-J37 and J39 of MP1 and in the Numerator and Denominator of previous years disclosures in MP2 (refer Part 4 - Transitions Provisions for exceptions during the transitional period).	MP2
	The formula for the determination of the Denominator for the Operational Expenditure Ratio, Capital Expenditure Ratio and Distribution Transformer Ratio in MP2 is based on there being no merger or asset transfer activity during the Current Financial Year. If there has been merger or asset transfer activity as determined by Requirement 6(4) the denominator should be calculated as per that Requirement. Therefore the formula in these cells are unlocked so an appropriate entry can be made if required.	MP2
	An error message in cell G32 of MP1 indicates there is a discrepancy between the Overhead Circuit Length disclosure and the Circuit Length by Operating Voltage disclosure	MP1
	An error message in cells L76-L78 of MP3 indicates there is discrepancy between MP3 and FS1 or MP2	FS1 MP2 MP3
<b>Step 5 - Asset Management Information</b>		
	Enter the asset management information into report AM1. Point to note:	AM1
	A separate note is to be provided where explanations required in cells D26 and D52 exceed the space provided in those cells.	

## REPORT FS1: REGULATORY PROFIT STATEMENT

ref		Electricity Distribution Business: Orion New Zealand Ltd	For Year Ended 2009	
5				
6	<b>Income</b>			
7				
8				
9	Net Line Charge Revenue Received	180,415		
10	plus Discretionary Discounts and Customer Rebates			
11	<b>Gross Line Charge Income</b>		180,415	FS1e
12				
13	Capital Contributions	4,833		
14	plus Net Value of Vested Assets	4,347		
15	<b>Total Capital Contributions and Vested Assets</b>		9,180	
16				
17	AC Loss Rental Rebates Received	13,378		
18	less AC Loss Rental Rebates Passed On	13,378		
19	<b>Net AC loss rental income (deficit)</b>			
20				
21				
22	<b>Other Income</b>	1,453		
23			1,453	
24				
25	<b>Total regulatory income</b>		191,048	
26				
27				
28	<b>Expenses</b>			
29				
30	Transmission Charges - Payments to Transpower	49,062		
31	plus Avoided Transmission Charges - payments to parties other than Transpower	60		
32	<b>Total Transmission Costs</b>		49,122	
33				
34	<b>Operational Expenditure:</b>			
35	General Management, Administration and Overheads			
36	System Management and Operations			
37	Routine and Preventative Maintenance			to AM1
38	Refurbishment and Renewal Maintenance			to AM1
39	Fault and Emergency Maintenance			to AM1
40	Pass-through Costs			
41	Other	37,776		
42	<b>Total Operational Expenditure</b>		37,776	to MP2
43				
44				
45	<b>Operational earnings</b>		104,150	
46				
47				
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	25,002		from AV1:
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	2,376		from AV1
50	<b>Total Regulatory Depreciation</b>		27,378	to FS3
51				
52				
53	<b>Earnings before interest and tax (EBIT)</b>		76,772	to FS3
54				
55	less Regulatory Tax Allowance		13,800	from FS3
56				
57	plus Indexed Revaluation (of System Fixed Assets)		20,802	from AV1
58	plus Revaluations of Non-System Fixed Assets		(510)	from AV1
59				
60	<b>Regulatory profit / loss (pre-financing and distributions)</b>		83,264	to MP2

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

**Notes to Regulatory Profit Statement**

69	<b>FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments</b>	<b>(\$000)</b>
70	Customer Rebates	-
71	Line Charge Holidays and other Discretionary Discounts	-
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	48
77	Operational Expenditure	10,231
78	Subvention Payment	-
79	Other related party expenditure	12,777
80	<b>Total Related Party Expenditure</b>	<b>23,056</b>

*N.B.: The additional Related Party information that is required to be disclosed in accordance with Section 3 of the Information Disclosure Handbook is to be disclosed by way of a separate note to this Schedule and forms part of this Schedule.*

87	<b>FS1c: Operational Expenditure notes</b>	<b>(\$000)</b>
88	<b>Merger and Acquisition Expenses</b>	
89	Merger and Acquisition Expenses (not to be included in Operational Expenditure)	-
90		
91		
92	<b>Material items (if greater than 10% of the Operational Expenditure line item)</b>	
93	Material item amount 1	13,709
94	within expenditure category:	Notes to be provided separately General Management, Administration a
95		
96	Material item amount 2	17,447
97	within expenditure category:	Notes to be provided separately Routine and Preventative Maintenance
98		
99	Material item amount 3	-
100	within expenditure category:	Notes to be provided separately 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	2,022

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

*to be repeated as required for multiple reclassifications*

*A.*

## REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	Orion New Zealand Ltd	
		For Year Ended	2009
5			
6			
7	<b>Capital Expenditure on System Fixed Assets (by primary purpose)</b>		<b>(\$000)</b>
8	Customer Connection		to AM1
9	System Growth		to AM1
10	Reliability, Safety and Environment		to AM1
11	Asset Replacement and Renewal		to AM1
12	Asset Relocations		to AM1
13	<b>Total Capital Expenditure on System Fixed Assets</b>	<b>34,462</b>	to AM1
14			
15			
16	<b>Capital Expenditure on Non-System Fixed Assets</b>	<b>2,936</b>	from AV1
17			
18			
19	<b>Capital works roll-forward (for System Fixed Assets)</b>		
20	Works Under Construction at Beginning of Year	11,312	
21	plus Total Capital Expenditure on System Fixed Assets	34,462	
22	less Assets Commissioned in Year	33,050	from AV1
23	<b>Works under construction at year end</b>	<b>12,724</b>	
24			
25			
26	<b>Regulatory Investment Value calculation</b>		
27	System Fixed Assets: regulatory value at end of Previous Year	700,547	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	21,176	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	17,163	2.45%
30	<b>Total Regulatory Asset Base value at beginning of Current Financial Year</b>	<b>738,886</b>	
31			
32	plus ( System Fixed Assets Commissioned in Year	33,050	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	2,936	from AV1
35	<b>Regulatory Asset Base investment in Current Financial Year - total</b>	<b>35,986</b>	
36	<b>Regulatory Asset Base investment in Current Financial Year - average</b>	<b>17,993</b>	
37			
38	plus (minus) where a merger or acquisition has taken place within the year		
39	Adjustment for merger, acquisition or sale to another EDB	-	from AV4
40			
41	<b>Regulatory Investment Value</b>	<b>756,879</b>	to MP2

**REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION**

		Electricity Distribution Business: <b>Orion New Zealand Ltd</b>	
		For Year Ended	<b>2009</b>
5			
6			
7			<b>(\$000)</b>
8	<b>Earnings before interest and tax (EBIT)</b>		76,772 <i>from FS1</i>
9			
10	<i>add</i> Total Regulatory Depreciation	27,378	<i>from FS1</i>
11	Other Permanent Differences - not deductible	778	
12	Other Temporary Adjustments - Current Period	866	
13			29,022
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets	9,180	
16	Tax Depreciation	25,200	
17	Deductible Discretionary Discounts and Customer Rebates	-	
18	Deductible Interest	24,765	<i>from row 53</i>
19	Other Permanent Differences - Non Taxable	-	
20	Other Temporary Adjustments - Prior Period	650	
21			59,795
22			
23	<b>Regulatory taxable income for Year</b>		<b>45,999</b>
24			
25	<i>less</i> Tax Losses Available at Start of Year		
26	<b>Net taxable income</b>		<b>45,999</b>
27			
28	Statutory Tax Rate	30%	
29	<b>Regulatory Tax Allowance</b>		<b>13,800</b> <i>to FS1</i>

**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	8.18% %	
53			
54	Deductible Interest	24,765 \$000	<i>to row 18</i>
55			
56	Interest Tax Shield Adjustment	7,430 \$000	<i>to MP2</i>

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

ref	Electricity Distribution Business: <b>Orion New Zealand</b>					
	For Year Ended: <b>2009</b>					
	Year of most recent ODV: <b>2004</b>					
	(\$'000)					
	ODV Year +	ODV Year +	ODV Year +	ODV Year +	ODV Year +	
	1	2	3	4	5	
	For Year Ending:					
	2005	2006	2007	2008	2009	
5						
6						
7						
8						
9						
10						
11	<b>System Fixed Assets</b>					
12	Regulatory Value at End of Previous Year*	580,224	608,870	638,413	661,150	700,547 to FS2
13	plus					
14	Assets Commissioned	31,406	27,343	25,747	33,672	33,050 to FS2
15	Gross Value of Vested Assets	3,528	4,045	3,734	7,580	6,369 to FS1
16	Assets Acquired from (Sold to) a Non-EDB					
17	Asset Additions	34,934	31,388	29,481	41,252	39,419 to FS2
18	plus					
19	Indexed Revaluation	15,631	20,445	16,203	22,257	20,802 to FS1
20	less					
21	Depreciation of System Fixed Assets	19,854	21,092	22,104	23,092	24,191
22	Regulatory Value of Assets Decommissioned	2,065	1,198	843	1,020	811
23	Regulatory Depreciation (incl. value of assets decommissioned)	21,919	22,290	22,947	24,112	25,002 to FS1
24						
25	plus (minus)					
26	Acquisition of System Fixed Assets from another EDB	-	-	-	-	- from AV4
27	less Sale of System Fixed Assets to another EDB	-	-	-	-	- from AV4
28	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	-	-	-	-
29						
30	plus (minus)					
31	Net Increase (Decrease) Due to Changes in Asset Register Information					
32						
33	<b>Regulatory Value of System Fixed Assets at Year End</b>	<b>608,870</b>	<b>638,413</b>	<b>661,150</b>	<b>700,547</b>	<b>735,765</b>
34						
35	<b>Non-System Fixed Assets</b>					
36	Regulatory value at end of previous year	16,598	14,697	14,455	20,853	21,176
37						
38	plus Asset Additions	(742)	1,245	3,800	2,606	2,936 to FS2
39	plus Revaluations	322	-	4,222	(489)	(510) to FS1
40	less Depreciation (incl. value of assets decommissioned)	1,391	1,487	1,624	1,794	2,376 to FS1
41	plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	- from AV4
42	Regulatory Value of Non-System Fixed Assets at Year end	14,697	14,455	20,853	21,176	21,226
43						
44						
45	<b>Total Regulatory Asset Base Value (excluding FDC)</b>	<b>623,567</b>	<b>652,868</b>	<b>682,003</b>	<b>721,723</b>	<b>756,991</b>
46						
47						
48	* The commencing figure for completing this schedule is the most recent ODV value					
49	Note: Additional columns to be added if required					
50						

**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
61	CPI at CPI reference date	953	985	1010	1044	1075
62	Revaluation Rate	2.69%	3.36%	2.54%	3.37%	2.97%
63						
64	System Fixed Assets: Regulatory Value at End of Previous Year	580,224	608,870	638,413	661,150	700,547
65	Indexed Revaluation of System Fixed Assets	15,631	20,445	16,203	22,257	20,802 to FS1, AV1

68	<b>AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB</b>					
69	For Year Ended	(\$'000)				
70		2005	2006	2007	2008	2009
71	Acquisition of System Fixed Assets from another EDB	-	-	-	-	-
72	Sale of System Fixed Assets to another EDB	-	-	-	-	-
73	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-

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

Electricity Distribution Business: **Orion New Zealand Ltd**  
 For Year Ended: **2009**

ref  
 5  
 7  
 8  
 9  
 10  
 11  
 12  
 13  
 14  
 15  
 16  
 17  
 18  
 19  
 20  
 21

