



The Lines Company Limited

Information for Disclosure

Pursuant to section 57T of the Commerce Act 1986

for the year 1 April 2010 to 31 March 2011

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A. Introduction

For the purpose of regulatory compliance The Lines Company Limited is a "Distribution business".

This Information Disclosure is submitted by The Lines Company Limited ("The Lines Company") pursuant to subpart 3 of Part 4A of the Commerce Act 1986 in accordance with:

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

Part 4A of the Commerce Act 1986 provides for a regulatory regime for electricity lines businesses, which inter alia sets out provisions for an information disclosure regime in order to allow for public monitoring of lines business operations and behaviour. The purpose of the information disclosure regime is to promote the efficient operation of markets directly related to electricity distribution and transmission services. This is to be achieved by ensuring that lines companies provide timely and reliable information about their business activities and make that information publicly accessible for interested parties.

The reports provided in this document are completed in accordance with the template provided by the Commerce Commission.

B. Consumer Control

The Lines Company is wholly owned by two customer trusts, the Waitomo Energy Services Customer Trust (90%) and the King Country Electric Power Trust (10%). The beneficiaries of the two trusts are the consumers connected to the network of The Lines Company. All of the income beneficiaries of the customer trusts therefore constitute the customers of the "Distribution business" of The Lines Company.

For the purposes of clause 6(1)(c) of the Electricity Distribution (Information Disclosure) Requirements 2008 the "Distribution business" is consumer controlled and the number of controlling consumers are more than 90%.

C. Disclosure Reports

(1) FS1 - Regulatory Profit Statement

REPORT FS1: REGULATORY PROFIT STATEMENT

Electricity Distribution Business:		The Lines Company	
		For Year Ended	2011
5			
6	Income		
7			(\$000)
8	Net Line Charge Revenue Received	30,653	
9	plus Discretionary Discounts and Customer Rebates	-	FS1a
10	Gross Line Charge Income	30,653	
11			
12			
13	Capital Contributions	163	
14	plus Net Value of Vested Assets	1	
15	Total Capital Contributions and Vested Assets	164	
16			
17	AC Loss Rental Rebates Received	320	
18	less AC Loss Rental Rebates Passed On	268	
19	Net AC loss rental income (deficit)	52	
20			
21			
22	Other Income	-	
23			
24			
25	Total regulatory income	30,869	
26			
27			
28	Expenses		
29			
30	Transmission Charges - Payments to Transpower	4,485	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	871	
32	Total Transmission Costs	5,356	
33			
34	Operational Expenditure:		
35	General Management, Administration and Overheads	1,863	
36	System Management and Operations	2,823	
37	Routine and Preventative Maintenance	1,120	to AM1
38	Refurbishment and Renewal Maintenance	126	to AM1
39	Fault and Emergency Maintenance	1,216	to AM1
40	Pass-through Costs	-	
41	Other	-	
42	Total Operational Expenditure	7,147	to MP2
43			
44			
45	Operational earnings	18,365	
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	6,635	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	361	from AV1
50	Total Regulatory Depreciation	7,016	to FS3
51			
52			
53	Earnings before interest and tax (EBIT)	11,349	to FS3
54			
55	less Regulatory Tax Allowance	2,368	from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	6,490	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	Regulatory profit / loss (pre-financing and distributions)	15,471	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	9,286
78	Subvention Payment	
79	Other related party expenditure	3,972
80	Total Related Party Expenditure	13,258

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

87	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	Notes to be provided separately
94	within expenditure category:	Select one
95		
96	Material item amount 2	Notes to be provided separately
97	within expenditure category:	Select one
98		
99	Material item amount 3	Notes to be provided separately
100	within expenditure category:	Select one
101		
102		(further disclosures to be provided on separate page if required)
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

REPORT FS1: REGULATORY PROFIT STATEMENT (cont)

ref		The Lines Company Electricity Distribution Business: For Year Ended 2011
5		
	Additional Notes to Regulatory Profit Statement	
8	Total Capital Contributions and Vested Assets	
9	The value Capital Contributions and Vested Assets for the 2011 year is declining significantly as forecast	
11	FS1b (cont) Additional Information : Related party expenditure	(\$000)
13	The period covered in these statements are 1st April 2010 to 31st March 2011	
14	There are no outstanding balances and no related party debts have been written off	
15	There are two related parties to the Electricity Lines Business of The Lines Company Limited, being the contracting division and the revenue collection division. Details of transactions are given below.	
16		
17		
18		
19	Contracting division of The Lines Company Group	
20	Maintenance work is recorded on the basis of material at cost plus 15% and labour at \$77 per hour	
22		
23	Construction of subtransmission assets	227
24	Construction of zone substations	473
25	Construction of distribution lines and cables	3,881
26	Construction of medium voltage switchgear	527
27	Construction of distribution substations	447
28	Construction of low voltage reticulation	99
29	Construction of other assets	169
30		
31	Consumer connections & disconnections	1,001
32	Maintenance of distribution system	2,462
33		9,286
34		
35	Revenue collection division of The Lines Company Group	
36	Since 1 October 2005, billing and revenue collection has been carried out for the Electricity Lines Business by the revenue collection division within The Lines Company Limited	
37	For this function a flat monthly fee is charged to the Electricity Lines Business. This quantum of fee is based on commercial arms length basis, as evidenced by a tendering process for this function, which occurred prior to commencement of direct customer	
38		
39		
40	Billing and collection charges	648
41		648
42		
43	Interest and dividends paid to Waitomo Energy Services Customer Trust	
44	During the year the company paid interest (on subordinated debt) and dividends, of the following amounts to it's controlling entity, the Waitomo Energy Services Customer Trust	
45		
46	Interest paid	74
47	Dividends paid	2,925
48		2,999
50	Dividends paid to King Country Electric Power Trust	
51	Divdends paid	325
52		325
54		
55	Total Related Party Expenditure	13,258
56		
57		
58		

