

SCHEDULE 13
FORM 1 – CERTIFICATE FOR DISCLOSED INFORMATION

Pursuant to Requirement 11(1)

We, Paul Donald LeGros and Kenneth John Forrest, directors of Nelson Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Nelson Electricity Limited prepared for the purposes of requirement 3, 4, 6 and 7(5) of the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 complies with those Requirements –

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



Paul Donald LeGros
31 August 2011



Kenneth John Forrest
31 August 2011

SCHEDULE 16
FORM 4 – STATUTORY DECLARATION FOR PUBLICLY DISCLOSED
INFORMATION

For the Financial Year Ended 31 March 2011

Pursuant to Requirement 13(1)

I, *Paul Donald LeGros of Nelson*, being Chairman of *Nelson Electricity Limited* solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by *Nelson Electricity Limited* under the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008.

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

Declared at Nelson this 31 day of August 2011.

P D LeGros

Justice of the Peace
or Solicitor

Teresa Gargiulo
Solicitor
Duncan Cotterill
Nelson



AUDITOR'S INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF NELSON ELECTRICITY LIMITED

REPORT ON NELSON ELECTRICITY LIMITED'S COMPLIANCE WITH THE ELECTRICITY DISTRIBUTION (INFORMATION DISCLOSURE) REQUIREMENTS 2008 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The Auditor-General is the auditor of Nelson Electricity Limited (the company). The Auditor-General has appointed me, Michael Wilkes, using the staff and resources of Deloitte, to carry out the audit of the attached reports prepared by the company on her behalf.

Deloitte has been engaged to provide an independent assurance report on behalf of the Auditor-General on the attached reports prepared by the company in compliance with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements) for the financial year ended 31 March 2011. In this independent assurance report the attached reports are called the 'Disclosure Information'.

Directors and Auditors Responsibilities

The company's Directors are responsible for ensuring that the Disclosure Information is prepared in accordance with the Requirements and for such internal controls as the Directors determine are necessary to ensure the information provided is free from misstatement, whether due to fraud or error.

We are qualified as an auditor, on behalf of the Auditor-General, and as required under clause 10 of the Requirements we are required to provide an independent 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 2011.

Use of this Independent Assurance Report

This independent assurance report has been prepared solely for the Directors to discharge the Auditor-General's responsibilities under the Requirements for the financial year ended 31 March 2011. We disclaim any assumption of responsibility for any reliance on this report to any person or use other than the Directors of the company, or for any other purpose than that for which it was prepared.

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

Basis of Opinion

We conducted this assurance engagement in accordance with International Standards on Auditing, International Standards on Auditing (New Zealand) and the Statement on Assurance Engagements 3100: Compliance Engagements (SAE 3100) with the objective of providing reasonable assurance on the company's compliance with the requirements of the Requirements, in all material respects.

The professional standards require that we comply with ethical requirements and plan and perform the assurance engagements to obtain reasonable assurance about whether the information as provided is free from material misstatement.



Considering materially requires that we understand the factors that might influence the decisions of the intended users of the information in the Disclosure Information and the overall compliance with the Requirements. The procedures selected depend on judgment, including the assessment of the risks of material misstatement, whether due to fraud, error or other reasons. In evaluating those risks we consider the internal controls that are relevant to the company's provision of the information in the Disclosure Information in order to design assurance procedures that are appropriate in the circumstances. We do not express an opinion of the effectiveness of the company's internal controls.

In relation to the Requirements, our assurance procedures include examination, on a test basis, of evidence relevant to each item of information in the Disclosure Information. Specifically, our assurance procedures include examining, on a test basis, evidence to support the information in the Disclosure Information, examination of internal and externally generated documents and records relevant to information, interviewing selected personnel, and such other procedures as we considered necessary.

These procedures included:

- Reviewing the methodologies used in preparing the Disclosure Information and confirming that they are in accordance with the Requirements;
- Testing whether the calculations are mathematically correct; and
- Identifying key inputs to the Disclosure Information and reconciling or agreeing them to source documents.

In performing the procedures noted above, we have placed reliance, when appropriate on the company's underlying systems and business records from which inputs were sourced for the preparation of the Disclosure Information.