**Subtotals by Asset Class (for System Fixed Assets)**

(\$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)	
<b>System Fixed Assets</b>									
Regulatory Value of System Fixed Assets (as per most recent ODV)	54,869	90,247	81,235	207,175	85,107	30,502	22,029	580,224	from AV1
<b>Cumulative roll-forward since most recent ODV:</b>									
Asset Additions								176,474	from AV1
Indexed Revaluation (of System Fixed Assets)								95,337	from AV1
Regulatory Depreciation (of System Fixed Assets)								116,270	from AV1
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-	from AV1
Net Increase (Decrease) Due to Changes in Asset Register Information								-	from AV1
Regulatory Value of System Fixed Assets at Year End								735,765	from AV1

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

		Electricity Distribution Business:	Orion New Zealand Ltd	
		For Year Ended:	2009	
5				
6	<b>System Fixed Assets - Replacement Cost</b>			
7				
8	Replacement cost at end of previous year		1,287,101	
9				
10	Asset Additions		39,419	AV3a
11	Indexed Revaluation (of System Fixed Assets)		38,219	
12	less Replacement Cost of Assets Decommissioned		3,624	
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>1,361,115</b>	
16				
17				
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>			
19				
20	Depreciated Replacement Cost at end of previous year		700,547	
21				
22	Asset Additions		39,419	AV3a
23	Indexed Revaluation (of System Fixed Assets)		20,802	
24	less Depreciation of Replacement Cost		24,191	
25	less Depreciated Replacement Cost of Assets Decommissioned		811	
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>735,765</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		39,419	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions			
40				
41	<b>Asset Additions - Replacement Cost</b>		<b>39,419</b>	
42				

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

Electricity Distribution Business: Orion New Zealand Ltd

ref	Disclosure required? (YES or NIL DISCLOSURE):	NO DISCLOSURE REQUIRED
7		
9		As at (date):
10		Proportion of year following transfer of assets: 0%
11		
12	<b>PART 1: Most recent ODV valuation of System Fixed Assets transferred</b> <span style="float: right;">(\$000)</span>	
		Total for System Fixed Assets
13		
14	Replacement Cost (RC)	
15	less Depreciation	
16	Depreciated Replacement Cost (DRC)	
17	less Optimisation adjustment	
18	Optimised Depreciated Replacement Cost (ODRC)	
19	less Economic Value Adjustment (EVA)	
20	Most recent ODV value	
21		
22		
23		
24		
25		
26	<b>PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)</b> <span style="float: right;">(\$000)</span>	
27		Total for System Fixed Assets
28	Regulatory Value of System Fixed Assets (as per most recent ODV)	Non-System Fixed Assets
29		Total RAB value (excl. FDC)
30	<b>Cumulative roll-forward since most recent ODV:</b>	
31	<b>Asset Additions</b>	
32	Indexed Revaluation (of System Fixed Assets)	
33	less Regulatory Depreciation (of System Fixed Assets)	
34	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	
35	Net Increases (Decreases) due to Changes in Asset Register Information	
36	RAB Value of Transferred Assets at Transfer Date	
37		
38	Acquisition of Assets from Another EDB	to AV1
39	Sale of Assets to Another EDB	to AV1
40		
41	RAB Value of Transferred Assets at Transfer Date	
42	"p" factor (proportion of year following transfer of assets)	0%
43	Adjustment for merger, acquisition or sale to another EDB	to F32
44		
45		
46		
47	<b>PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred</b> <span style="float: right;">(\$000)</span>	
48		RC & DRC values of System Fixed Assets at transfer date
49	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	RAB value of acquired/sold assets
50	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC	to AV2
51		to AV3
52		
53	Signed by:	Selling Entity
54		
55		Acquiring Entity
56		
57		

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

Electricity Distribution Business: Orion New Zealand Ltd

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

As at (date): \_\_\_\_\_  
 Proportion of year following transfer of assets: 0%

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

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transform	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
Replacement Cost (RC)								
less Depreciation								
Depreciated Replacement Cost (DRC)								
less Optimisation adjustment								
Optimised Depreciated Replacement Cost (ODRC)								
less Economic Value Adjustment (EVA)								
Most recent ODV Value								

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

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
Regulatory Value of System Fixed Assets (as per most recent ODV)			
<b>Cumulative roll-forward since most recent ODV:</b>			
Asset Additions			
Indexed Revaluation (of System Fixed Assets)			
less Regulatory Depreciation (of System Fixed Assets)			
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
Net Increase (Decrease) Due to Changes in Asset Register Information			
RAB Value of Transferred Assets at Transfer Date			
Acquisition of Assets from Another EDB			
Sale of Assets to Another EDB			
RAB Value of Transferred Assets at Transfer Date			
"p" factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB			

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

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired (sold) assets
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		

Signed by: \_\_\_\_\_  
 Selling Entity  
 \_\_\_\_\_  
 Acquiring Entity

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

Electricity Distribution Business: Orion New Zealand Ltd

0 **Disclosure required? (YES or NIL DISCLOSURE):** NO DISCLOSURE REQUIRED  
 7  
 8  
 9  
 10 As at (date): \_\_\_\_\_  
 11 Proportion of year following transfer of assets 0%

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

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transform	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
Replacement Cost (RC)								
less Depreciation								
Depreciated Replacement Cost (DRC)								
less Optimisation adjustment								
Optimised Depreciated Replacement Cost (ODRC)								
less Economic Value Adjustment (EVA)								
Most recent ODV Value								