(1) FS2 - Regulatory Asset & Financing Statement
REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	The Lines Company	For Year Ended	2011	
5					
6					
7	Capital Expenditure on System Fixed Assets (by primary purpose)			(\$000)	
8	Customer Connection	1,432			to AM1
9	System Growth	1,087			to AM1
10	Reliability, Safety and Environment	2,126			to AM1
11	Asset Replacement and Renewal	3,720			to AM1
12	Asset Relocations	37			to AM1
13	Total Capital Expenditure on System Fixed Assets			8,402	to AM1
14					
15					
16	Capital Expenditure on Non-System Fixed Assets			350	from AV1
17					
18					
19	Capital works roll-forward (for System Fixed Assets)				
20	Works Under Construction at Beginning of Year	78			
21	plus Total Capital Expenditure on System Fixed Assets	8,402			
22	less Assets Commissioned in Year	7,330			from AV1
23	Works under construction at year end			1,150	
24					
25					
26	Regulatory Investment Value calculation				
27	System Fixed Assets: regulatory value at end of Previous Year	144,061			from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	591			from AV1
29	Finance During Construction Allowance (on System Fixed assets)	3,529			2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year			148,181	
31					
32	plus System Fixed Assets Commissioned in Year	7,330			from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-			from AV1
34	Non-System Fixed Assets: Asset Additions	350			from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	7,680			
36	Regulatory Asset Base investment in Current Financial Year - average			3,840	
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			152,021	to MP2

(2) FS3 - Regulatory Tax Allowance Calculation

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

ref		Electricity Distribution Business:	The Lines Company
		For Year Ended	2011
5			
6			
7			(\$000)
8			11,349
9			from FS1
10	add	Earnings before interest and tax (EBIT)	
11		Total Regulatory Depreciation	7,016
12		Other Permanent Differences - not deductible	
13		Other Temporary Adjustments - Current Period	249
14			7,265
15	less	Non Taxable Capital Contributions and Vested Assets	
16		Tax Depreciation	6,265
17		Deductible Discretionary Discounts and Customer Rebates	
18		Deductible Interest	4,007
19		Other Permanent Differences - Non Taxable	
20		Other Temporary Adjustments - Prior Period	450
21			10,721
22			
23		Regulatory taxable income for Year	7,892
24			
25	less	Tax Losses Available at Start of Year	
26		Net taxable income	7,892
27			
28		Statutory Tax Rate	30%
29		Regulatory Tax Allowance	2,368
			to FS1

Notes to Regulatory Tax Allowance Calculation

36	FS3a: Description of adjustments classified as "other"
37	
38	The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory
39	notes can be provided in a separate note if necessary).
40	
41	Other temporary adjustments consist of accrued annual leave
42	
43	
44	
45	
46	
47	
48	FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)
49	
50	Standard Debt Leverage Assumption (debt/total assets)
51	40% %
52	Standard Cost of Debt Assumption
53	6.59% %
54	Deductible Interest
55	4,007 \$000
56	Interest Tax Shield Adjustment
	1,202 \$000
	to row 18
	to MP2

(3) AV1 - Annual Regulatory Valuation Roll-Forward Report

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

Electricity Distribution Business

The Lines Company

For Year Ended: 2011

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	ODV Year + 7	
For Year Ending:	2005	2006	2007	2008	2009	2010	2011	
System Fixed Assets								
Regulatory Value at End of Previous Year*	97,003	101,920	108,084	113,475	128,749	136,679	144,061	to FS2
plus								
Assets Commissioned	4,782	5,342	6,162	9,432	7,005	7,443	7,330	to FS2
Gross Value of Vested Assets	305	575	191	1,308	680		1	to FS1
Assets Acquired from (Sold to) a Non-EDB								to FS2
Asset Additions	5,087	5,917	6,353	10,738	7,885	7,443	7,331	
plus								
Indexed Revaluation	2,613	3,422	2,743	3,820	3,823	2,746	6,490	to FS1
less								
Depreciation of System Fixed Assets	2,783	3,196	3,884	4,316	5,609	5,886	6,167	
Regulatory Value of Assets Decommissioned							469	
Regulatory Depreciation (incl. value of assets decommissioned)	2,783	3,196	3,884	4,316	5,609	5,886	6,635	to FS1
plus (minus)								
Acquisition of System Fixed Assets from another EDB	-	-	-	-	-	-	-	from AV4
less Sale of System Fixed Assets to another EDB	-	-	-	-	-	-	-	from AV4
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	-	-	-	-	-	-	
plus (minus)								
Net Increase (Decrease) Due to Changes in Asset Register Information				5,032	2,031	3,078	0	
Regulatory Value of System Fixed Assets at Year End	101,920	108,084	113,475	128,749	136,679	144,061	151,246	

Non-System Fixed Assets

Regulatory value at end of previous year	492	298	535	754	868	684	591	
plus Asset Additions	37	114	365	340	187	285	350	to FS2
plus Revaluations		288						to FS1
less Depreciation (incl. value of assets decommissioned)	291	165	146	226	371	378	381	to FS1
plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-	-	-	from AV4
Regulatory Value of Non-System Fixed Assets at Year end	298	535	754	868	684	591	560	

Total Regulatory Asset Base Value (excluding FDC)

102,218	108,599	114,229	129,617	137,363	144,652	151,806	
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* This commencing figure for completing this schedule is the most recent ODV value

