



**OtagoNet Joint Venture**

**INFORMATION DISCLOSURE PREPARED  
IN ACCORDANCE WITH  
SUBPART 3 OF PART 4A OF THE COMMERCE ACT 1986**

**FOR THE YEAR ENDED 31 MARCH 2010**

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## 1. INTRODUCTION

These Information Disclosure documents are submitted by OtagoNet Joint Venture pursuant to subpart 3 of Part 4A of the Commerce Act 1986 in accordance with:

- The Electricity Information Disclosure Requirements issued 31 March 2004, consolidating all amendments to 31 October 2008,
- The Electricity Distribution (Information Disclosure) Requirements 2008,
- The Electricity Information Disclosure Handbook (as amended 31 October 2008), and
- The Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Lines Businesses (30 August 2004).

## 2. INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2010 Information Disclosure package issued by OtagoNet Joint Venture has been prepared in accordance with the requirements listed above.

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

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

The financial information presented is for the line business as described within the Requirements.

OtagoNet Joint Venture has no non-contiguous networks and is not consumer controlled and therefore additional disclosures under clauses 6(1)(b) and 6(1)(c) of the Electricity Distribution (Information Disclosure) Requirement 2008 are not required.

3. SCHEDULES

REPORT FS1: REGULATORY PROFIT STATEMENT		Electricity Distribution Business:	OtagoNet Joint Venture
ref		For Year Ended	2010
5			
6	<b>Income</b>		
7			(\$000)
8	Net Line Charge Revenue Received	25,337	
9	plus Discretionary Discounts and Customer Rebates	-	FS1a
10	<b>Gross Line Charge Income</b>	25,337	
11			
12			
13	Capital Contributions	696	
14	plus Net Value of Vested Assets	-	
15	<b>Total Capital Contributions and Vested Assets</b>	696	
16			
17	AC Loss Rental Rebates Received	382	
18	less AC Loss Rental Rebates Passed On	-	
19	<b>Net AC loss rental income (deficit)</b>	382	
20			
21			
22	<b>Other Income</b>	318	
23		318	
24			
25	<b>Total regulatory income</b>	26,733	
26			
27			
28	<b>Expenses</b>		
29			
30	Transmission Charges - Payments to Transpower	5,478	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	446	
32	<b>Total Transmission Costs</b>	5,924	
33			
34	<b>Operational Expenditure:</b>		
35	General Management, Administration and Overheads	1,511	
36	System Management and Operations	99	
37	Routine and Preventative Maintenance	1,174	to AM1
38	Refurbishment and Renewal Maintenance	632	to AM1
39	Fault and Emergency Maintenance	1,434	to AM1
40	Pass-through Costs	169	
41	Other		
42	<b>Total Operational Expenditure</b>	5,019	to MP2
43			
44			
45	<b>Operational earnings</b>	15,790	
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	4,534	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	71	from AV1
50	<b>Total Regulatory Depreciation</b>	4,605	to FS3
51			
52			
53	<b>Earnings before interest and tax (EBIT)</b>	11,185	to FS3
54			
55	less Regulatory Tax Allowance	1,570	from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	2,268	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	<b>Regulatory profit / loss (pre-financing and distributions)</b>	11,883	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>	-	

75	<b>FS1b: Related party expenditure - summary</b>		<b>(\$000)</b>
76	Avoided Transmission Charges	-	
77	Operational Expenditure	2,736	
78	Subvention Payment	-	
79	Other related party expenditure	3,251	
80	<b>Total Related Party Expenditure</b>	5,987	
81	<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>		
83			
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	1,201	<i>Notes to be provided separately</i>
94	within expenditure category:	Fault and Emergency Maintenance	
95			
96	Material item amount 2	1,139	<i>Notes to be provided separately</i>
97	within expenditure category:	Routine and Preventative Maintenance	
98			
99	Material item amount 3	1,059	<i>Notes to be provided separately</i>
100	within expenditure category:	General Management, Administration	
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:	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*

FS1(b) For further details, refer to separate note on Page 20.

FS1(c) Further description of FS1(c) – Material Items

Material Item 1 \$1,201,000 for Contractor Services  
 Material Item 2 \$1,139,000 for Contractor Services  
 Material Item 3 \$1,059,000 for Management Fee

FS1(e) Under the Transitional Provisions, this information is not required to be disclosed for the current year.

**REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT**

ref		Electricity Distribution Business:	<b>OtagoNet Joint Venture</b>
			For Year Ended <b>2010</b>
5			
6			
7	<b>Capital Expenditure on System Fixed Assets (by primary purpose)</b>		<b>(\$000)</b>
8	Customer Connection	867	<i>to AM1</i>
9	System Growth	617	<i>to AM1</i>
10	Reliability, Safety and Environment	276	<i>to AM1</i>
11	Asset Replacement and Renewal	4,647	<i>to AM1</i>
12	Asset Relocations	19	<i>to AM1</i>
13	<b>Total Capital Expenditure on System Fixed Assets</b>	<b>6,426</b>	<i>to AM1</i>
14			
15			
16	<b>Capital Expenditure on Non-System Fixed Assets</b>	<b>-</b>	<i>from AV1</i>
17			
18			
19	<b>Capital works roll-forward (for System Fixed Assets)</b>		
20	Works Under Construction at Beginning of Year	932	
21	plus Total Capital Expenditure on System Fixed Assets	6,426	
22	less Assets Commissioned in Year	6,058	<i>from AV1</i>
23	<b>Works under construction at year end</b>	<b>1,300</b>	
24			
25			
26	<b>Regulatory Investment Value calculation</b>		
27	System Fixed Assets: regulatory value at end of Previous Year	110,838	<i>from AV1</i>
28	Non-System Fixed Assets: regulatory value at end of Previous Year	1,477	<i>from AV1</i>
29	Finance During Construction Allowance (on System Fixed assets)	2,716	2.45%
30	<b>Total Regulatory Asset Base value at beginning of Current Financial Year</b>	<b>115,030</b>	
31			
32	plus (System Fixed Assets Commissioned in Year	6,058	<i>from AV1</i>
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	<i>from AV1</i>
34	Non-System Fixed Assets: Asset Additions	-	<i>from AV1</i>
35	Regulatory Asset Base investment in Current Financial Year - total	6,058	
36	<b>Regulatory Asset Base investment in Current Financial Year - average</b>	<b>3,029</b>	
37			
38	plus (minus) where a merger or acquisition has taken place within the year		
39	<b>Adjustment for merger, acquisition or sale to another EDB</b>	<b>-</b>	<i>from AV4</i>
40			
41	<b>Regulatory Investment Value</b>	<b>118,059</b>	<i>to MP2</i>

**REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION**

ref		Electricity Distribution Business: <b>OtagoNet Joint Venture</b>		
5			For Year Ended	<b>2010</b>
6				
7				<b>(\$000)</b>
8		<b>Earnings before interest and tax (EBIT)</b>	11,185	from FS1
9				
10	add	Total Regulatory Depreciation	4,605	from FS1
11		Other Permanent Differences - not deductible	-	
12		Other Temporary Adjustments - Current Period	-	
13			4,605	
14				
15	less	Non Taxable Capital Contributions and Vested Assets	696	
16		Tax Depreciation	7,205	
17		Deductible Discretionary Discounts and Customer Rebates	-	
18		Deductible Interest	2,607	from row 53
19		Other Permanent Differences - Non Taxable	48	
20		Other Temporary Adjustments - Prior Period	-	
21			10,556	
22				
23		<b>Regulatory taxable income for Year</b>	<b>5,234</b>	
24				
25	less	Tax Losses Available at Start of Year	-	
26		<b>Net taxable income</b>	<b>5,234</b>	
27				
28		Statutory Tax Rate	30%	
29		<b>Regulatory Tax Allowance</b>	<b>1,570</b>	to FS1

**Notes to Regulatory Tax Allowance Calculation**

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

48	<b>FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)</b>			
49				
50	Standard Debt Leverage Assumption (debt/total assets)	40%	%	
51				
52	Standard Cost of Debt Assumption	5.52%	%	
53				
54	Deductible Interest	2,607	\$000	to row 18
55				
56	Interest Tax Shield Adjustment	782	\$000	to MP2

