



Information prepared in accordance with the
Electricity (Information Disclosure) Requirements 2008

Schedules 2 to 13

WEL Networks Limited
Year ended 31 March 2010

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Report FS1 – Regulatory Profit Statement

ref	Electricity Distribution Business:	WEL NETWORKS
5		For Year Ended
6	Income	2010
7		(\$000)
8	Net Line Charge Revenue Received	71,043
9	plus Discretionary Discounts and Customer Rebates	7,792
10	Gross Line Charge Income	78,834
11		
12	Capital Contributions	5,512
13	plus Net Value of Vested Assets	-
14	Total Capital Contributions and Vested Assets	5,512
15		
16	AC Loss Rental Rebates Received	1,231
17	less AC Loss Rental Rebates Passed On	739
18	Net AC loss rental income (deficit)	492
19		
20		
21	Other Income	1,756
22		1,756
23		
24	Total regulatory income	86,594
25		
26		
27		
28	Expenses	
29		
30	Transmission Charges - Payments to Transpower	16,984
31	plus Avoided Transmission Charges - payments to parties other than Transpower	2,725
32	Total Transmission Costs	19,709
33		
34	Operational Expenditure:	
35	General Management, Administration and Overheads	6,018
36	System Management and Operations	3,164
37	Routine and Preventative Maintenance	2,729
38	Refurbishment and Renewal Maintenance	1,430
39	Fault and Emergency Maintenance	2,134
40	Pass-through Costs	541
41	Other	915
42	Total Operational Expenditure	16,930
43		
44		
45	Operational earnings	49,955
46		
47		
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	12,919
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	1,326
50	Total Regulatory Depreciation	14,245
51		
52		
53	Earnings before interest and tax (EBIT)	35,710
54		
55	less Regulatory Tax Allowance	3,845
56		
57	plus Indexed Revaluation (of System Fixed Assets)	6,164
58	plus Revaluations of Non-System Fixed Assets	-
59		
60	Regulatory profit / loss (pre-financing and distributions)	38,029

Notes to the Regulatory Profit Statement

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	7,792	
72	Total Discretionary Discounts and Customer Rebates		7,792

75	FS1b: Related party expenditure - summary		(\$000)
76	Avoided Transmission Charges		
77	Operational Expenditure	6,293	
78	Subvention Payment		
79	Other related party expenditure	26,848	
80	Total Related Party Expenditure		33,141
81			
82			
83	<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>		
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	2,747	Notes to be provided separately
94	within expenditure category:	General Management, Administration	
95			
96	Material item amount 2	1,276	Notes to be provided separately
97	within expenditure category:	System Management and Operation	
98			
99	Material item amount 3	446	Notes to be provided separately
100	within expenditure category:	System Management and Operation	
101			
102			
103			(further disclosures to be provided on separate page if required)

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			

to be repeated as required for multiple reclassifications

Report FS2 – Regulatory Asset and Financing Statement

ref	Electricity Distribution Business:	WEL NETWORKS	
5		For Year Ended	2010
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(\$000)
8	Customer Connection	5,292	to AM1
9	System Growth	14,665	to AM1
10	Reliability, Safety and Environment	1,283	to AM1
11	Asset Replacement and Renewal	5,108	to AM1
12	Asset Relocations	2,519	to AM1
13	Total Capital Expenditure on System Fixed Assets	28,867	to AM1
14			
15			
16	Capital Expenditure on Non-System Fixed Assets	2,467	from AV1
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	18,149	
21	plus Total Capital Expenditure on System Fixed Assets	28,867	
22	less Assets Commissioned in Year	21,488	from AV1
23	Works under construction at year end	25,528	
24			
25			
26	Regulatory Investment Value calculation		
27	System Fixed Assets: regulatory value at end of Previous Year	301,186	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	7,083	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	7,379	2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year	315,649	
31			
32	plus System Fixed Assets Commissioned in Year	21,488	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	2,467	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	23,954	
36	Regulatory Asset Base investment in Current Financial Year - average	11,977	
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	327,626	to MP2

FS3 – Regulatory Tax Allowance Calculation

ref	Electricity Distribution Business: WEL NETWORKS	
5		For Year Ended 2010
6		
7		(\$000)
8	Earnings before interest and tax (EBIT)	35,710 <i>from FS1</i>
9		
10	<i>add</i> Total Regulatory Depreciation	14,245 <i>from FS1</i>
11	Other Permanent Differences - not deductible	(394)
12	Other Temporary Adjustments - Current Period	2,920
13		16,771
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets	5,228
16	Tax Depreciation	17,353
17	Deductible Discretionary Discounts and Customer Rebates	7,792
18	Deductible Interest	7,234 <i>from row 53</i>
19	Other Permanent Differences - Non Taxable	-
20	Other Temporary Adjustments - Prior Period	2,057
21		39,664
22		
23	Regulatory taxable income for Year	12,818
24		
25	<i>less</i> Tax Losses Available at Start of Year	
26	Net taxable income	12,818
27		
28	Statutory Tax Rate	30%
29	Regulatory Tax Allowance	3,845 <i>to FS1</i>