Note: Additional columns to be added if required

Notes to Annual Regulatory Valuation Roll-forward Report

37

AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets

38

CPI as at date of ODV

928

39

39

40

For Year Ended

2005

2006

2007

2008

2009

2010

2011

41

CPI at CPI reference date

963

985

1010

1044

1075

1097

1146

42

Revaluation Rate

2.68%

3.36%

2.54%

3.37%

2.97%

2.01%

4.50%

43

43

44

System Fixed Assets: Regulatory Value at End of Previous Year

97,003

101,920

108,084

113,475

128,749

136,679

144,061

45

Indexed Revaluation of System Fixed Assets

2,613

3,422

2,743

3,820

3,823

2,746

6,490

to FS1 AV1

46

46

47

AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another EDB

48

For Year Ended

2005

2006

2007

2008

2009

2010

2011

49

Acquisition of System Fixed Assets from another EDB

50

Sale of System Fixed Assets to another EDB

51

Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB

52

52

(4) AV2 Regulatory Valuation Disclosure by Asset Class

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

		Electricity Distribution Business: The Lines Company							For Year Ended: 2011	
		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	System Fixed Assets									
12	Regulatory Value of System Fixed Assets (as per most recent ODV)	10,486	12,731	38,579	8,383	17,940	6,357	2,527	97,003	from AV1
13	Cumulative roll-forward since most recent ODV:									
14	Asset Additions								50,554	from AV1
15	Indexed Revaluation (of System Fixed Assets)								25,657	from AV1
16	less Regulatory Depreciation (of System Fixed Assets)								32,109	from AV1
17	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-	from AV1
18	Net Increase (Decrease) Due to Changes in Asset Register Information								10,141	from AV1
19	Regulatory Value of System Fixed Assets at Year End								151,248	from AV1

(5) AV3 - System Fixed Assets Replacement Cost Roll-Forward Report – 2011
REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT

ref	Electricity Distribution Business:	The Lines Company
5	For Year Ended:	2011
6	System Fixed Assets - Replacement Cost	
7		(\$000)
8	Replacement cost at end of previous year	337,883
9		
10	Asset Additions	7,331 AV3a
11	Indexed Revaluation (of System Fixed Assets)	15,221
12	less Replacement Cost of Assets Decommissioned	
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	360,436
16		
17		
18	System Fixed Assets - Depreciated Replacement Cost	
19		
20	Depreciated Replacement Cost at end of previous year	144,061
21		
22	Asset Additions	7,331 AV3a
23	Indexed Revaluation (of System Fixed Assets)	6,490
24	less Depreciation of Replacement Cost	6,167
25	less Depreciated Replacement Cost of Assets Decommissioned	469
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	151,246

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

Notes to Price and Quality Measures

36	AV3a: New Asset Additions	
37		
38	Asset Additions - Depreciated Replacement Cost	7,331 from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	
40		
41	Asset Additions - Replacement Cost	7,331
42		

(6) AV3 - System Fixed Assets Replacement Cost Roll-Forward Report – 2010

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

ref	Electricity Distribution Business:	The Lines Company
5	For Year Ended:	2010
6	System Fixed Assets - Replacement Cost	
7		(\$000)
8	Replacement cost at end of previous year	327,549
9		
10	Asset Additions	7,443 AV3a
11	Indexed Revaluation (of System Fixed Assets)	6,581
12	less Replacement Cost of Assets Decommissioned	
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	(3,690)
15	Replacement cost of System Fixed Assets at year end	337,883
16		
17		
18	System Fixed Assets - Depreciated Replacement Cost	
19		
20	Depreciated Replacement Cost at end of previous year	137,184
21		
22	Asset Additions	7,443 AV3a
23	Indexed Revaluation (of System Fixed Assets)	2,756
24	less Depreciation of Replacement Cost	5,886
25	less Depreciated Replacement Cost of Assets Decommissioned	
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	2,564
28	Depreciated replacement cost of System Fixed Assets at year end	144,061

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

Notes to Price and Quality Measures

36	AV3a: New Asset Additions	
37		
38	Asset Additions - Depreciated Replacement Cost	7,443 from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	
40		
41	Asset Additions - Replacement Cost	7,443
42		

(7) AV3 - System Fixed Assets Replacement Cost Roll-Forward Report – 2009

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT			
Electricity Distribution Business:		The Lines Company	
For Year Ended:		2009	
5			
6	System Fixed Assets - Replacement Cost		
7			
8	Replacement cost at end of previous year	316,063	
9			
10	Asset Additions	7,685	AV3a
11	Indexed Revaluation (of System Fixed Assets)	9,385	
12	less Replacement Cost of Assets Decommissioned	-	
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	(5,584)	
15	Replacement cost of System Fixed Assets at year end	327,549	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	129,240	
21			
22	Asset Additions	7,685	AV3a
23	Indexed Revaluation (of System Fixed Assets)	3,838	
24	less Depreciation of Replacement Cost	5,609	
25	less Depreciated Replacement Cost of Assets Decommissioned	-	
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	2,031	
28	Depreciated replacement cost of System Fixed Assets at year end	137,184	

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	7,685	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	Asset Additions - Replacement Cost	7,685	
42			

(8) AV3 - System Fixed Assets Replacement Cost Roll-Forward Report – 2008

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT			
		Electricity Distribution Business	The Lines Company
		For Year Ended	2008
5			
6	System Fixed Assets - Replacement Cost		
7		(000)	
8	Replacement cost at end of previous year	290,513	
9			
10	Asset Additions	10,738	AV3a
11	Indexed Revaluation (of System Fixed Assets)	9,780	
12	less Replacement Cost of Assets Decommissioned		
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	5,032	
15	Replacement cost of System Fixed Assets at year end	316,063	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	113,950	
21			
22	Asset Additions	10,738	AV3a
23	Indexed Revaluation (of System Fixed Assets)	3,836	
24	less Depreciation of Replacement Cost	4,316	
25	less Depreciated Replacement Cost of Assets Decommissioned		
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	5,032	
28	Depreciated replacement cost of System Fixed Assets at year end	129,240	

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	10,738	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	Asset Additions - Replacement Cost	10,738	
42			