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business: OtagoNet Joint							
	For Year Ended: 2010 Year of most recent ODV: 2004							
	(\$'000)							
	ODV Year + 1	ODV Year + 2	ODV Year + 3	ODV Year + 4	ODV Year + 5	ODV Year + 6		
	2005	2006	2007	2008	2009	2010		
9	For Year Ending:							
11	<b>System Fixed Assets</b>							
12	Regulatory Value at End of Previous Year*	91,372	91,985	95,589	99,380	105,875	110,838	to FS2
13	plus							
14	Assets Commissioned	1,630	4,307	5,140	7,379	6,113	6,058	to FS2
15	Gross Value of Vested Assets	-	-	-	-	-	-	to FS1
16	Assets Acquired from (Sold to) a Non-EDB	-	-	-	-	-	-	to FS2
17	<b>Asset Additions</b>	1,630	4,307	5,140	7,379	6,113	6,058	
18	plus							
19	<b>Indexed Revaluation</b>	2,462	3,089	2,426	3,345	3,144	2,268	to FS1
20	less							
21	Depreciation of System Fixed Assets	3,460	3,591	3,733	3,966	4,060	4,429	
22	Regulatory Value of Assets Decommissioned	19	200	42	264	234	105	
23	<b>Regulatory Depreciation (incl. value of assets decommissioned)</b>	3,479	3,791	3,775	4,230	4,294	4,534	to FS1
24	plus (minus)							
25	Acquisition of System Fixed Assets from another EDB	-	-	-	-	-	-	from AV4
26	less Sale of System Fixed Assets to another EDB	-	-	-	-	-	-	from AV4
27	<b>Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB</b>	-	-	-	-	-	-	
28	plus (minus)							
29	<b>Net Increase (Decrease) Due to Changes in Asset Register Information</b>	-	-	-	-	-	4,331	
30								
31	<b>Regulatory Value of System Fixed Assets at Year End</b>	91,985	95,589	99,380	105,875	110,838	118,961	
32								
33								
34								
35	<b>Non-System Fixed Assets</b>							
36	Regulatory value at end of previous year	876	1,181	1,140	1,174	1,129	1,477	
37	plus							
38	Asset Additions	336	7	79	1	412	-	to FS2
39	plus Revaluations	-	-	-	-	-	-	to FS1
40	less Depreciation (incl. value of assets decommissioned)	31	48	45	46	64	71	to FS1
41	plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-	-	from AV4
42	<b>Regulatory Value of Non-System Fixed Assets at Year end</b>	1,181	1,140	1,174	1,129	1,477	1,406	
43								
44								
45	<b>Total Regulatory Asset Base Value (excluding FDC)</b>	93,166	96,729	100,554	107,004	112,315	120,367	
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							

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	For Year Ended							
60	2005	2006	2007	2008	2009	2010		
61	CPI at CPI reference date	953	985	1010	1044	1075	1097	
62	<b>Revaluation Rate</b>	2.69%	3.36%	2.54%	3.37%	2.97%	2.05%	
63								
64	System Fixed Assets: Regulatory Value at End of Previous Year	91,372	91,985	95,589	99,380	105,875	110,838	
65	<b>Indexed Revaluation of System Fixed Assets</b>	2,462	3,089	2,426	3,345	3,144	2,268	to FS1, AV1

68	<b>AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB</b>						(\$'000)	
69	For Year Ended						2010	
70	2005	2006	2007	2008	2009	2010		
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: **OtagoNet Joint**  
For Year Ended: **2010**

ref	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)
11	<b>System Fixed Assets</b>							
12	Regulatory Value of System Fixed Assets (as per most recent ODV)							
13	12,056	14,669	46,973	514	13,380	3,412	368	91,372
14								
15	<b>Cumulative roll-forward since most recent ODV:</b>							
16	Asset Additions							
17	Indexed Revaluation (of System Fixed Assets)							
18	less Regulatory Depreciation (of System Fixed Assets)							
19	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB							
20	Net Increase (Decrease) Due to Changes in Asset Register Information							
21	<b>Regulatory Value of System Fixed Assets at Year End</b>							
								118,961

from AV1  
from AV1  
from AV1  
from AV1  
from AV1  
from AV1

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT		Electricity Distribution Business: <b>OtagoNet Joint Venture</b>	
ref		For Year Ended:	<b>2010</b>
5			
6	<b>System Fixed Assets - Replacement Cost</b>		
7		<b>(\$000)</b>	
8	Replacement cost at end of previous year	253,669	
9			
10	Asset Additions	6,058	AV3a
11	Indexed Revaluation (of System Fixed Assets)	5,191	
12	less Replacement Cost of Assets Decommissioned	563	
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	10,105	
15	<b>Replacement cost of System Fixed Assets at year end</b>	<b>274,460</b>	
16			
17			
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>		
19			
20	Depreciated Replacement Cost at end of previous year	115,460	
21			
22	Asset Additions	6,058	AV3a
23	Indexed Revaluation (of System Fixed Assets)	2,363	
24	less Depreciation of Replacement Cost	4,470	
25	less Depreciated Replacement Cost of Assets Decommissioned	104	
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	4,331	
28	<b>Depreciated replacement cost of System Fixed Assets at year end</b>	<b>123,638</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	6,058	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>6,058</b>	
42			