Opinions

In our opinion:

- the recorded evidence and explanations we have obtained is sufficient and appropriate to provide a basis for our independent opinion on the company's compliance with the Requirements;
- where relevant, the information used in the preparation of the Disclosure Information has been properly extracted from the company's accounting records, sourced from its financial systems; and
- the Disclosure Information has been calculated by the company, in all material respects, in accordance with the Requirements.

Our assurance engagement was completed on 31 August 2011 and our opinion is expressed as at that date.

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

This audit report relates to the Disclosure Information of Nelson Electricity Limited for the year ended 31 March 2011 included on Nelson Electricity Limited's website. The Board of Directors is responsible for the maintenance and integrity of Nelson Electricity Limited's website. We have not been engaged to report on the integrity of Nelson Electricity Limited's website. We accept no responsibility for any changes that may have occurred to the Disclosure Information since they were initially presented on the website. The audit report refers only to Disclosure Information named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these Disclosure Information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Disclosure Information and related audit report dated 31 August 2011 to confirm the information included in the audited Disclosure Information presented on this website. Legislation in New Zealand governing the preparation and dissemination of Disclosure Information may differ from legislation in other jurisdictions.

Commerce Commission

Template Electricity Distribution (Information Disclosure) Requirements Report Schedules

Schedules 2 to 13

2011 Template

Version 1.0 Template

31 March 2011

Table of Contents

	Instructions
FS1	Regulatory Profit Statement
FS2	Regulatory Asset & Financing Statement
FS3	Regulatory Tax Allowance Calculation
AV1	Annual Regulatory Valuation Roll-forward Report
AV2	Regulatory Valuation Disclosure by Asset Class
AV3	System Fixed Assets Replacement Cost Roll-forward Report
AV4	Business Merger, Acquisition or Sale – Regulatory Asset Base Disclosure
MP1	Network Information
MP2	Performance Measures
MP3	Price & Quality Measures
AM1	Expenditure Forecasts & Reconciliation

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>
Step 1 - Company Name and Dates		
	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
Step 2 - Asset Valuation Information		
	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

<u>Step</u>	<u>Guideline</u>	<u>Reference</u>
Step 3 - Financial Statements Information		
	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. The Standard Cost of Debt Assumption is determined as outlined in the definitions included in Schedule 1 of the Requirements.	FS2 FS3
	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
Step 4 - Measurement Performance Information		
	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
Step 5 - Asset Management Information		
	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:	Nelson Electricity	
			For Year Ended	2011
5				
6	Income			
7				(\$000)
8	Net Line Charge Revenue Received		8,833	
9	plus Discretionary Discounts and Customer Rebates		-	FS1a
10	Gross Line Charge Income		8,833	
11				
12	Capital Contributions		66	
13	plus Net Value of Vested Assets		-	
14	Total Capital Contributions and Vested Assets		66	
15				
16	AC Loss Rental Rebates Received		220	
17	less AC Loss Rental Rebates Passed On			
18	Net AC loss rental income (deficit)		220	
19				
20				
21	Other Income			
22				
23				
24				
25	Total regulatory income		9,119	
26				
27				
28	Expenses			
29				
30	Transmission Charges - Payments to Transpower		2,455	
31	plus Avoided Transmission Charges - payments to parties other than Transpower			
32	Total Transmission Costs		2,455	
33				
34	Operational Expenditure:			
35	General Management, Administration and Overheads		1,078	
36	System Management and Operations		345	
37	Routine and Preventative Maintenance		180	to AM1
38	Refurbishment and Renewal Maintenance		77	to AM1
39	Fault and Emergency Maintenance		71	to AM1
40	Pass-through Costs		(2)	
41	Other			
42	Total Operational Expenditure		1,749	to MP2
43				
44				
45	Operational earnings		4,915	
46				
47				
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)		1,447	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)		33	from AV1
50	Total Regulatory Depreciation		1,479	to FS3
51				
52				
53	Earnings before interest and tax (EBIT)		3,436	to FS3
54				
55	less Regulatory Tax Allowance		1,043	from FS3
56				
57	plus Indexed Revaluation (of System Fixed Assets)		1,059	from AV1
58	plus Revaluations of Non-System Fixed Assets		-	from AV1
59				
60	Regulatory profit / loss (pre-financing and distributions)		3,452	to MP2

REPORT FS1: REGULATORY PROFIT STATEMENT (cont)