(9) AV3 - System Fixed Assets Replacement Cost Roll-Forward Report – 2007

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT			
	Electricity Distribution Business	The Lines Company	
	For Year Ended	2007	
5			
6	System Fixed Assets - Replacement Cost		
7		(\$000)	
8	Replacement cost at end of previous year	277,127	
9			
10	Asset Additions	6,353	AV3a
11	Indexed Revaluation (of System Fixed Assets)	7,034	
12	less Replacement Cost of Assets Decommissioned		
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	290,513	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	108,526	
21			
22	Asset Additions	6,353	AV3a
23	Indexed Revaluation (of System Fixed Assets)	2,754	
24	less Depreciation of Replacement Cost	3,684	
25	less Depreciated Replacement Cost of Assets Decommissioned		
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	113,950	

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	6,353	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	Asset Additions - Replacement Cost	6,353	
42			

(10) AV3 - System Fixed Assets Replacement Cost Roll-Forward Report – 2006

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT			
ref	Electricity Distribution Business	The Lines Company	
5		For Year Ended	2006
6	System Fixed Assets - Replacement Cost		
7		(\$000)	
8	Replacement cost at end of previous year	262,399	
9			
10	Asset Additions	5,917	AV3a
11	Indexed Revaluation (of System Fixed Assets)	8,811	
12	less Replacement Cost of Assets Decommissioned		
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	277,127	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	102,368	
21			
22	Asset Additions	5,917	AV3a
23	Indexed Revaluation (of System Fixed Assets)	3,437	
24	less Depreciation of Replacement Cost	3,196	
25	less Depreciated Replacement Cost of Assets Decommissioned		
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	108,526	

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	5,917	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	Asset Additions - Replacement Cost	5,917	
42			

(11) AV3 - System Fixed Assets Replacement Cost Roll-Forward Report – 2005

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT			
		Electricity Distribution Business	The Lines Company
		For Year Ended:	2005
5			
6	System Fixed Assets - Replacement Cost		
7			
8	Replacement cost at end of previous year	250,562	
9			
10	Asset Additions	5,087	AV3a
11	Indexed Revaluation (of System Fixed Assets)	6,750	
12	less Replacement Cost of Assets Decommissioned		
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	262,399	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	97,439	
21			
22	Asset Additions	5,087	AV3a
23	Indexed Revaluation (of System Fixed Assets)	2,625	
24	less Depreciation of Replacement Cost	2,783	
25	less Depreciated Replacement Cost of Assets Decommissioned		
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	102,368	

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	5,087	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	Asset Additions - Replacement Cost	5,087	
42			

(12) AV4 - Business Merger, Acquisition or Sale – Regulatory Asset Base Disclosure

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

Electricity Distribution Business:

The Lines Company

1	2	3	4	5	6	7	8	9	10	11	12
Disclosure required? (YES or NIL DISCLOSURE)		NO DISCLOSURE REQUIRED									
		As at (date): 31/03/2011									
		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 transformers	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										
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 (incl. 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%		to FS2							
39	Adjustment for merger, acquisition or sale to another EDB										
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								
46	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC			to AV3							
47	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC			to AV3							
48	Signed by	Selling Entity									
49											
50											
51											
52											
53											
54											
55											
56											
57											

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

Electricity Distribution Business:

The Lines Company

Disclosure required? (YES or NIL DISCLOSURE):

NO DISCLOSURE REQUIRED

As at (date) 31/03/2010

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 transformers	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 (incl 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			
% 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 AV2
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC			

Signed by Selling Entity

Acquiring Entity

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

Electricity Distribution Business

The Lines Company

Disclosure required? (YES or NIL DISCLOSURE):

NO DISCLOSURE REQUIRED

As at (date) 31/03/2009

Proportion of year following transfer of a business 0%

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

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

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

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl FDC)
Regulatory value of System Fixed Assets (as per most recent ODV)			
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			
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

	RC & ODRC values of System Fixed Assets at Transfer Date	RAB value of System Fixed Assets at Transfer Date
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - ODRC		

Signed by

Selling Entity

Acquiring Entity

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

Electricity Distribution Business:

The Lines Company

Disclosure required? (YES or NIL DISCLOSURE):

NO DISCLOSURE REQUIRED

As at (date): 31/03/2008

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 transformers	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 (incl PDC)
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			
Sale of Assets to Another EDB			
RAB Value of Transferred Assets at Transfer Date			
P factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB			

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

(\$000)

	RC & DRC values of System Fixed Assets at Transfer Date	RAB value of transferred assets at Transfer Date
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		

Signed by

Stamp/Entry

Acquiring Entity

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

Electricity Distribution Business

The Lines Company

Disclosure required? (YES or NIL DISCLOSURE)

NO DISCLOSURE REQUIRED

As at (Date) 31/03/2007

Proportion of year following transfer of assets 0%

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

(\$000)

	Subtransmission	Zone substation	DeWacker's LV Lines	DeWacker's LV Cables	Distribution substation and low voltage	Distribution equipment	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 (see FD C)
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			
"x" factor (Proportion of year following transfer of assets)	0%		to F2
Adjustment for merger, acquisition or sale to another EDB			

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

(\$000)

Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	RC & DRC values of System Fixed Assets at Transfer Date	RAB value of System Fixed Assets at Transfer Date	to F3
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC			

Signed by Selling Entity

Accounting Entity

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

Electricity Distribution Business:

The Lines Company

Disclosure required? (YES or NIL DISCLOSURE):

NO DISCLOSURE REQUIRED

As at (date): 31/03/2006

Proportion of year following transfer of assets: 0%

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

(\$000)

	Subtransmission	Zone substation	Distribution & LV Lines	Distribution & LV Cables	Distribution substation and transformer	Distribution switches	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 (incl 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			
Sale of Assets to another EDB			
RAB Value of Transferred Assets at Transfer Date			
"p" factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB			

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

(\$000)