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

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
Regulatory Value of System Fixed Assets (as per most recent ODV)			
<b>Cumulative roll-forward since most recent ODV:</b>			
Asset Additions			
Indexed Revaluation (of System Fixed Assets)			
less Regulatory Depreciation (of System Fixed Assets)			
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
Net Increase (Decrease) Due to Changes in Asset Register Information			
RAB Value of Transferred Assets at Transfer Date			
Acquisition of Assets from another EDB			
Sale of Assets to another EDB			
RAB Value of Transferred Assets at Transfer Date			
"p" factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB			

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

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/sold assets
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		

Signed by: \_\_\_\_\_ Selling Entity  
 \_\_\_\_\_ Acquiring Entity

## REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business:	Orion New Zealand Ltd
6		
7	Network Name: <b>Total Business</b>	For Year Ended: <b>2009</b>
8	Disclosure: Annual Disclosure - Requirement 6(1)	(enter "Total Business" or name of network)
9		
10	<b>Circuit Length by Operating Line Voltage (at year end)</b>	
11		<b>Overhead (km)    Underground (km)    Total (km)</b>
12	> 66kV	-    -    -
13	50kV & 66kV	144    63    207
14	33kV	302    25    327
15	SWER (all SWER voltages)	103    -    103
16	22kV (other than SWER)	-    -    -
17	6.6kV to 11kV (inclusive - other than SWER)	3,150    2,190    5,340
18	Low Voltage (< 1kV)	2,134    2,522    4,656
19	<b>Total circuit length (for Supply)</b>	<b>5,833    4,800    10,633</b>
20		
21	<b>Dedicated Street Lighting Circuit Length</b>	957    1,887    2,844
22		
23	<b>Overhead Circuit Length by Terrain (at year end)</b>	<b>(km)    (%)</b>
24	Urban (only)	2,027    35%
25	Rural (only)	3,245    56%
26	Remote (only)	148    3%
27	Rugged (only)	-    0%
28	Rural & rugged (only)	178    3%
29	Remote & rugged (only)	235    4%
30	Unallocated overhead lines	-    0%
31	<b>Total overhead length</b>	<b>5,833    100%</b>
32		
33		
34	<b>Transformer capacity (at year end)</b>	
35	Distribution Transformer Capacity (EDB Owned)	1,736 MVA
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	208 MVA
37	<b>Total Distribution Transformer Capacity</b>	<b>1,944 MVA (to MP2)</b>
38		
39	Zone Substation Transformer Capacity	814 MVA
40		
41	<b>System Fixed Assets age (at year end)</b>	
42	Average Age of System Fixed Assets	23 Years
43	Average Expected Total Life of System Fixed Assets	51 Years
44	Average Age as a Proportion of Average Expected Total Life	46% %
45		
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	12% %
47		
48		
49		
50		
51	<b>Electricity demand</b>	
52		<b>Maximum coincident system demand (MW)    Non-coincident Sum of maximum demands (MW)</b>
53	<b>GXP Demand</b>	624    836
54	plus Embedded Generation Output at HV and Above	1
55	<b>Maximum System Demand</b>	<b>625</b>
56	less Net Transfers to (from) Other EDBs at HV and Above	1
57	<b>Demand on system for supply to customers' Connection Points</b>	<b>624</b>
58	less Subtransmission Customers' Connection Point Demand	-
59	<b>Maximum Distribution Transformer Demand</b>	<b>624</b>
60		
61	GXP Demand not Supplied at Subtransmission Level	156
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>	<b>60</b>
66		
67	<b>Five-Year System Maximum Demand Growth Forecast</b>	<b>1.5 % p.a.</b>
68		
69	<b>Electricity volumes carried</b>	<b>(GWh)</b>
70	Electricity Supplied from GXPs	3,398
71	less Electricity Exports to GXPs	-
72	plus Electricity Supplied from Embedded Generators	5
73	less Net Electricity Supplied to (from) Other EDBs	5
74	<b>Electricity entering system for supply to customers' Connection Points</b>	<b>3,397</b>
75	less Electricity Supplied to Customers' Connection Points	3,263
76	<b>Electricity Losses (loss ratio)</b>	<b>134    4.0% %</b>
77		
78	Electricity Supplied to Customers' Connection Points	3,263
79	less Electricity Supplied to Largest 5 Connection Points	95
80	<b>Electricity supplied other than to Largest 5 Connection Points</b>	<b>3,168    97% %</b>
81		
82	<b>Load Factor</b>	<b>62% %</b>
83		
84	<b>Number of Connection Points (at year end)</b>	<b>190,286 ICPs</b>
85		
86	<b>Intensity of service requirements</b>	
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	59 kW/km
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	307 MWh/km
89	Connection Point Density (ICPs / Total circuit length)	18 ICP/km
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	17,148 kWh/ICP

## REPORT MP2: PERFORMANCE MEASURES

		Electricity Distribution Business: Orion New Zealand Ltd			
		For Year Ended: 2009			
		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.					
11.					
12.					
13.					
14.	<b>Capital expenditure ratio</b>				
15.					
16.					
17.					
18.					
19.	<b>Capital expenditure growth ratio</b>				
20.					
21.					
22.					
23.					
24.	<b>Renewal expenditure ratio</b>				
25.					
26.					
27.					
28.					
29.	<b>Distribution Transformer Capacity Utilisation</b>				
30.					
31.					
32.					
33.					
34.	<b>Return on Investment</b>				
35.					
36.					
37.					
38.					
39.					
40.					
41.					
42.	<b>Expenditure comparison table</b>				
43.					
44.					
45.					
46.					
47.					
48.					
49.					