Notes to Regulatory Profit Statement

69	FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments		(\$000)
70	Customer Rebates		
71	Line Charge Holidays and other Discretionary Discounts		
72	Total Discretionary Discounts and Customer Rebates		-

75	FS1b: Related party expenditure - summary		(\$000)
76	Avoided Transmission Charges		
77	Operational Expenditure		
78	Subvention Payment		
79	Other related party expenditure	434	
80	Total Related Party Expenditure		434
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>		
82			
83			
84			

87	FS1c: Operational Expenditure notes		(\$000)
88			
89	Merger and Acquisition Expenses		
90	Merger and Acquisition Expenses (not to be included in Operational Expenditure)		
91			
92	Material items (if greater than 10% of the Operational Expenditure line item)		
93	Material item amount 1	479	<i>Notes to be provided separately</i>
94	within expenditure category:	System Management and Operations	
95			
96	Material item amount 2	385	<i>Notes to be provided separately</i>
97	within expenditure category:	General Management, Administration & Support	
98			
99	Material item amount 3	428	<i>Notes to be provided separately</i>
100	within expenditure category:	General Management, Administration & Support	
101			
102	<i>(further disclosures to be provided on separate page if required)</i>		
103			

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

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

Notes to Table FS1

Related Party Expenditure

During the year Nelson Electricity purchased management services from its two shareholding companies to the following value:

Marlborough Lines Ltd \$257,496
Network Tasman Ltd \$170,496

Nelson Electricity also rented fibre optic communications capacity from Network Tasman Ltd to a value of \$6,359.

Material item 1 is costs paid to external contractors and suppliers for undertaking maintenance on the nelson network. This cost is incurred over categories 2,3,4 and 5 of the operational expenditure items listed above.

Material item 2 is staff salaries paid to the 4 staff employed directly by Nelson Electricity Ltd.

Material item 3 is management fees paid to the two shareholding companies for administrative and engineering services.

Direct Line Costs per Kilometre \$2,873.23
Indirect Cost per Customer \$115.50

REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	Nelson Electricity	
5			
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(\$000)
8	Customer Connection		to AM1
9	System Growth	235	to AM1
10	Reliability, Safety and Environment	456	to AM1
11	Asset Replacement and Renewal	1,187	to AM1
12	Asset Relocations		to AM1
13	Total Capital Expenditure on System Fixed Assets	1,878	to AM1
14			
15			
16	Capital Expenditure on Non-System Fixed Assets	18	from AV1
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	457	
21	plus Total Capital Expenditure on System Fixed Assets	1,878	
22	less Assets Commissioned in Year	2,075	from AV1
23	Works under construction at year end	260	
24			
25			
26	Regulatory Investment Value calculation		
27	System Fixed Assets: regulatory value at end of Previous Year	23,707	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	259	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	581	2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year	24,546	
31			
32	plus System Fixed Assets Commissioned in Year	2,075	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	18	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	2,093	
36	Regulatory Asset Base investment in Current Financial Year - average	1,047	
37			
38	plus (minus) where a merger or acquisition has taken place within the year		
39	Adjustment for merger, acquisition or sale to another EDB	-	from AV4
40			
41	Regulatory Investment Value	25,593	to MP2

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

ref		Electricity Distribution Business:	Nelson Electricity	
5			For Year Ended	2011
6				
7				(\$000)
8		Earnings before interest and tax (EBIT)	3,436	<i>from FS1</i>
9				
10	<i>add</i>	Total Regulatory Depreciation	1,479	<i>from FS1</i>
11		Other Permanent Differences - not deductible	-	
12		Other Temporary Adjustments - Current Period		
13			1,479	
15	<i>less</i>	Non Taxable Capital Contributions and Vested Assets	66	
16		Tax Depreciation	676	
17		Deductible Discretionary Discounts and Customer Rebates		
18		Deductible Interest	675	<i>from row 53</i>
19		Other Permanent Differences - Non Taxable	22	
20		Other Temporary Adjustments - Prior Period		
21			1,439	
22				
23		Regulatory taxable income for Year	3,476	
24				
25	<i>less</i>	Tax Losses Available at Start of Year		
26		Net taxable income	3,476	
27				
28		Statutory Tax Rate	30%	
29		Regulatory Tax Allowance	1,043	<i>to FS1</i>

Notes to Regulatory Tax Allowance Calculation

36 FS3a: Description of adjustments classified as "other"

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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).