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

Electricity Distribution Business: OtagoNet Joint Venture

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

As at (date): 31/03/2010

Proportion of year following transfer of assets: 0%

12 **PART 1: Most recent ODV valuation of System Fixed Assets transferred** (\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
14 Replacement Cost (RC)								-
15 less Depreciation								-
17 <b>Depreciated Replacement Cost (DRC)</b>	-	-	-	-	-	-	-	-
18 less Optimisation adjustment								-
19 <b>Optimised Depreciated Replacement Cost (ODRC)</b>	-	-	-	-	-	-	-	-
21 less Economic Value Adjustment (EVA)								-
22 <b>Most recent ODV value</b>	-	-	-	-	-	-	-	-

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)	-		-
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 Acquisition of Assets from Another EDB	-	-	to AV1
37 Sale of Assets to Another EDB	-	-	to AV1
38 RAB Value of Transferred Assets at Transfer Date	-		
39 "p" factor (proportion of year following transfer of assets)	0%		
40 <b>Adjustment for merger, acquisition or sale to another EDB</b>	-	-	to FS2

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 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		-
49 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-

52 Signed by: Selling Entity

53 Acquiring Entity

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

Electricity Distribution Business: OtagoNet Joint Venture

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

As at (date): 31/03/2010

Proportion of year following transfer of assets 0%

12 **PART 1: Most recent ODV valuation of System Fixed Assets transferred** (\$'000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
14 Replacement Cost (RC)								-
15 less Depreciation								-
16 <b>Depreciated Replacement Cost (DRC)</b>	-	-	-	-	-	-	-	-
17								-
18 less Optimisation adjustment								-
19 <b>Optimised Depreciated Replacement Cost (ODRC)</b>	-	-	-	-	-	-	-	-
20								-
21 less Economic Value Adjustment (EVA)								-
22 <b>Most recent ODV Value</b>	-	-	-	-	-	-	-	-
23								-
24								-

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 Signed by: Selling Entity

53

54 Acquiring Entity

55

56

57

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

Electricity Distribution Business: OtagoNet Joint Venture

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

As at (date): 31/03/2010

Proportion of year following transfer of assets: 0%

12 **PART 1: Most recent ODV valuation of System Fixed Assets transferred** (\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
13 Replacement Cost (RC)								-
14 less Depreciation								-
15 <b>Depreciated Replacement Cost (DRC)</b>	-	-	-	-	-	-	-	-
16 less Optimisation adjustment								-
17 <b>Optimised Depreciated Replacement Cost (ODRC)</b>	-	-	-	-	-	-	-	-
18 less Economic Value Adjustment (EVA)								-
19 <b>Most recent ODV Value</b>	-	-	-	-	-	-	-	-

24 **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 <b>Cumulative roll-forward since most recent ODV:</b>			
29 Asset Additions			
30 Indexed Revaluation (of System Fixed Assets)			
31 less Regulatory Depreciation (of System Fixed Assets)			
32 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
33 Net Increase (Decrease) Due to Changes in Asset Register Information			
34 <b>RAB Value of Transferred Assets at Transfer Date</b>	-		-
35 Acquisition of Assets from another EDB	-	-	to AV1
36 Sale of Assets to another EDB	-	-	to AV1
37 RAB Value of Transferred Assets at Transfer Date	-		
38 "p" factor (proportion of year following transfer of assets)	0%		
39 <b>Adjustment for merger, acquisition or sale to another EDB</b>		-	to FS2

40 **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
41 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	-	-
42 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC	-	-