**REPORT MP3: PRICE & QUALITY MEASURES**

(Separate report required for each Non-contiguous Network)

ref	Electricity Distribution Business: Orion New Zealand	
6		
7	Network Name:	Total Business
8	Disclosure:	Annual Disclosure - Requirement 6(1)
9		For Year Ended: 2009
10	<b>QUALITY</b>	
11	<b>Interruptions</b>	
12	<b>Interruptions by class</b>	
13	Class A	- planned interruptions by Transpower;
14	Class B	436 planned interruptions on the network
15	Class C	518 unplanned interruptions on the network
16	Class D	9 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>963 Total of above</b>
22		
23		
24	<b>Interruption targets for Forecast Year</b>	<b>2010 Current Financial Year +1</b>
25	Class B	385 planned interruptions on the network
26	Class C	555 unplanned interruptions on the network
27		
28	<b>Average interruption targets for 5 Forecast Years</b>	<b>2010-2014 Current Financial Year +1 to +5</b>
29	Class B	385 planned interruptions on the network
30	Class C	555 unplanned interruptions on the network
31		
32	<b>Class C Interruptions restored within</b>	<b>≤3Hrs &gt;3hrs</b>
33		327 191
34		
35	<b>Faults</b>	
36	<b>Faults per 100 circuit kilometres</b>	
37	The total number of faults for Current Financial Year	8.70 In year 2009
38	The total number of faults forecast for the Forecast Year	11.00 In year 2010
39	The average annual number of faults forecast for the 5 Forecast Years	11.00 average over years 2010-2014
40		
41	<b>Fault Information per 100 circuit kilometres by Voltage and Type</b>	
42		6.6kV & 11kV non-SWER 22kV non-SWER SWER 33kV 50kV & 66kV >66kV
43	Is this voltage part of the EDB system?	Yes No Yes Yes Yes No
44	Current Financial Year	9.30 9.80 3.40 1.00
45	Forecast Year	12.00 12.00 4.00 2.00
46	Average annual for 5 Forecast Years	12.00 12.00 4.00 2.00
47		
48	<b>Fault Information per 100 circuit kilometres by Voltage and Type</b>	
49		6.6kV & 11kV non-SWER 22kV non-SWER SWER 33kV 50kV & 66kV >66kV
50	Underground	2.60 - 4.00 -
51	Overhead	13.70 9.80 3.30 1.40
52		
53	<b>Reliability</b>	
54	<b>Overall reliability</b>	<b>SAIDI SAIFI CAIDI</b>
55	Based on the total number of interruptions	62.85 0.72 87.90
56		
57	<b>Reliability by Interruption class</b>	<b>SAIDI SAIFI CAIDI</b>
58	Class B	21.19 0.08 272.90
59	Class C	40.42 0.52 77.40
60		
61	<b>Targets for Forecast Year</b>	<b>SAIDI SAIFI CAIDI</b>
62	Class B	8.00 0.08 105.00
63	Class C	55.00 0.67 82.00
64		
65	<b>Average targets for 5 Forecast Years</b>	<b>SAIDI SAIFI CAIDI</b>
66	Class B	8.00 0.08 105.00
67	Class C	55.00 0.67 82.00
68		
69		
70	<b>PRICES</b>	
71	<b>Price Information by Connection Point Class</b>	
72		<b>Connection Point Class</b>
73		Small Medium Large Largest 5 Total
74		Connection Connection Connection Connection
75		Points Points Points Points
76	<b>Gross line charge income (\$000)</b>	153,956 24,168 2,291 180,415
77	<b>Electricity Supplied to Customers' Connection Points (MWh)</b>	2,397,462 770,327 95,171 3,262,960
78	<b>Number of Connection Points (ICPs) at year end</b>	189,821 460 5 190,286
79	<b>Unit Price (cents/kWh)</b>	6.4 Not defined 3.1 2.4 5.5
80	<b>Relative Unit Price Index</b>	1.00 Not defined 0.49 0.37 0.86
81		

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

**Notes to Price and Quality Measures**

00	<b>MP3a: Connection Point Class breakpoints</b>	
01	<b>Connection Point Class breakpoints methodology</b>	Select one
02		
03	<b>kVA based breakpoints - additional disclosure</b>	
04	Breakpoint between small and medium classes	_____ kVA
05	Breakpoint between large and medium classes	_____ kVA
06		



## REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

		Electricity Distribution Business: Orion New Zealand						
		For Year Ended 2009						
		(\$000)						
5								
6	<b>A) Five year forecasts of expenditure</b>							
7	From most recent Asset Management Plan							
8		Forecast Years						
9		Actual for Current Financial Year	year 1	year 2	year 3	year 4	year 5	
10		for year ended 2009	2010	2011	2012	2013	2014	
10	Capital Expenditure: Customer Connection	-	3,600	3,800	4,200	5,000	5,400	from FS2
11	Capital Expenditure: System Growth	-	10,588	20,790	27,120	20,905	16,475	from FS2
12	Capital Expenditure: Reliability, Safety and Environment	-	3,886	3,645	3,125	3,192	3,145	from FS2
13	Capital Expenditure: Asset Replacement and Renewal	-	10,513	11,565	11,149	11,780	15,638	from FS2
14	Capital Expenditure: Asset Relocations	-	2,100	2,100	2,100	2,100	2,100	from FS2
15	<b>Subtotal - Capital Expenditure on asset management</b>	<b>34,462</b>	<b>30,687</b>	<b>41,900</b>	<b>47,694</b>	<b>42,977</b>	<b>42,758</b>	
16								
17	Operational Expenditure: Routine and Preventative Maintenance	-	17,316	18,997	19,085	18,984	17,386	from FS1
18	Operational Expenditure: Refurbishment and Renewal Maintenance	-	2,890	2,890	2,890	2,905	2,905	from FS1
19	Operational Expenditure: Fault and Emergency Maintenance	-	3,170	3,170	3,170	3,170	3,170	from FS1
20	<b>Subtotal - Operational Expenditure on asset management</b>	<b>38,914</b>	<b>23,376</b>	<b>25,057</b>	<b>25,145</b>	<b>25,059</b>	<b>23,461</b>	
21								
22	<b>Total direct expenditure on distribution network</b>	<b>73,376</b>	<b>54,063</b>	<b>66,957</b>	<b>72,839</b>	<b>68,036</b>	<b>66,219</b>	
23								
24	<b>Overhead to Underground Conversion Expenditure</b>		2,100	2,100	2,100	2,100	2,100	
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>							
27	<i>All overhead to underground conversion expenditure is attributed to Capital expenditure, Asset relocations.</i>							
28								
30	<b>B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure</b>							
32		Actual for Current Financial Year	Previous forecast for Current Financial Year	% Variance (a)/(b)-1				
33		(a)	(b)					
34	Capital Expenditure: Customer Connection	-		Not defined				from row 10
35	Capital Expenditure: System Growth	-		Not defined				from row 11
36	Capital Expenditure: Asset Replacement and Renewal	-		Not defined				from row 12
37	Capital Expenditure: Reliability, Safety and Environment	-		Not defined				from row 13
38	Capital Expenditure: Asset Relocations	-		Not defined				from row 14
39	<b>Subtotal - Capital Expenditure on asset management</b>			<b>Not defined</b>				
40								
41	Operational Expenditure: Routine and Preventative Maintenance	-		Not defined				from row 17
42	Operational Expenditure: Refurbishment and Renewal Maintenance	-		Not defined				from row 18
43	Operational Expenditure: Fault and Emergency Maintenance	-		Not defined				from row 19
44	<b>Subtotal - Operational Expenditure on asset management</b>			<b>Not defined</b>				
45								
46	<b>Total direct expenditure on distribution network</b>	<b>-</b>	<b>-</b>	<b>Not defined</b>				
47								
48								
49	<b>Explanation of variances</b>							
50	<i>Distribution Business must provide a brief explanation for any line item variance of more than 10%</i>							
51								
52	<i>Explanatory notes (can be provided in a separate note if necessary):</i>							
53								
54								
55								
56								
57								
58								
59								
60								
61								
62								
63								