Line19 is made up of a reduction in the Provision for Doubtful Debts of \$17,633 and a reduction in the Provision for Annual Leave of \$4,011.

48 FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)

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Standard Debt Leverage Assumption (debt/total assets)	40%	%	
Standard Cost of Debt Assumption	6.59%	%	
Deductible Interest	675	\$000	<i>to row 18</i>
Interest Tax Shield Adjustment	202	\$000	<i>to MP2</i>

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

Electricity Distribution Business: **Nelson Electricity**
 For Year Ended: **2011**

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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)
System Fixed Assets								
Regulatory Value of System Fixed Assets (as per most recent ODV)	1,207	774	571	9,723	2,318	1,845	2,954	19,393
Cumulative roll-forward since most recent ODV:								
Asset Additions								8,849
Indexed Revaluation (of System Fixed Assets)								4,719
less Regulatory Depreciation (of System Fixed Assets)								7,567
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-
Net Increase (Decrease) Due to Changes in Asset Register Information								2,966
Regulatory Value of System Fixed Assets at Year End								28,361

from AV1
 from AV1
 from AV1
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 from AV1
 from AV1

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

ref		Electricity Distribution Business:	Nelson Electricity
5		For Year Ended:	2011
6	System Fixed Assets - Replacement Cost		
7		(\$000)	
8	Replacement cost at end of previous year	49,961	
9			
10	Asset Additions	2,075	AV3a
11	Indexed Revaluation (of System Fixed Assets)	2,232	
12	<i>less</i> Replacement Cost of Assets Decommissioned	953	
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	Replacement cost of System Fixed Assets at year end	53,315	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	24,893	
21			
22	Asset Additions	2,075	AV3a
23	Indexed Revaluation (of System Fixed Assets)	1,112	
24	<i>less</i> Depreciation of Replacement Cost	1,047	
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned	399	
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	Depreciated replacement cost of System Fixed Assets at year end	26,633	

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

Notes to Price and Quality Measures

36	AV3a: New Asset Additions		
37			
38	Asset Additions - Depreciated Replacement Cost	2,075	from AV1
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	Asset Additions - Replacement Cost	2,075	
42			

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

Electricity Distribution Business: Nelson Electricity

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Disclosure required? (YES or NIL DISCLOSURE):

As at (date):

Proportion of year following transfer of assets: 0%

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

(\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformer	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)

(\$000)

	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)	-		
Cumulative roll-forward since most recent ODV:			
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	-	-	to AV1
Sale of Assets to Another EDB	-	-	to AV1
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		-	to FS2

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	
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	-	-	to AV3
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC	-	-	to AV3

Signed by: Selling Entity

Acquiring Entity

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

Electricity Distribution Business: Nelson Electricity

6 **Disclosure required? (YES or NIL DISCLOSURE):**

8 As at (date):

9 Proportion of year following transfer of assets 0%

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

(\$000)

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

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 Cumulative roll-forward since most recent ODV:			
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 RAB Value of Transferred Assets at Transfer Date	-		-
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 Adjustment for merger, acquisition or sale to another EDB		-	to FS2

46 **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	
47 Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	-	-	to AV3
48 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: Nelson Electricity

6 **Disclosure required? (YES or NIL DISCLOSURE):**

8 As at (date):

9 Proportion of year following transfer of assets 0%

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

(\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
13								
14	Replacement Cost (RC)							
15								-
16	<i>less</i> Depreciation							
17								-
18	Depreciated Replacement Cost (DRC)							
19								-
20	<i>less</i> Optimisation adjustment							
21								-
22	Optimised Depreciated Replacement Cost (ODRC)							
23								-
24	<i>less</i> Economic Value Adjustment (EVA)							
25								-
26	Most recent ODV Value							

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

(\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
27			
28	Regulatory Value of System Fixed Assets (as per most recent ODV)		
29	-		
30	Cumulative roll-forward since most recent ODV:		
31	Asset Additions		
32			
33	<i>less</i> Indexed Revaluation (of System Fixed Assets)		
34			
35	<i>less</i> Regulatory Depreciation (of System Fixed Assets)		
36			
37	<i>less</i> Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		
38			
39	<i>less</i> Net Increase (Decrease) Due to Changes in Asset Register Information		
40			
41	RAB Value of Transferred Assets at Transfer Date		
42	-		-
43	Acquisition of Assets from another EDB		
44	-	-	to AV1
45	Sale of Assets to another EDB		
46	-	-	to AV1
47	RAB Value of Transferred Assets at Transfer Date		
48	-		
49	"p" factor (proportion of year following transfer of assets)		
50	0%		
51	Adjustment for merger, acquisition or sale to another EDB		
52		-	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			
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			to AV3
52			to AV3

