

## REPORT FS1: REGULATORY PROFIT STATEMENT

Electricity Distribution Business:

Waipa Networks

For Year Ended 2008

ref				
5				
6	<b>Income</b>			
7				
8				
9	Net Line Charge Revenue Received	10,871		
10	plus Discretionary Discounts and Customer Rebates	4,777		F51a
11	<b>Gross Line Charge Income</b>		15,648	
12				
13	Capital Contributions	2,083		
14	plus Net Value of Vested Assets	-		
15	<b>Total Capital Contributions and Vested Assets</b>		2,083	
16				
17	AC Loss Rental Rebates Received	373		
18	less AC Loss Rental Rebates Passed On	373		
19	<b>Net AC loss rental income (deficit)</b>		0	
20				
21				
22	<b>Other Income</b>	61		
23			61	
24				
25	<b>Total regulatory income</b>		17,792	
26				
27				
28	<b>Expenses</b>			
29				
30	Transmission Charges - Payments to Transpower	4,084		
31	plus Avoided Transmission Charges - payments to parties other than Transpower	-		
32	<b>Total Transmission Costs</b>		4,084	
33				
34	<b>Operational Expenditure:</b>			
35	General Management, Administration and Overheads	1,340		
36	System Management and Operations	911		
37	Routine and Preventative Maintenance	999		to AM1
38	Refurbishment and Renewal Maintenance	160		to AM1
39	Fault and Emergency Maintenance	413		to AM1
40	Pass-through Costs	123		
41	Other	-		
42	<b>Total Operational Expenditure</b>		3,947	to MP2
43				
44				
45	<b>Operational earnings</b>		9,760	
46				
47				
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	2,800		from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	84		from AV1
50	<b>Total Regulatory Depreciation</b>		2,885	to FS3
51				
52				
53	<b>Earnings before interest and tax (EBIT)</b>		6,876	to FS3
54				
55	less Regulatory Tax Allowance		(57)	from FS3
56				
57	plus Indexed Revaluation (of System Fixed Assets)		2,295	from AV1
58	plus Revaluations of Non-System Fixed Assets		-	from AV1
59				
60	<b>Regulatory profit / loss (pre-financing and distributions)</b>		9,228	to MP2

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

**Notes to Regulatory Profit Statement**

69	<b>FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments</b>		<b>(\$000)</b>
70	Customer Rebates	4,777	
71	Line Charge Holidays and other Discretionary Discounts		
72	<b>Total Discretionary Discounts and Customer Rebates</b>		<b>4,777</b>

75	<b>FS1b: Related party expenditure - summary</b>		<b>(\$000)</b>
76	Avoided Transmission Charges		
77	Operational Expenditure	1,881	
78	Subvention Payment		
79	Other related party expenditure	4,829	
80	<b>Total Related Party Expenditure</b>		<b>6,710</b>

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

87	<b>FS1c: Operational Expenditure notes</b>		<b>(\$000)</b>
88			
89	<b>Merger and Acquisition Expenses</b>		
90	Merger and Acquisition Expenses (not to be included in Operational Expenditure)	-	
91			
92	<b>Material items (if greater than 10% of the Operational Expenditure line item)</b>		
93	Material item amount 1	15	Notes to be provided separately
94	within expenditure category	Pass-through Costs	
95			
96	Material item amount 2	66	Notes to be provided separately
97	within expenditure category	Pass-through Costs	
98			
99	Material item amount 3	43	Notes to be provided separately
100	within expenditure category	Pass-through Costs	
101			
102			
103			

(further disclosures to be provided on separate page if required)

106	<b>FS1d: Vested Assets</b>		<b>(\$000)</b>
107	Consideration Paid for Vested Assets	-	

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

to be repeated as required for multiple reclassifications

**REPORT FS1: REGULATORY PROFIT STATEMENT (cont)**Electricity Distribution Business: **Waipa Networks**For Year Ended **2008**

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**FS1b: Related party expenditure - summary**

At balance date, the Waipa Networks Trust held 100 per cent of the shares in Waipa Networks Limited

All related party transactions in the accounts of Waipa Networks have been conducted on a commercial and arms length basis.

The contracting department of Waipa Networks has provided the following services, for the year ended 31 March 2008

	2008 (\$000)	2007 (\$000)
Construction of subtransmission assets	-	-
Construction of zone substations	-	-
Construction of distribution lines & cables	1,666	2,354
Construction of medium voltage switchgear	615	412
Construction of distribution transformers	808	697
Construction of distribution substations	629	273
Construction of low voltage lines and cables	755	462
Construction of other system fixed assets	357	680
Maintenance of assets	1,827	1,692
Consumer connections and reconnections	11	10
Other services	43	49

The following transactions occurred between the line business and other business.

Sale of Assets to Other at Book Value	-	-
Distribution of cash to Other	-	-
Interest paid to Other	884	858

The line business has a loan from the other business.

The amount outstanding at balance date was \$9,800,000 (2007 \$9,800,000).

At year end there were no other outstanding balances for related parties (2007 Nil).

No related party debt has been written off or forgiven during 2008 or 2007.

No provision has been made in the accounts for payment of a final dividend to the Waipa Networks Trust. (2007 Nil). No Interim dividends have been paid (2007 Nil).

**Material items (if greater than 10% of the Operational Expenditure line item)**

Commerce Commission	15
within expenditure category:	12% Pass-through Costs
Local Authority Rates	66
within expenditure category:	53% Pass-through Costs
Electricity Commission	43
within expenditure category:	35% Pass-through Costs