43 Signed by: Selling Entity

44 Acquiring Entity

**REPORT MP1: NETWORK INFORMATION**

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business:	OtagoNet Joint Venture	
6		For Year Ended:	2010
7	Network Name:	OtagoNet Joint Venture <small>(enter "Total Business" or name of network)</small>	
9	Disclosure:	Annual Disclosure - Requirement 6(1)	
10	<b>Circuit Length by Operating Line Voltage (at year end)</b>	<b>Overhead (km)</b>	<b>Underground (km)</b>
11		<b>Total (km)</b>	
12	> 66kV	-	-
13	50kV & 66kV	74	-
14	33kV	537	1
15	SWER (all SWER voltages)	1,032	-
16	22kV (other than SWER)	-	-
17	6.6kV to 11kV (inclusive - other than SWER)	2,199	15
18	Low Voltage (< 1kV)	506	22
19	<b>Total circuit length (for Supply)</b>	<b>4,348</b>	<b>39</b>
20			<b>4,387</b> <small>to MP2</small>
21	<b>Dedicated Street Lighting Circuit Length</b>	<b>1</b>	<b>0</b>
22			<b>1</b>
23	<b>Overhead Circuit Length by Terrain (at year end)</b>	<b>(km)</b>	<b>(%)</b>
24	Urban (only)	271	6%
25	Rural (only)	1,792	41%
26	Remote (only)	519	12%
27	Rugged (only)	-	0%
28	Rural & rugged (only)	1,267	29%
29	Remote & rugged (only)	496	11%
30	Unallocated overhead lines	3	0%
31	<b>Total overhead length</b>	<b>4,348</b>	<b>100%</b>
32			
33			
34	<b>Transformer capacity (at year end)</b>		<b>Previous Year</b>
35	Distribution Transformer Capacity (EDB Owned)	154 MVA	147
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	38 MVA	38
37	<b>Total Distribution Transformer Capacity</b>	192 MVA (to MP2)	185
38			
39	Zone Substation Transformer Capacity	158 MVA	157
40			
41	<b>System Fixed Assets age (at year end)</b>		
42	Average Age of System Fixed Assets	28 Years	
43	Average Expected Total Life of System Fixed Assets	51 Years	
44	Average Age as a Proportion of Average Expected Total Life	55%	
45			
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	36%	
47			
48			
49			
50			
51	<b>Electricity demand</b>	<b>Maximum coincident system demand (MW)</b>	<b>Non-coincident Sum of maximum demands (MW)</b>
52			
53	<b>GXP Demand</b>	55	62
54	<i>plus</i> Embedded Generation Output at HV and Above	5	
55	<b>Maximum System Demand</b>	61	
56	<i>less</i> Net Transfers to (from) Other EDBs at HV and Above	-	
57	<b>Demand on system for supply to customers' Connection Points</b>	61	
58	<i>less</i> Subtransmission Customers' Connection Point Demand	-	
59	<b>Maximum Distribution Transformer Demand</b>	61	
60			<small>to MP2</small>
61	GXP Demand not Supplied at Subtransmission Level	-	
62	Embedded Generation Output - Connected to Subtransmission System	5	14
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>	16	
66			
67	<b>Five-Year System Maximum Demand Growth Forecast</b>	2.0 % p.a.	
68			
69	<b>Electricity volumes carried</b>	<b>(GWh)</b>	
70	Electricity Supplied from GXPs	354	
71	<i>less</i> Electricity Exports to GXPs	-	
72	<i>plus</i> Electricity Supplied from Embedded Generators	60	
73	<i>less</i> Net Electricity Supplied to (from) Other EDBs	-	
74	<b>Electricity entering system for supply to customers' Connection Points</b>	414	
75	<i>less</i> Electricity Supplied to Customers' Connection Points	385	
76	<b>Electricity Losses (loss ratio)</b>	29	7.1% %
77			<small>to MP2</small>
78	Electricity Supplied to Customers' Connection Points	385	
79	<i>less</i> Electricity Supplied to Largest 5 Connection Points	219	
80	<b>Electricity supplied other than to Largest 5 Connection Points</b>	166	43% %
81			
82	<b>Load Factor</b>	78% %	
83			
84	<b>Number of Connection Points (at year end)</b>	14,768 ICPs	<small>to MP2</small>
85			
86	<b>Intensity of service requirements</b>		
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	14 kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	88 MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	3 ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	26,039 kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES		Electricity Distribution Business: <b>OtagoNet Joint Venture</b>				
		For Year Ended: <b>2010</b>				
Performance comparators		Previous Years:			Current Financial Year	
		Current Yr - 3	Current Yr - 2	Current Yr - 1		
9	<b>Operational expenditure ratio</b>					
10	Total Operational Expenditure		4	5	5 \$m from FS1	
11	Replacement Cost of System Fixed Assets (at year end*)		241	254	274 \$m from AV3	
12	<b>Ratio (%)</b>	Not defined	1.75%	2.12%	<b>1.83%</b> %	
14	<b>Capital expenditure ratio</b>					
15	Total Capital Expenditure on System Fixed Assets		7	5	6 \$m from FS2	
16	Replacement Cost of System Fixed Assets (at year end*)		241	254	274 \$m from AV3	
17	<b>Ratio (%)</b>	Not defined	3.06%	2.05%	<b>2.34%</b> %	
18	<b>Capital expenditure growth ratio</b>					
19	Capital Expenditure: Customer Connection and System Growth		-	-	1 \$m from FS2	
20	Change in Total Distribution Transformer Capacity		(0)	2	7 MVA from MP1	
21	<b>\$/kVA</b>	Not defined	-	-	<b>206</b> \$/kVA	
24	<b>Renewal expenditure ratio</b>					
25	Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal		-	-	5 \$m from FS1 & 2	
26	Regulatory Depreciation of System Fixed Assets		4	4	5 \$m from AV1	
27	<b>Ratio (%)</b>	Not defined	0%	0%	<b>116%</b> %	
29	<b>Distribution Transformer Capacity Utilisation</b>					
30	Maximum Distribution Transformer Demand	54	56	60	61 MW from MP1	
31	Total Distribution Transformer Capacity (at year end*)	146	183	185	192 kVA from MP1	
32	<b>Ratio (%)</b>	37.3%	30.7%	32.4%	<b>31.5%</b> %	
34	<b>Return on Investment</b>					
35	Regulatory Profit / Loss (pre-financing and distributions)		13	14	12 \$m from FS1	
36	less Interest Tax Shield Adjustment		1	1	1 \$m from FS3	
37	Adjusted Regulatory Profit	-	12	13	11 \$m	
38	Regulatory Investment Value		107	113	118 \$m from FS2	
39	<b>Ratio (%)</b>	Not defined	11.51%	11.23%	<b>9.40%</b> %	
41	* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.					
42	<b>Expenditure comparison table</b>	<b>Expenditure metrics (\$ per):</b>				
43		<b>Total circuit length (for Supply) (\$/km)</b>	<b>Electricity Supplied to Customers' Connection Points (\$/MWh)</b>	<b>Maximum coincident system demand (\$/MW)</b>	<b>Connection Point (\$/ICP)</b>	<b>Distribution Transformer Capacity (EDB-Owned) (\$/MVA)</b>
47	<b>Capital Expenditure (\$) per</b>	1,465	17	106,058	435	41,628 from FS2 & MP1
48	<b>Operational Expenditure (\$) per</b>	1,144	13	82,836	340	32,513 from FS1 & MP1