Signed by: Selling Entity

Acquiring Entity

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

ref	Electricity Distribution Business:	Nelson Electricity		
6		For Year Ended:	2011	
7	Network Name:	Nelson Electricity Limited <small>(enter "Total Business" or name of network)</small>		
9	Disclosure:	Annual Disclosure - Requirement 6(1)		
10	Circuit Length by Operating Line Voltage (at year end)	Overhead (km)	Underground (km)	Total (km)
11				
12	> 66kV	-	-	-
13	50kV & 66kV	-	-	-
14	33kV	1	10	11
15	SWER (all SWER voltages)	1	-	1
16	22kV (other than SWER)	-	-	-
17	6.6kV to 11kV (inclusive - other than SWER)	6	71	77
18	Low Voltage (< 1kV)	31	135	166
19	Total circuit length (for Supply)	39	216	255
20				<i>to MP2</i>
21	Dedicated Street Lighting Circuit Length	1	63	64
22				
23	Overhead Circuit Length by Terrain (at year end)	(km)	(%)	
24	Urban (only)	37	95%	
25	Rural (only)	1	3%	
26	Remote (only)	-	0%	
27	Rugged (only)	1	3%	
28	Rural & rugged (only)	-	0%	
29	Remote & rugged (only)	-	0%	
30	Unallocated overhead lines	-	0%	
31	Total overhead length	39	100%	
32				
33				
34	Transformer capacity (at year end)			Previous Year
35	Distribution Transformer Capacity (EDB Owned)	92	MVA	91
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	0	MVA	-
37	Total Distribution Transformer Capacity	92	MVA (to MP2)	91
38				
39	Zone Substation Transformer Capacity	40	MVA	40
40				
41	System Fixed Assets age (at year end)			
42	Average Age of System Fixed Assets	25	Years	
43	Average Expected Total Life of System Fixed Assets	50	Years	
44	Average Age as a Proportion of Average Expected Total Life	50%	%	
45				
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	17%	%	
47				
48				
49				
50				
51	Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
52				
53	GXP Demand	33	33	
54	<i>plus</i> Embedded Generation Output at HV and Above	-	-	
55	Maximum System Demand	33		
56	<i>less</i> Net Transfers to (from) Other EDBs at HV and Above	-		
57	Demand on system for supply to customers' Connection Points	33		
58	<i>less</i> Subtransmission Customers' Connection Point Demand			
59	Maximum Distribution Transformer Demand	33		<i>to MP2</i>
60				
61	GXP Demand not Supplied at Subtransmission Level			
62	Embedded Generation Output - Connected to Subtransmission System			
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only			
64				
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	3		
66				
67	Five-Year System Maximum Demand Growth Forecast	1.5	% p.a.	
68				
69	Electricity volumes carried	(GWh)		
70	Electricity Supplied from GXPs	151		
71	<i>less</i> Electricity Exports to GXPs	-		
72	<i>plus</i> Electricity Supplied from Embedded Generators	-		
73	<i>less</i> Net Electricity Supplied to (from) Other EDBs	-		
74	Electricity entering system for supply to customers' Connection Points	151		
75	<i>less</i> Electricity Supplied to Customers' Connection Points	146		<i>to MP2</i>
76	Electricity Losses (loss ratio)	5	3.6%	
77				
78	Electricity Supplied to Customers' Connection Points	146		
79	<i>less</i> Electricity Supplied to Largest 5 Connection Points	27		
80	Electricity supplied other than to Largest 5 Connection Points	118	81%	
81				
82	Load Factor	53%	%	
83				
84	Number of Connection Points (at year end)	9,048	ICPs	<i>to MP2</i>
85				
86	Intensity of service requirements			
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	129	kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	572	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	36	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	16,109	kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business:		Nelson Electricity		
5					
6	Performance comparators		For Year Ended:	2011	
7		Previous Years:		Current Financial Year	
8		Current Yr - 3	Current Yr - 2	Current Yr - 1	
9	Operational expenditure ratio				
10		<i>Total Operational Expenditure</i>	2	2	
11		<i>Replacement Cost of System Fixed Assets (at year end*)</i>	47	49	
12		Ratio (%)	3.76%	3.83%	
13				4.31%	
14	Capital expenditure ratio				
15		<i>Total Capital Expenditure on System Fixed Assets</i>	1	1	
16		<i>Replacement Cost of System Fixed Assets (at year end*)</i>	47	49	
17		Ratio (%)	1.73%	2.36%	
18				2.86%	
19	Capital expenditure growth ratio				
20		<i>Capital Expenditure: Customer Connection and System Growth</i>	-	-	
21		<i>Change in Total Distribution Transformer Capacity</i>	2	2	
22		\$/kVA	-	-	
23				143	
24	Renewal expenditure ratio				
25		<i>Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal</i>	-	-	
26		<i>Regulatory Depreciation of System Fixed Assets</i>	1	1	
27		Ratio (%)	0%	0%	
28				40%	
29	Distribution Transformer Capacity Utilisation				
30		<i>Maximum Distribution Transformer Demand</i>	34	33	
31		<i>Total Distribution Transformer Capacity (at year end*)</i>	88	90	
32		Ratio (%)	38.7%	36.5%	
33				36.8%	
34	Return on Investment				
35		<i>Regulatory Profit / Loss (pre-financing and distributions)</i>	3	3	
36		<i>less Interest Tax Shield Adjustment</i>	0	0	
37		<i>Adjusted Regulatory Profit</i>	3	3	
38		<i>Regulatory Investment Value</i>	23	24	
39		Ratio (%)	11.02%	12.64%	
40				8.62%	
41				12.70%	
42	Expenditure comparison table				
43		Expenditure metrics (\$ per):			
44					
45		Total circuit length (for Supply)	Electricity Supplied to Customers' Connection Points	Maximum coincident system demand	Distribution Transformer Capacity (EDB-Owned)
46		(\$/km)	(\$/MWh)	(\$/MW)	(\$/MVA)
47		7,445	13	57,902	210
48		6,866	12	53,405	193
49					

* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.

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

Electricity Distribution Business: **Nelson Electricity**
 For Year Ended: **2011**

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

QUALITY

Interruptions

Interruptions by class

Class A	-	planned interruptions by Transpower:
Class B	28	planned interruptions on the network
Class C	2	unplanned interruptions on the network
Class D	-	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	-	unplanned interruptions of generation (non-network)
Class G	-	unplanned interruptions caused by other electricity industry participant
Class H	-	planned interruptions caused by other electricity industry participant
Total	30	Total of above

Interruption targets for Forecast Year

	2012	Current Financial Year +1
Class B	25	planned interruptions on the network
Class C	4	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

	2012-2016	Current Financial Year +1 to +5
Class B	25	planned interruptions on the network
Class C	4	unplanned interruptions on the network

Class C interruptions restored within

	≤3Hrs	>3hrs
	1	1

Faults

Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	2.27	in year	2011
The total number of faults forecast for the Forecast Year	4.00	in year	2012
The average annual number of faults forecast for the 5 Forecast Years	4.00	average over years	2012-2016

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER		22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
	Yes	No	Yes	Yes	No	No	
Is this voltage part of the EDB system?							
Current Financial Year	2.57		-				
Forecast Year	4.00		-				
Average annual for 5 Forecast Years	4.00		-				

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
Underground	2.81					
Overhead	-		-			

Reliability

Overall reliability

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	114.66	0.58	197.97

Reliability by interruption class

Class B	SAIDI	SAIFI	CAIDI
Class C	105.71	0.54	196.70

Targets for Forecast Year

Class B	SAIDI	SAIFI	CAIDI
Class C	30.00	0.60	50.00

Average targets for 5 Forecast Years

Class B	SAIDI	SAIFI	CAIDI
Class C	30.00	0.60	50.00

PRICES

Price information by Connection Point Class

	Connection Point Class				Total	
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points		
Gross line charge income (\$000)	767	5,325	1,769	972	8,833	from FS1
Electricity Supplied to Customers' Connection Points (MWh)	10,613	73,114	34,584	27,440	145,751	from MP1
Number of Connection Points (ICPs) at year end	2,011	6,942	90	5	9,048	from MP1
Unit Price (cents/kWh)	7.2	7.3	5.1	3.5	6.1	
Relative Unit Price Index	1.00	1.01	0.71	0.49	0.84	