## Requirement 8 - Related Parties

### Transactions with owners and directors

The parent entity in the consolidated group is Orion New Zealand Limited, which until 31 March 2009, was 100% owned by Orion Group Limited (OGL). OGL was owned by Christchurch City Holdings Limited (CCHL) and Selwyn Investment Holdings Limited (SIHL).

On 31 March 2009 Orion Group Limited was amalgamated into Orion New Zealand Limited. Subsequently the shareholders of Orion New Zealand Limited are:

- Christchurch City Holdings Limited (which is 100% owned by the Christchurch City Council) - 89.275%
- Selwyn Investment Holdings Limited (which is 100% owned by the Selwyn District Council) - 10.725%

The company undertakes many transactions with the shareholders and their related parties, all of which are carried out on a commercial and arms length basis.

During the year no material transactions, other than payment of dividends, were entered into with such parties.

During the year no material transactions were entered into with any of the directors.

A summary of the related party transactions with the CCC and SDC is as follows:

<b>Transactions with owners during the year</b>	<b>2009 \$000</b>	<b>2008 \$000</b>
Purchases from CCC, SDC and their subsidiaries	2,035	1,792
Revenues from CCC, SDC and their subsidiaries	1,956	2,071
Dividend payments to CCHL	39,281	40,174
Dividend payments to SIHL	4,719	4,826
Accounts payable to CCC, SDC and their subsidiaries as at 31 March	-	-
Accounts receivable from CCC, SDC and their subsidiaries as 31 March	724	84

### Transactions with "other" businesses

For the purposes of Requirement 8, transactions taking place between the line businesses and "other" business must be identified.

The company had considerable numbers of transactions with its wholly-owned contracting subsidiary, Connetics Limited, during the years ended 31 March 2009 and 2008.

A description of the intercompany transactions, revenue amounts and balances at 31 March 2009 and 2008 follows. Note that estimated data has had to be used in the determination and apportionment of costs for Connetics into the required categories.

Connetics has provided construction and maintenance services to the line business for the period 1 April 2008 to 31 March 2009, and for a number of prior years.

These services follow the awarding of a contract based on a contested lowest-price conforming tender. In virtually every case multiple parties were invited to tender for such work. In the case of emergency maintenance, a contract comprising a negotiated schedule of rates has been agreed. The company has also entered into schedule of rate contracts with other companies. A contract has been negotiated with Connetics for the management of system spares.

Contract variations and adjustments have been negotiated between the parties. No debts have been written off or forgiven during the year. Amounts are due the 20th of the month following date of invoice.

<b>Services provided by Connetics</b>	<b>2009 \$000</b>	<b>2008 \$000</b>
<b>Asset Maintenance</b>		
- Asset storage	316	335
- Emergency work	3,191	3,874
- Other asset maintenance	<u>6,724</u>	<u>5,657</u>
	10,231	9,866

**Asset Construction**

- Subtransmission assets	99	2,438
- Zone substations	2,222	2,126
- Distribution lines & cables	2,954	1,827
- Medium voltage switchgear	2,256	1,571
- Distribution transformers	21	40
- Distribution substations	273	105
- Low voltage lines & cables	2,850	1,259
- Other system fixed assets	115	438
	<u>10,790</u>	<u>9,804</u>

**Other services provided to line business**

- Meter data	-	-
- Consumer based load control	-	-
- Disconnection/reconnection services	-	-
- Avoided transmission charges	-	-
- Other goods and services	-	-
	<u>-</u>	<u>-</u>

**Total**

21,021	19,670
--------	--------

Balance outstanding at 31 March

3,105	3,371
-------	-------

The company has provided directors and some specialised administrative support to Connetics. These have been charged on a commercial arms-length basis.

No debts have been forgiven or written off during the year. Amounts were due the 20th of the month following date of invoice.

Payments received from Connetics for services

234	95
-----	----

Balance outstanding at 31 March

11	9
----	---

The company has also made subvention payments to 100% owned subsidiaries in order to utilise the tax losses of the following companies:

Orion New Zealand Ventures Limited

36	(10)
----	------

This amount was paid by the company to this subsidiary by 31 March each year.