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

Signed by

Selling Entity

Acquiring Entity

(13) MP1 - Network Information – Total Business

REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business:	The Lines Company
a	For Year Ended:	2011
7	Network Name:	The Lines Company Limited (enter "Total Business" or name of network)
9	Disclosure:	Annual Disclosure - Requirement 6(1)
10	Circuit Length by Operating Line Voltage (at year end)	
11		Overhead (km) Underground (km) Total (km)
12	> 66kV	- - -
13	50kV & 66kV	- - -
14	33kV	482 - 482
15	SWER (all SWER voltages)	1,079 - 1,079
16	22kV (other than SWER)	- - -
17	6.6kV to 11kV (inclusive - other than SWER)	2,707 118 2,825
18	Low Voltage (< 1kV)	429 176 605
19	Total circuit length (for Supply)	4,707 294 5,001 to MP2
21	Dedicated Street Lighting Circuit Length	- - -
23	Overhead Circuit Length by Terrain (at year end)	
24		(km) (%)
25	Urban (only)	114 2%
26	Rural (only)	385 8%
27	Remote (only)	508 11%
28	Rugged (only)	1,158 25%
29	Rural & rugged (only)	1,830 39%
30	Remote & rugged (only)	633 13%
31	Unallocated overhead lines	78 2%
32	Total overhead length	4,707 100%
34	Transformer capacity (at year end)	
35	Distribution Transformer Capacity (EDB Owned)	227 MVA Previous Year 218
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	8 MVA 7
37	Total Distribution Transformer Capacity	234 MVA (to MP2) 225
39	Zone Substation Transformer Capacity	170 MVA 167
41	System Fixed Assets age (at year end)	
42	Average Age of System Fixed Assets	36 Years
43	Average Expected Total Life of System Fixed Assets	49 Years
44	Average Age as a Proportion of Average Expected Total Life	73%
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	39%
51	Electricity demand	
52		Maximum coincident system demand (MW) Non-coincident Sum of maximum demands (MW)
53	GXP Demand	56 76
54	plus Embedded Generation Output at HV and Above	7
55	Maximum System Demand	63
56	less Net Transfers to (from) Other EDBs at HV and Above	-
57	Demand on system for supply to customers' Connection Points	63
58	less Subtransmission Customers' Connection Point Demand	-
59	Maximum Distribution Transformer Demand	63 to MP2
61	GXP Demand not Supplied at Subtransmission Level	7
62	Embedded Generation Output - Connected to Subtransmission System	7
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	- 12
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	13
67	Five-Year System Maximum Demand Growth Forecast	1.6 % p.a.
69	Electricity volumes carried	
70		(GWh)
71	Electricity Supplied from GXPs	278
72	less Electricity Exports to GXPs	3
73	plus Electricity Supplied from Embedded Generators	62
74	less Net Electricity Supplied to (from) Other EDBs	13
75	Electricity entering system for supply to customers' Connection Points	324
76	less Electricity Supplied to Customers' Connection Points	299 to MP2
77	Electricity Losses (loss ratio)	25 7.7%
78	Electricity Supplied to Customers' Connection Points	299
79	less Electricity Supplied to Largest 5 Connection Points	41
80	Electricity supplied other than to Largest 5 Connection Points	258 86%
82	Load Factor	59%
84	Number of Connection Points (at year end)	24,474 ICPs to MP2
86	Intensity of service requirements	
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	13 kW/km
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	60 MWh/km
89	Connection Point Density (ICPs / Total circuit length)	5 ICP/km
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	12,217 kWh/ICP

MP1 – Line 36

5 MVA of the 7 MVA of privately owned distribution transformers are at one large industrial site. Improved data base information has resulted in a greater capacity of privately owned transformers being identified. TLC charges include a dedicated asset charge for transformers that supply 3 or less customers. Customers have a choice of owning the transformer and substation site as an alternative to incurring this charge. A number have chosen this option in recent times.

MP1 – Line 76

Meaningful data reports have only recently become available from the Reconciliations Manager. TLC has not been able to get reliable data on total losses for some time. Network models show that the technical losses are in the 5 to 6% range. The Reconciliations Manager data is showing losses of 12.4%. The difference is non technical losses. It is believed that these are principally being caused by meter reading errors that appear to be increasing.

The exact reasons have not been identified and the causes are likely to be the result of a number of factors. For example, most recently installed meters are of an electronic type with a single display that shows several quantities. TLC is aware of cases where meter readers are misreading these devices and recording quantities such as kVAh instead of kWh and other errors.

Note – Overhead Circuit Length by Terrain (at year end) (row 23 to 31):

Terrain types used in data records have been based on the 2004 ODV handbook. These types do not map exactly to the disclosure terrain types but have been allocated as follows:

Urban is Overhead Lines Urban

Rural is Overhead Lines Normal

Rugged is Overhead Lines Rugged

Remote means more than 75km away from the nearest The Lines Company premises, measured by road.