**Note -** Previous years information on Distribution Transformer Capacity Utilisation has been extracted from the 2006/2007 Information Disclosure Accounts. In previous years, only ELB-owned transformer capacity was disclosed.

Under the Transitional Provisions, there is no requirement to provide prior to 2008 year information for Operational Expenditure Ratio, Capital Expenditure Ratio, Capital Expenditure Growth Ratio, Renewal Ratio and Return on Investment. The current year information for Capital Expenditure Growth Ratio and Renewal Expenditure Ratio are not required to be disclosed.

Due to rounding and automatic calculations in the spreadsheets there may be minor summing variances.

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

Electricity Distribution Business: **OtagoNet Joint**  
For Year Ended: **2010**

Network Name: **OtagoNet Joint Venture**  
Disclosure: **Annual Disclosure - Requirement 6(1)**

**QUALITY**

**Interruptions**

**Interruptions by class**

Class A	-	planned interruptions by Transpower:
Class B	404	planned interruptions on the network
Class C	192	unplanned interruptions on the network
Class D	3	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	-	unplanned interruptions of generation (non-network)
Class G	-	unplanned interruptions caused by other electricity industry participant
Class H	-	planned interruptions caused by other electricity industry participant
<b>Total</b>	<b>599</b>	<b>Total of above</b>

**Interruption targets for Forecast Year**

Class B	2011	Current Financial Year +1
Class C	291	planned interruptions on the network
	180	unplanned interruptions on the network

**Average interruption targets for 5 Forecast Years**

Class B	2011-2015	Current Financial Year +1 to +5
Class C	285	planned interruptions on the network
	176	unplanned interruptions on the network

**Class C interruptions restored within**

	≤3Hrs	>3hrs
	138	54

**Faults**

**Faults per 100 circuit kilometres**

The total number of faults for Current Financial Year	4.74	in year	2010
The total number of faults forecast for the Forecast Year	3.98	in year	2011
The average annual number of faults forecast for the 5 Forecast Years	3.90	average over years	2011-2015

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

	6.6kV & 11kV non-SW	22kV non-SW	SWER	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Yes	No	Yes	Yes	Yes	No
Current Financial Year	6.14		3.25	2.54	1.35	
Forecast Year	4.54		4.54	1.23	-	
Average annual for 5 Forecast Years	4.45		4.45	1.21	-	

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

	6.6kV & 11kV non-SW	22kV non-SW	SWER	33kV	50kV & 66kV	>66kV
Underground	-		-	-	-	
Overhead	6.17		3.25	2.54	1.35	

**Reliability**

**Overall reliability**

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	341.20	3.78	90.32

**Reliability by interruption class**

Class B	SAIDI	SAIFI	CAIDI
Class C	168.90	0.74	228.50
	163.74	2.52	64.98

**Targets for Forecast Year**

Class B	SAIDI	SAIFI	CAIDI
Class C	162.92	0.60	271.53
	157.95	2.05	77.05

**Average targets for 5 Forecast Years**

Class B	SAIDI	SAIFI	CAIDI
Class C	161.30	0.60	268.83
	156.37	2.03	77.03

**PRICES**

**Price information by Connection Point Class**

	<b>Connection Point Class</b>				
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total
Gross line charge income (\$000)	15,591	3,638	2,785	3,324	25,337
Electricity Supplied to Customers' Connection Points (MWh)	100,695	29,359	35,542	218,951	384,547
Number of Connection Points (ICPs) at year end	14,182	480	101	5	14,768
Unit Price (cents/kWh)	15.5	12.4	7.8	1.5	6.6
Relative Unit Price Index	1.00	0.80	0.51	0.10	0.43