**Requirement 14**

**Efficiency performance measures**

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
(a) Direct line costs per kilometre	1635	1,522	1,485	1,317
(b) Indirect line costs per electricity customer	74	70	66	66



**Orion New Zealand Ltd**  
**Notes to our disclosures for the year ended 31 March 2009**

**Introduction**

These notes must be read in conjunction with Orion New Zealand Limited's (the company) 2009 disclosures in accordance with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008.

The purposes of these notes are to

- provide further clarity to some of our disclosures
- identify where certain disclosures are not required in our 2009 disclosures under the Requirements, and
- identify where disclosures have either not been made or vary from the Requirements where we have received a specific exemption from the Commerce Commission.

**FS1: Regulatory profit statement**

*Row 42 – Operational expenditure.*

This amount is the total of all our operational expenditure. Under the transitional provisions of the Requirements, a breakdown into the classes outlined in rows 35 – 41 of schedule FS1 is not required for the 2008 and 2009 years.

**FS1c: Material items**

*Row 93 – Material item amount 1*

This amount relates to employee benefits of which the majority is salaries and wages.

*Row 96 – Material item amount 2*

This amount relates to maintenance expenditure on the network.

Both of these disclosures were also disclosed in our audited 2009 annual report.

## **FS2: Regulatory asset and financing statement**

### *Row 13 – Capital expenditure on system fixed assets (by primary purpose).*

This amount is the total of all our capital expenditure on system fixed assets during the year whether or not the assets concerned were commissioned during the year. Under the transitional provisions of the Requirements, a breakdown by “primary purpose” into the classes in rows 8 – 12 of schedule FS2 is not required for the 2008 and 2009 years.

## **FS3: Regulatory tax allowance calculation**

### *Row 11 - Other permanent differences*

This category mainly comprises the add back for a non deductible expense of a downwards revaluation of an investment property, a non deductible loss on the disposal of a building, and non deductible legal and entertainment expenses. These are partially offset by a non assessable profit on the sale of land.

### *Row 12 - Other temporary adjustments – current period*

This category mainly comprises adjustments for accounting and taxable profits on the sale of fixed assets, fixed assets written off for accounting purposes and the elimination of internal profits on capital works undertaken by subsidiary company Connetics Limited. In addition there are adjustments for tax purposes for opening and closing accruals and provisions.

### *Row 20 - Other temporary adjustments – prior period*

This category mainly comprises the difference between our 2008 tax provision and our actual 2008 income tax return filed for items such as internal profits on capital works, an adjustment for network capital expenditure included in maintenance and an adjustment to our provisions and accruals.

## **AV1: Annual regulatory valuation roll-forward report**

### *Row 14 – Assets commissioned*

We have derived a value for assets commissioned each year based on the actual cost of capital works projects completed during the financial year, less the value of cash payments by us towards vested assets.

### *Row 15 – Gross value of vested assets*

The gross value of vested assets includes cash payments made by us to customers to acquire the assets, plus an assessment of the “gap” between these payments and the indexed regulatory ODV of those vested assets.

In preparing the gross value of vested assets we have had to estimate:

- lengths of lines and cables vested to our ownership
- the indexed regulatory ODV based replacement cost of these assets

It is possible that some vested assets may have been overlooked but we do not believe this would be material.

### *Row 21- Depreciation of system fixed assets*

Depreciation of system fixed assets is also an estimate. Our audited annual financial statements comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and we record asset additions at cost. Please refer to the company’s audited financial statements for further information. We do not record additions on the various detailed bases specified by the Requirements, nor do we annually increment those replacement costs by CPI within our asset register.

Our depreciation estimates include allowances for

- depreciation at ODV on assets on hand at the date of our 31 March 2004 regulatory ODV valuation and subsequently indexed by CPI
- depreciation on new assets at their replacement cost, indexed by CPI in the later years using averaged depreciation rates based on ODV handbook asset lives
- an allowance for assets removed.

### **AV2: Regulatory valuation disclosure by asset class and**

### **AV3: System fixed assets replacement cost roll-forward report**

As the disclosures in AV1 also flow through to schedules AV2 and AV3, these latter two schedules are also subject to our estimation approach described above.

### **MP1, MP2 and MP3 reports**

We have made estimates and adjustments to the disclosed information in these reports as noted in the sections below. In most cases, the estimates were necessary to establish values and quantities for disclosure entries that were not defined until after the reporting period. Adjustments are necessary because the disclosure template does not allow for the disclosure of some information.



## **MP1: Network Information**

### *Row 17 - 6.6kV to 11kV (inclusive other than SWER)*

The circuit length category for "SWER - Underground" is greyed-out and the cell is locked in the disclosure template. We are unable to separately disclose our 2 km of 11kV underground SWER cable, and have instead included this length as "6.6kV to 11kV (inclusive - other than SWER)".

### *Row 18 - Low voltage (< 1kV)*

Our length of low voltage overhead line includes our estimate for the length of urban road crossings and back section lines which have not yet been captured in our GIS system. Our estimate was established for our 31 March 2007 NZ IFRS valuation and is based on our assessment of the average length of these line segments multiplied by an assessment of the total number of these line segments. Our estimates were based on direct measurements in sample areas.

### *Row 24 - Urban only*

We have adjusted the line length in the category "Urban (only)" to include 22 km of line that is in a "Remote-Urban" location, as the disclosure template does not provide for separate disclosure of lines in this category.

### *Row 39 – Zone substation transformer capacity*

We have reviewed our record of our zone substation transformer nameplate ratings and have corrected and restated the prior year figure.