(14) MP2 - Performance Measures

REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business: The Lines Company				
	For Year Ended: 2011				
5					
6	Performance comparators				
7					
8	Previous Years:				Current Financial Year
9		Current Yr - 3	Current Yr - 2	Current Yr - 1	
10	Operational expenditure ratio				
11	Total Operational Expenditure	6	7	7	7 \$m from FS1
12	Replacement Cost of System Fixed Assets (at year end*)	316	328	338	360 \$m from AV3
13	Ratio (%)	1.75%	2.01%	2.03%	1.98%
14	Capital expenditure ratio				
15	Total Capital Expenditure on System Fixed Assets	10	7	7	8 \$m from FS2
16	Replacement Cost of System Fixed Assets (at year end*)	316	328	338	360 \$m from AV3
17	Ratio (%)	3.30%	2.01%	2.06%	2.33%
18	Capital expenditure growth ratio				
19	Capital Expenditure, Customer Connection and System Growth	-	-	3	3 \$m from FS2
20	Change in Total Distribution Transformer Capacity	-	5	13	9 MVA from MP1
21	\$/kVA	Not defined	-	208	272 \$/kVA
22	Renewal expenditure ratio				
23	Capital & Operational Expenditure, Asset Replacement, Refurbishment and Renewal	-	-	4	4 \$m from FS1 & 2
24	Regulatory Depreciation of System Fixed Assets	-	6	6	7 \$m from AV1
25	Ratio (%)	Not defined	0%	68%	58%
26	Distribution Transformer Capacity Utilisation				
27	Maximum Distributor Transformer Demand	65	61	64	63 MW from MP1
28	Total Distribution Transformer Capacity (at year end*)	207	212	225	234 kVA from MP1
29	Ratio (%)	31.4%	28.8%	28.2%	26.9%
30	Return on Investment				
31	Regulatory Profit / Loss (pre-financing and distributions)	11	10	10	15 \$m from FS1
32	less Interest Tax Shield Adjustment	1	1	1	1 \$m from FS3
33	Adjusted Regulatory Profit	10	9	9	14 \$m
34	Regulatory Investment Value	122	136	145	152 \$m from FS2
35	Ratio (%)	8.25%	6.62%	6.03%	9.38%
36	* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages				
37	Expenditure comparison table				
38					
39	Expenditure metrics (\$ per):				
40					
41		Electricity Supplied to Customers' Connection Points (\$/MWh)	Maximum coincident system demand (\$/MW)	Connection Point (\$/CP)	Distribution Transformer Capacity (EDB-Owned) (\$/MVA)
42		Total circuit length (for Supply) (\$/km)			
43	Capital Expenditure (\$ per	1,750	29	138,921	358
44	Operational Expenditure (\$ per	1,429	24	113,449	282
45					38,616 from FS2 & MP1
46					31,538 from FS1 & MP1

Note – Total Distribution Transformer Capacity (at year end*) (row 31):

Row 31 of report MP2 is linked to report MP1. The capacity in report MP1 is measured in MVA, not kVA as indicated in the above report MP2.

The Lines Company's methodology to determine "Distribution Transformer Capacity Utilisation" for the years 2007 through 2011 is consistent with the methodology in the Electricity Distribution (Information Disclosure) Requirements 2008.

(15) MP3 - Price and Quality Measures – Total Business

REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

ref	Electricity Distribution Business:	The Lines Company
6		For Year Ended 2011
7	Network Name:	The Lines Company Limited
9	Disclosure:	Annual Disclosure - Requirement 6(1)
10	QUALITY	
12	Interruptions	
13	Interruptions by class	
14	Class A	- planned interruptions by Transpower;
15	Class B	300 planned interruptions on the network
16	Class C	863 unplanned interruptions on the network
17	Class D	13 unplanned interruptions by Transpower
18	Class E	- unplanned interruptions of network owned generation
19	Class F	- unplanned interruptions of generation (non-network)
20	Class G	68 unplanned interruptions caused by other electricity industry participant
21	Class H	84 planned interruptions caused by other electricity industry participant
22	Total	1,328 Total of above
24	Interruption targets for Forecast Year	
25	Class B	2012 450 Current Financial Year +1 planned interruptions on the network
26	Class C	312 unplanned interruptions on the network
28	Average interruption targets for 5 Forecast Years	
29	Class B	2012-2016 450 Current Financial Year +1 to +5 planned interruptions on the network
30	Class C	800 unplanned interruptions on the network
32	Class C interruptions restored within	
33		≤3hrs >3hrs
34		649 214
35	Faults	
36	Faults per 100 circuit kilometres	
37	The total number of faults for Current Financial Year	21.60 in year 2011
38	The total number of faults forecast for the Forecast Year	18.19 in year 2012
39	The average annual number of faults forecast for the 5 Forecast Years	18.19 average over years 2012-2016
41	Fault information per 100 circuit kilometres by Voltage and Type	
42		6.6kV & 11kV non-SWER 22kV non-SWER SWER 33kV 50kV & 66kV >66kV
43	Is this voltage part of the EDB system?	Yes No Yes Yes No No
44	Current Financial Year	34.50 0.50 2.20
45	Forecast Year	35.00 0.70 3.30
46	Average annual for 5 Forecast Years	35.00 0.70 3.30
48	Fault information per 100 circuit kilometres by Voltage and Type	
49		6.6kV & 11kV non-SWER 22kV non-SWER SWER 33kV 50kV & 66kV >66kV
50	Underground	- - - -
51	Overhead	34.50 0.50 2.20
53	Reliability	
54	Overall reliability	
55	Based on the total number of interruptions	SAIDI 292.43 SAIFI 3.47 CAIDI 84.27
57	Reliability by interruption class	
58	Class B	SAIDI 63.59 SAIFI 0.48 CAIDI 132.48
59	Class C	228.84 2.99 76.54
61	Targets for Forecast Year	
62	Class B	SAIDI 97.80 SAIFI 0.60 CAIDI 163.00
63	Class C	202.20 3.40 59.47
65	Average targets for 5 Forecast Years	
66	Class B	SAIDI 97.80 SAIFI 0.60 CAIDI 163.00
67	Class C	202.20 3.40 59.47

The increase in gross revenue in medium connection points arises from price increases, full year impact of dairy farm conversions and movement from large to medium. The increase in gross revenue in the largest 5 connection points arises from price increases and new assets.

REPORT MP3: PRICE AND QUALITY (cont)

Notes to Price and Quality Measures

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PRICES

Price Information by Connection Point Class

	Connection Point Class				
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total
Gross line charge income (\$000)	21,113	3,046	3,429	3,065	30,653
Electricity Supplied to Customers' Connection Points (MWh)	194,974	23,826	39,200	41,000	299,000
Number of Connection Points (ICPs) at year end	24,207	211	51	5	24,474
Unit Price (cents/kWh)	10.8	12.8	8.7	7.5	10.3
Relative Unit Price Index	1.00	1.18	0.81	0.69	0.95

from FS1

from MP1

from MP1

MP3a: Connection Point Class breakpoints

Connection Point Class breakpoints methodology

kVA based breakpoints

kVA based breakpoints - additional disclosure

Breakpoint between small and medium classes

Breakpoint between large and medium classes

25 kVA

70 kVA

MP3 – Line 16

These figures have increased compared to previous years due to a number of reasons including:

1. The change in definitions between the 2004 Electricity Information Disclosure requirements and the 31 October 2008 requirements. The 2008 definitions are more specific.
2. 2010/11 figures include single 11kV fuses operations often supplying individual customers. Often these faults were caused by low voltage events that because there are no LV fuses existing meant the faults forced the 11kV fuses to operate. These events are now being counted whereas previously they were not. It is not possible to consistently attribute these events to either the LV or HV system and as a consequence it was decided to count all events.
3. The previous manual counting methods did exclude single phase HV outages. Making a judgment call given that often customers will experience low voltages that would not allow their equipment to operate during these events especially on TLC's very long rural network was very subjective. Building an automated calculator for single phase events into an automated recording system also is very difficult. Due to the subjective nature of the calls on single phase events TLC has included these in the disclosed.
4. TLC introduced a new automated outage recording system in 2009/10. This has removed many of the errors that occurred in the past with outage reporting and as a consequence, reliability reporting has become more accurate with figures overall increasing.

MP3 – Line 28

The forward forecast has been increased to accommodate TLC's decision to complete renewal work at the lowest possible cost. This means that more costly live line work methods have been reduced. The downside of this is the numbers of interruptions customers see will increase.

MP3 – Line 26

The forecast has been increased for the reasons explained in Line 16 note above.

MP3 – Line 29

TLC's increased renewal programme extends out at least 16 years. For the reasons explained in Line 28 note, the 5 yearly forecasts have been increased to cover this.

MP3 – Line 30

The five yearly forecasts have been increased for the reasons explained in the Line 16 note above.

MP3 – Line 44

The SWER faults per 100km category were introduced in the 2008 Disclosure requirements for the first time. Systems were introduced to measure this, but unfortunately teething problems occurred with getting the systems established and many of the SWER faults were counted in the 6.6kV to 22kV category. Effort was put into trying to cleanse much of this data, but with limited success.

MP3 – Line 45

The forecasts have been adjusted to align with the AMP. The variance with this years result is explained in Line 44 note.

MP3 – Line 46

As per Line 44 note.

Note – Price information by Connection Point Class:

It is important to note that The Lines Company does not charge its customers based on the volume of electricity supplied. Charges are rather based on the value of assets employed the connection capacity and the demand that the customer places on the network as these measures are more accurate drivers of the infrastructure cost of the distribution system. Therefore, a customer that uses electricity at a constant rate throughout the year may have a lower price in cents per kWh than a customer using the same volume of electricity but over a shorter period of time.

Note – Connection Point Class breakpoints:

The breakpoints have been selected to provide the best fit for comparison purposes of the costs per unit at various kVA breakpoints.

MP3 – Lines 53-67

The Reliability figures used in the 2011 TLC Disclosure are pre-normalisation figures for the SAIDI, SAIFI and CAIDI. Both pre-normalised and normalised figures were disclosed in the 2011 Threshold paper.

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

For Year Ended	2011
	(\$000)

From most recent Asset Management Plan

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)

	Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1
Capital Expenditure: Customer Connection	1,432	960	49.1%
Capital Expenditure: System Growth	1,087	85	1179.0%
Capital Expenditure: Reliability, Safety and Environment	2,126	1,375	54.6%
Capital Expenditure: Asset Replacement and Renewal	3,720	5,734	-35.1%
Capital Expenditure: Asset Relocations	37	50	-26.6%
Subtotal - Capital Expenditure on asset management	8,402	8,204	2.4%
Operational Expenditure: Routine and Preventative Maintenance	1,120	1,579	-29.1%
Operational Expenditure: Refurbishment and Renewal Maintenance	126	497	-74.6%
Operational Expenditure: Fault and Emergency Maintenance	1,216	1,359	-10.5%
Subtotal - Operational Expenditure on asset management	2,462	3,435	-28.3%
Total direct expenditure on distribution network	10,864	11,639	-6.7%

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

System growth includes work for a generation scheme and a large industrial plant that were not forecast for inclusion in the current financial year. Asset replacement and renewal is lower than forecast due resource availability to complete the work programme. This has been picked up in the following financial year. Customer connections are higher than forecast. All maintenance categories are lower than forecast due resource availability to complete the work programme.

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D. Assumptions and Additional Notes

AV1 – Annual Regulatory Valuation Roll-Forward Report

In the 2008-09 financial year The Lines Company began to transfer existing asset data to a new asset management system (BASIX). Reviews of individual asset items have identified assets that had previously been replaced, but had not been updated in the historical asset register. The value reported under "Net Increase (Decrease) Due to Changes in Asset Register Information" in row 31 therefore mainly consists of valuation adjustments resulting from asset age corrections, and 'found assets' where line inspection has identified previously unrecorded assets e.g. when an extra pole may have been installed in a line, but this had not been recorded in asset database previously. The project to identify and review individual asset information and documentation is ongoing. Where a component of an asset has been renewed our asset system has replaced the total value of the asset with the cost of the component. Estimates have been used to address this in the 2011 valuation, but measures have been taken to correct this going forward.

MP1 and MP3 Load Forecasting

The Lines Company's Asset Management Plan has detailed information on its load forecasting, methodology and assumptions made.

These assumptions include allowances for a slow down in economic activity and likely distributed generation connections.

Interruption Targets

Records show that The Lines Company's network has not materially grown in length and the economic downturn has substantially impacted on development proposals. As a consequence, no allowance for increased line length has been included in calculating interruption targets.

SAIDI, SAIFI, and CAIDI Targets

Due to the rural, remote rural nature of the network, and the long-term asset management plan, The Lines Company is predicting reliability indices to be maintained at present levels. They will vary year to year based on the number and severity of storm events.

Targets were set after extensive customer consultation and the development of a network reliability plan in 2003. The targets are reviewed annually as part of the annual planning process, which included redrafting the Asset Management Plan.