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

**Notes to Price and Quality Measures**

89	<b>MP3a: Connection Point Class breakpoints</b>	
90		
91	<b>Connection Point Class breakpoints methodology</b>	kVA based breakpoints
92		
93	<b>kVA based breakpoints - additional disclosure</b>	
94	Breakpoint between small and medium classes	20 kVA
95	Breakpoint between large and medium classes	100 kVA
96		

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

ref		Electricity Distribution Business: OtagoNet Joint	
		For Year Ended 2010 (\$000)	
5	<b>A) Five year forecasts of expenditure</b>		
6	<i>From most recent Asset Management Plan</i>		
7		<b>Actual for Current Financial Year</b>	<b>Forecast Years</b>
8			<b>year 1 year 2 year 3 year 4 year 5</b>
9	<i>for year ended</i>	<b>2010</b>	<b>2011 2012 2013 2014 2015</b>
10	Capital Expenditure: Customer Connection	867	1,006 1,036 1,067 1,099 1,132
11	Capital Expenditure: System Growth	617	2,604 2,451 2,493 9 9
12	Capital Expenditure: Reliability, Safety and Environment	276	1,307 596 270 752 556
13	Capital Expenditure: Asset Replacement and Renewal	4,647	5,581 6,357 6,977 8,733 8,574
14	Capital Expenditure: Asset Relocations	19	- - - - -
15	<b>Subtotal - Capital Expenditure on asset management</b>	<b>6,426</b>	<b>10,498 10,440 10,807 10,593 10,271</b>
16			
17	Operational Expenditure: Routine and Preventative Maintenance	1,174	1,371 1,292 1,233 1,217 1,254
18	Operational Expenditure: Refurbishment and Renewal Maintenance	632	1,069 1,112 1,129 1,161 1,196
19	Operational Expenditure: Fault and Emergency Maintenance	1,434	1,507 1,553 1,599 1,648 1,697
20	<b>Subtotal - Operational Expenditure on asset management</b>	<b>3,240</b>	<b>3,947 3,957 3,961 4,026 4,147</b>
21			
22	<b>Total direct expenditure on distribution network</b>	<b>9,666</b>	<b>14,445 14,397 14,768 14,619 14,418</b>
23			
24	<b>Overhead to Underground Conversion Expenditure</b>	<b>-</b>	<b>331 - - - -</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>The Overhead to Underground expenditure for the first forecast year is included in the "Capex: Reliability, Safety and Environment category".</i>
27			
28			
30	<b>B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure</b>		
32		<b>Actual for Current Financial Year (a)</b>	<b>Previous forecast for Current Financial Year (b) % Variance (a)/(b)-1</b>
33			
34	Capital Expenditure: Customer Connection	867	1,206 -28.1%
35	Capital Expenditure: System Growth	617	483 27.7%
36	Capital Expenditure: Reliability, Safety and Environment	276	484 -43.0%
37	Capital Expenditure: Asset Replacement and Renewal	4,647	4,822 -3.6%
38	Capital Expenditure: Asset Relocations	19	16 18.8%
39	<b>Subtotal - Capital Expenditure on asset management</b>	<b>6,426</b>	<b>7,011 -8.3%</b>
40			
41	Operational Expenditure: Routine and Preventative Maintenance	1,174	1,152 1.9%
42	Operational Expenditure: Refurbishment and Renewal Maintenance	632	558 13.3%
43	Operational Expenditure: Fault and Emergency Maintenance	1,434	1,282 11.9%
44	<b>Subtotal - Operational Expenditure on asset management</b>	<b>3,240</b>	<b>2,992 8.3%</b>
45			
46	<b>Total direct expenditure on distribution network</b>	<b>9,666</b>	<b>10,003 -3.4%</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>		Capex: Customer Connections - down due to economic downturn.
53			Capex: System Growth - up because of new project undertaken which was not known of at budget time.
54			Capex: Reliability, Safety and Environment - down due to two projects delayed due to scoping and consent issues.
55			Capex: Asset Relocation - one job cost more than budget.
56			Opex: Refurbishment and Renewal - Up due to more work identified and addressed after comprehensive line condition survey.
57			Opex: Fault and Emergency - up due to the number and severity of faults being higher than expected.
58			
59			
60			
61			
62			
63			