### *Row 46 - Estimated proportion of assets (by replacement cost) within 10 years of total life*

Schedule MP1 defines the proportion of assets within 10 years of total life as an estimate. The Requirements definition provides for an alternative estimation method where we consider this will provide a better result. On this latter basis, we have estimated the proportion to be the same as the proportion established in our most recent regulatory ODV valuation as at 31 March 2004. We consider that the estimation method defined in the Requirements provides an inferior basis because it does not consider the age of assets decommissioned or the change in total value of assets since the previous valuation.

*Row 55 - Maximum system demand*

To establish the embedded generation output for our HV connections, we have estimated the number of connections which are classified as HV connections. The connection voltage for many of our connections is explicitly recorded. Where this data is not available, we have estimated that the metering voltage reflects the connection voltage (which is not always the case, as some HV connections have LV metering and vice versa).

*Row 75 – Electricity supplied to customers' connection points*

The volume data supplied by retailers implies a loss ratio of 4.0% which is lower than previous disclosures (4.9%) and slightly below our expectations.

**MP2: Performance measures**

Under the transitional provisions of the Requirements, the following performance comparators are not required in the years prior to 2008:

- operational expenditure ratio
- capital expenditure ratio
- capital expenditure growth ratio
- renewal expenditure ratio
- return on investment.

Current year information for these comparators is automatically populated from other worksheets within the file. Some disclosures are still not required – for example the Renewal expenditure ratio (row 24) is not required until the 2010 year.

*Row 31 - Total distribution transformer capacity (at year end)*

We have estimated the total capacity of distribution transformers that we do not own (for the current and all previous years) based on the current (25 February 2009) capacity of these transformers factored down by the same rate of growth observed in Orion-owned transformer capacity.

**MP3: Price and quality measures**

We have received a specific exemption from the Commerce Commission because we are not able to establish and disclose the information in row 76. We do not separately measure chargeable quantities for individual consumer connections.

Our network delivery pricing follows a wholesale model for most of our connections, where delivery charges are based on electricity metering at Transpower grid exit

points (GXPs) and the reconciliation of these energy volumes between electricity retailers.

This approach allows us to apply separate day and night prices (even where these volumes are not metered for individual connections) and to reflect the economic cost of peak load delivery by applying maximum demand charges, which are based on system peak loading levels reached during individual half-hour periods (again, even where the contribution to these peaks are not measured for individual connections).

Our cost reflective pricing basis allows electricity retailers to properly consider if and where it is appropriate to upgrade consumer meters to better reflect our network delivery and other costs, and to compete to provide innovative pricing plans that allow consumers to reduce their delivered energy costs.

While individual connection consumption information is used in the wholesale market reconciliation process, the result is a bulk allocation of energy to each retailer at each GXP, and the process does not make available (or even calculate) the inherent contribution made by each connection (or the groups of connections defined by the Commerce Commission) to each half-hour of electricity demand.

It would be prohibitively costly and infeasible for us to consider replicating a modified reconciliation process for the sole purpose of this disclosure report. On this basis, the Commerce Commission has provided us with a specific exemption to the Requirements in rows 76 to 80, requiring that we only disclose the totals for all GXP priced connections under the "small" connection category.

Larger major customer connections are disclosed under the "large" and "top 5" connection categories. The major customer pricing category is generally available for connections with loadings exceeding 250kVA. These customers are individually priced and have comprehensive half-hour interval metering which allows for the direct measurement of disclosure information.

#### **AM1: Expenditure forecasts and reconciliation**

##### *Row 20 – Subtotal – operational expenditure on asset management*

This value from FS1 is our Total operational expenditure; we are not required to break this down into the various categories for the 2009 year.

Note that the forecast information for the 2010 – 2014 period


- is not adjusted for inflation
- represents cash costs, and so excludes the value of any difference between the cash costs of vested assets and the indexed regulatory ODV based replacement cost of those assets.

## Certificate for disclosed information

Pursuant to Requirement 11(1)

We, Craig David Boyce and John Allen Dobson, directors of Orion New Zealand Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Orion New Zealand 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
- (xi) Report AM1: Expenditure Forecasts and Reconciliation.

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

Date: 12<sup>th</sup> August 2009

**Auditor's independent assurance report**

To the Board of Directors of Orion New Zealand Limited

**Report on Orion New Zealand Limited's compliance with the Electricity Distribution (Information Disclosure) Requirements 2008 for the financial year ended 31 March 2009**

The Auditor-General is the auditor of Orion New Zealand Limited (the company). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to provide an opinion on the compliance of the attached reports on pages 6 to 30 prepared by the company with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements) for the financial year ended 31 March 2009. 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. The Commerce Commission has exempted the company from the requirement to disclose pricing information by connection point class data in rows 75 to 80 of Report MP3 (in schedule 11) of the Requirements for the financial year ended 31 March 2009.

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 2009.

**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 2009. 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 and Threshold Compliance Statements prepared pursuant to the Commerce Act (Electricity Lines Thresholds) Notice 2004 for the year ended 31 March 2009 have been subject to audit. The audit opinions on the financial statements and Threshold Compliance Statements of the company for the year ended 31 March 2009 were both unqualified and were dated 10 June 2009 and 6 May 2009 respectively.

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 International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the New Zealand Institute of Chartered Accountants.

Our work in respect of amounts and disclosures that were audited under the financial statement and Threshold Compliance Statement audits has been limited to agreeing the amounts and disclosures to the underlying records and audited financial statements or Threshold Compliance Statements of the company.

Our work in respect of amounts and disclosures that were not audited under the financial statement and Threshold Compliance Statement audits, 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 2009 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, the annual audit of the company's financial statements and Threshold Compliance Statements carried out on behalf of the Auditor-General, and an internal controls review, we have no relationship with or interests in the company.

## Unqualified Opinions

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 2009 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 2009 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 2009 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.



Julian Tan  
Audit New Zealand  
On behalf of the Auditor-General  
PO Box 2  
Christchurch  
12 August 2009