Decision 685 and Threshold Compliance

In late November 2009, the Commerce Commission released Decision 685 which sets thresholds for quality for the period 1st April 2010 to 31st March 2015. These limits are below TLC's present targets that have been based on customers' expectations.

Compliance will both be difficult and add cost to renewals. It has been agreed by stakeholders that the lowest cost approach to renewals should be taken. It is possible that the thresholds will be exceeded, due to storm events and planned renewal work.

Asset Information: Sources of Information

All asset data has been sourced from the asset information system (BASIX).

Reliability: The reliability figures have been calculated using the network data outage calculation system (BASIX). Customer numbers are imported from the Gentrack billing system on a daily basis.

Ownership: The base data on line ownership is taken from the BASIX system. Data was entered as per The Lines Company's line ownership policy as detailed in the Terms and Conditions of Supply. Information is continually checked against source data, after line inspections and cross-referencing with historic maps, billing and other records. Only The Lines Company lines are included in disclosure statistics.

Records show that if all privately owned lines were added, line length would increase by approximately 20%. Private ownership starts at the "Point of Connection" as defined in our Terms and Conditions. The performance and details of these private lines have not been included in disclosure information.

Transformers: Only The Lines Company owned transformers have been included. There are a number of privately owned transformers connected to the network. Details of transformer ownership are held in the asset database (BASIX).

Lengths: The lengths of line used in the valuation are circuit lengths.

Terrain Assumptions: No changes in categories have been made since the previous regulatory valuations. There has been a small number of adjustment to the application of categories for individual assets based on improvements in data quality.



INDEPENDENT ASSURANCE REPORT

TO THE READERS OF THE LINES COMPANY LIMITED

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

The Auditor-General is the auditor of The Lines Company Limited (the company). The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte, to provide an opinion, on her behalf, on the company's report for the financial year ended 31 March 2011 on pages 3 to 31 regarding compliance with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements). In this independent assurance report we refer to the company's report as the 'disclosure information'. The disclosure information comprises both historical and prospective financial and non-financial information.

Respective responsibilities

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

Clause 10 of the Requirements requires the Auditor-General to provide an opinion on whether the disclosure information prepared by the company complies with and is presented in all material respects in accordance with the Requirements.

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 2011. This independent assurance report is not intended to be used for any purposes, other than that for which it was prepared.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the financial year and the procedures performed in respect of the company's compliance with the Requirements are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the company may not have complied with the Requirements. Our opinion has been formed on the above basis.

Basis of opinion

The company's financial statements and annual compliance statement prepared pursuant to the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 for the year ended 31 March 2011 have been subject to audit. The audit opinions on the financial statements and default price-quality path compliance statements of the company for the year ended 31 March 2011 were unqualified and were dated 8 June 2011 and 12 July 2011 respectively.

Our work has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information complies with and has been presented in all material respects in accordance with the Requirements. We also included an assessment of the significant estimates and judgements, if any, made by the company in the preparation of the disclosure information.

A matter is material if it would affect a user's overall understanding of the disclosure information prepared by the company.

Historical financial and non-financial information

Deloitte.

Our work on the historical financial and non-financial information has been carried out in accordance with the Standard on Assurance Engagements (New Zealand) 3100: *Compliance Engagements* issued by the New Zealand Institute of Chartered Accountants.

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

Our work in respect of amounts and disclosures that were not audited under the financial statement and the annual compliance statement audits, has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information has been presented in all material respects in accordance with the Requirements.

Prospective financial and non-financial information

Our work on the prospective financial and non-financial information 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 2011 and the immediately preceding financial year, and that the information has been calculated based on source data provided by the company. We have not performed audit procedures on the source data.

We acknowledge that 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).

Independence

When carrying out the engagement we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants. We also complied with the Independent auditor provisions on independence, as specified in clause 2(1) of the Requirements.



Other than the engagement and the annual audit of the company's financial statements and the annual compliance statement carried out on behalf of the Auditor-General, we have no relationship with or interests in the company.



Opinion


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

In our opinion:

-  the company has kept proper records to enable the complete and accurate compilation of required information, in all material respects, as far as appears from our examination of those records; and
-  the disclosure information prepared by the company for the financial year ended 31 March 2011 complies with the Requirements.

Historical Financial and Non-Financial Information

In our opinion, the company has:

- presented the historical financial information in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 for the financial year ended 31 March 2011 in all material respects in compliance with the Requirements, 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 un-audited source data provided by the company.

Prospective Financial and Non-Financial Information

In our opinion, the company has:

- presented the prospective financial and non-financial 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 2011 and the immediately preceding financial year; and
- calculated the prospective financial and non-financial information based on un-audited source data provided by the company.

Bruno Dente
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand
27 October 2011

This audit report relates to the Electricity Information Disclosure Report of The Lines Company Limited for the year ended 31 March 2011 included on The Lines Company Limited website. The Lines Company Limited is responsible for the maintenance and integrity of The Lines Company Limited's website. We have not been engaged to report on the integrity of The Lines Company Limited's website. We accept no responsibility for any changes that may have occurred to the Electricity Information Disclosure Report of The Lines Company Limited since they were initially presented on the website.

The audit report refers only to the Electricity Information Disclosure Report of The Lines Company Limited named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Electricity Information Disclosure Report of The Lines Company Limited. 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 Electricity Information Disclosure Report of The Lines Company Limited and related audit report dated 27 October 2011 to confirm the information included in the audited Electricity Information Disclosure Report presented on this website.

Legislation in New Zealand governing the preparation and dissemination of Electricity Information Disclosure Report may differ from legislation in other jurisdictions.


F. Directors' Certificates

Certificate for Disclosed Information

Pursuant to Requirement 11(1)

We, Malcolm Don and John Lindsay, Directors of The Lines Company Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of The Lines Company Limited prepared for the purposes of requirement 3, 4, 6 and 7(5) of the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 complies with those Requirements -

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



Director

Date: 27 October 2011



Director

Date: 27 October 2011