**4. TRANSITIONAL PROVISIONS**

	2010	2009	2008	2007	2006	2005
Direct line Costs per Kilometre	\$997	\$1,115	\$879	\$817	\$622	\$500
Indirect Line Costs per ICP	\$52	\$42	\$39	\$40	\$36	\$32

**5. RELATED PARTY NOTE**

The parties to the OtagoNet Joint Venture consist of Marlborough Lines Limited, Electricity Invercargill Limited and The Power Company Limited through their respective subsidiaries Southern Lines Limited, Pylon Limited and Last Tango Limited. All transactions between OtagoNet Joint Venture and its joint venture parties relate to normal trading conditions and have been conducted on an “arms length” basis.

Otago Power Services Limited and OtagoNet Limited have the same ownership as the OtagoNet Joint Venture, and their control is governed by the same Joint Venture Agreement. All transactions between the OtagoNet Joint Venture and Otago Power Services Limited relate to normal trading conditions and have been conducted on an “arms length” basis. OtagoNet Limited was established to hold easement arrangements on behalf of the OtagoNet Joint Venture. There were no transactions between OtagoNet Limited and OtagoNet Joint Venture.

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

**Goods and Services Provided by Otago Power Services Limited were:**

	<b>31 March 2010 \$000</b>
Construction of:	
➤ Subtransmission assets	186
➤ Zone substations	612
➤ Distribution and LV Lines	1,664
➤ Medium voltage switchgear	94
➤ Distribution transformers and substations	508
➤ Distribution and LV cables	138
➤ Other system fixed assets	49
Maintenance of assets	2,736
Consumer connections and disconnections	-

Capital work is subject to open tender or competitive pricing.

Maintenance work is charged in accordance with a competitively priced facilities management contract established for a fixed term. The maintenance of assets undertaken by Otago Power Services Limited of \$2,736,000 is also disclosed in FS1 operating expenditure.

At year end \$750,000 was owing to Otago Power Services Limited.

**Goods and Services Provided to Otago Power Services Limited were:**

Rent	65
------	----

At year end \$6,000 was owing by Otago Power Services Limited.

## 6. AUDITORS' REPORT



**AUDITOR'S INDEPENDENT ASSURANCE REPORT  
TO THE MANAGEMENT COMMITTEE OF OTAGONET JOINT VENTURE  
REPORT ON OTAGONET JOINT VENTURE'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 OtagoNet Joint Venture (the joint venture). The Auditor-General has appointed me, Michael Wilkes, using the staff and resources of Deloitte, to provide an opinion on the compliance of the attached reports prepared by the joint venture 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 Management Committee 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 joint venture 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 joint venture.

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 joint venture's compliance with the Requirements are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the joint venture may not have complied with the Requirements. Our opinion has been formed on the above basis.

### **Basis of Opinion**

The joint venture's financial statements for the year ended 31 March 2010 have been subject to audit. The audit opinion on the financial statements of the joint venture for the year ended 31 March 2010 was unqualified and was dated 28 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 joint venture in the preparation of the disclosure information.

**AUDITORS' REPORT***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 audit has been limited to agreeing the amounts and disclosures to the underlying records and audited financial statements of the joint venture.

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 joint venture, 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 joint venture's financial statements carried out on behalf of the Auditor-General, we have no relationship with or interests in the joint venture.

**Unqualified Opinions**

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

In our opinion:

- The joint venture 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 joint venture for the financial year ended 31 March 2010 complies with the Requirements.

## AUDITORS' REPORT

*Historical Financial and Non-Financial Information*

In our opinion, the joint venture 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 joint venture.

*Prospective Financial and Non-Financial Information*

In our opinion, the joint venture 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 joint venture.

A handwritten signature in black ink, appearing to read "Michael Wilkes".

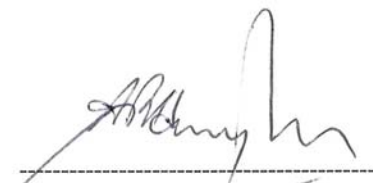
Michael Wilkes  
DELOITTE  
On behalf of the Auditor-General  
Christchurch, New Zealand  
30 August 2010

## 7. DIRECTORS' CERTIFICATE

### CERTIFICATE FOR DISCLOSED INFORMATION


We, Alan Bertram Harper and Neil Douglas Boniface, directors of Companies that are party to the OtagoNet Joint Venture certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of OtagoNet Joint Venture 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; and
- x. Report MP3: Price and Quality Report.



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**Alan Harper**  
Chairman



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**Terry Shagin**  
Member

30 August 2010