REPORT MP3: PRICE AND QUALITY (cont)

Notes to Price and Quality Measures

89	MP3a: Connection Point Class breakpoints	
90		
91	Connection Point Class breakpoints methodology	Metering installation category based breakpoints
92		
93	kVA based breakpoints - additional disclosure	
94	Breakpoint between small and medium classes	_____ kVA
95	Breakpoint between large and medium classes	_____ kVA
96		

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

Electricity Distribution Business: **Nelson Electricity**
 For Year Ended **2011**
 (\$000)

A) Five year forecasts of expenditure

From most recent Asset Management Plan

for year ended	Actual for Current Financial Year	Forecast Years					
		year 1	year 2	year 3	year 4	year 5	
		2011	2012	2013	2014	2015	
Capital Expenditure: Customer Connection	-						from FS2
Capital Expenditure: System Growth	235	4,280	4,437	255	180	150	from FS2
Capital Expenditure: Reliability, Safety and Environment	456	350	172	60	30	30	from FS2
Capital Expenditure: Asset Replacement and Renewal	1,187	1,327	1,612	1,557	1,216	1,462	from FS2
Capital Expenditure: Asset Relocations	-	-	-	-	-	-	from FS2
Subtotal - Capital Expenditure on asset management	1,878	5,957	6,221	1,872	1,426	1,642	
Operational Expenditure: Routine and Preventative Maintenance	180	228	233	238	243	247	from FS1
Operational Expenditure: Refurbishment and Renewal Maintenance	77	301	307	314	320	326	from FS1
Operational Expenditure: Fault and Emergency Maintenance	71	71	73	74	76	77	from FS1
Subtotal - Operational Expenditure on asset management	328	601	613	626	639	651	
Total direct expenditure on distribution network	2,206	6,558	6,834	2,498	2,065	2,293	
Overhead to Underground Conversion Expenditure		20	130	150	-	-	

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).

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

	Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1	
Capital Expenditure: Customer Connection	-	-	Not defined	from row 10
Capital Expenditure: System Growth	235	4,275	-94.5%	from row 11
Capital Expenditure: Reliability, Safety and Environment	456	464	-1.7%	from row 12
Capital Expenditure: Asset Replacement and Renewal	1,187	1,378	-13.9%	from row 13
Capital Expenditure: Asset Relocations	-	-	Not defined	from row 14
Subtotal - Capital Expenditure on asset management	1,878	6,117	-69.3%	
Operational Expenditure: Routine and Preventative Maintenance	180	234	-23.1%	from row 17
Operational Expenditure: Refurbishment and Renewal Maintenance	77	296	-74.0%	from row 18
Operational Expenditure: Fault and Emergency Maintenance	71	71	0.0%	from row 19
Subtotal - Operational Expenditure on asset management	328	601	-45.4%	
Total direct expenditure on distribution network	2,206	6,718	-67.2%	

Explanation of variances

Distribution Business must provide a brief explanation for any line item variance of more than 10%

Explanatory notes (can be provided in a separate note if necessary):

Note to AM1

Capital Expenditure

Variances between actual and previous forecast are explained below. It has to be recognised that many projects can be classed in more than one section which can create some distortion.

The capital plan for 2010/2011 was significantly underspent for the year. This has been explained at Board level through the year.

- New 33kV Supply and replacement of the Haven Road Zone substation projects have been deferred by one year. This has resulted in a significant reduction of \$4,000,000 for the year. These projects will be undertaken during the 2011/2012 and 2012/2013 years.
- 11kV switch replacements delayed due to determining the appropriate switchgear (Emano, GPO) - \$210,000. There still is an issue with no real vacuum switchgear alternative for these sites.
- Developer related projects being delayed by developer - \$85,000;

Most capital projects were completed however there were some which were not, as further load checks or tests confirmed that the works could be deferred without compromising the integrity of the network.

Operational Expenditure

The expenditure has been underspent. The variances are predominantly due to the allocations for budget not being in line with disclosure requirements and not an underspending on operational expenditure. The \$601,000 Budget was set in January 2010. There was some additional allocation of resources to an issue of lowering or replacement of shallow underground cables that posed a risk to public safety. Some service and link box replacements were deferred into the current year as a result.