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	Impaired assets, foreign exchange losses, entertainment expenditure and consulting fees not deductible
42	
43	
44	
45	

48	FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)				
49					
50	Standard Debt Leverage Assumption (debt/total assets)	40%	%		
51					
52	Standard Cost of Debt Assumption	5.52%	%		
53					
54	Deductible Interest	7,234	\$000		to row 18
55					
56	Interest Tax Shield Adjustment	2,170	\$000		to MP2

AV1 – Annual Regulatory Valuation Roll-Forward Report

ref	Electricity Distribution Business: WEL NETWORKS					
5	For Year Ended:					2010
6	Year of most recent ODV					2004
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Notes to Annual Regulatory Valuation Roll-forward Report

57	AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets					
58	CPI as at date of ODV					
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AV2 – Regulatory Valuation Disclosure by Asset Class (for system fixed assets)

Electricity Distribution Business: WEL NETWORKS

For Year Ended: 2010

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)	18,447	20,081	49,849	47,961	29,803	11,621	11,733	189,495	from AV1
Cumulative roll-forward since most recent ODV:									
Asset Additions								146,511	from AV1
Indexed Revaluation (of System Fixed Assets)								40,464	from AV1
less Regulatory Depreciation (of System Fixed Assets)								59,572	from AV1
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								(979)	from AV1
Net Increase (Decrease) Due to Changes in Asset Register Information								-	from AV1
Regulatory Value of System Fixed Assets at Year End								315,919	from AV1

AV3 – System Fixed Assets Replacement Cost Roll-forward Report

ref	Electricity Distribution Business:	WEL NETWORKS	
5		For Year Ended:	2010
6	System Fixed Assets - Replacement Cost		
7			(\$000)
8	Replacement cost at end of previous year	508,358	
9			
10	Asset Additions	21,488	AV3a
11	Indexed Revaluation (of System Fixed Assets)	10,404	
12	less Replacement Cost of Assets Decommissioned	6,759	
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	533,490	
16			
17			
18	System Fixed Assets - Depreciated Replacement Cost		
19			
20	Depreciated Replacement Cost at end of previous year	300,091	
21			
22	Asset Additions	21,488	AV3a
23	Indexed Revaluation (of System Fixed Assets)	6,141	
24	less Depreciation of Replacement Cost	9,945	
25	less Depreciated Replacement Cost of Assets Decommissioned	2,989	
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	314,785	

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

Notes to Price and Quality Measures

36	AV3a: New Asset Additions		
37			
38	Asset Additions - Depreciated Replacement Cost	21,488	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	Asset Additions - Replacement Cost	21,488	
42			

AV4 – Business Merger, Acquisition or Sale – Regulatory Asset Base Disclosure

Electricity Distribution Business:		WEL NETWORKS	
ref			
6	Disclosure required? (YES or NIL DISCLOSURE):	NO DISCLOSURE REQUIRED	
7			
8		As at (date): 31/03/2010	
9		Proportion of year following transfer of assets: 0%	
10			
11			
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	less Depreciation		
16	Depreciated Replacement Cost (DRC)		
17	less Optimisation adjustment		
18	Optimised Depreciated Replacement Cost (ODRC)		
19	less Economic Value Adjustment (EVA)		
20	Most recent ODV value		
21			
22			
23			
24			
25			
26	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		
36	Sale of Assets to Another EDB		
37			
38	RAB Value of Transferred Assets at Transfer Date		
39	"p" factor (proportion of year following transfer of assets)	0%	
40	Adjustment for merger, acquisition or sale to another EDB		
41			
42			
43			
44			
45			
46			
47	PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred (\$000)		
		RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets
48	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		
49	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		
50			
51			
52	Signed by:	Selling Entity	
53			
54		Acquiring Entity	
55			
56			
57			

MP1 – Network Information

ref	Electricity Distribution Business:		WEL NETWORKS
6			For Year Ended: 2010
7	Network Name:	WEL Networks (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)
12	> 66kV		-
13	50kV & 66kV		-
14	33kV	186	143
15	SWER (all SWER voltages)		-
16	22kV (other than SWER)		-
17	6.6kV to 11kV (inclusive - other than SWER)	1,932	570
18	Low Voltage (< 1kV)	1,123	1,089
19	Total circuit length (for Supply)	3,241	1,802
20			5,043
21	Dedicated Street Lighting Circuit Length	260	1,113
22			1,373
23	Overhead Circuit Length by Terrain (at year end)		
24		(km)	(%)
25	Urban (only)	647	20%
26	Rural (only)	1,983	61%
27	Remote (only)		0%
28	Rugged (only)	13	0%
29	Rural & rugged (only)	598	18%
30	Remote & rugged (only)		0%
31	Unallocated overhead lines		0%
32	Total overhead length	3,241	100%
33			-
34	Transformer capacity (at year end)		Previous Year
35	Distribution Transformer Capacity (EDB Owned)	689 MVA	660
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	20 MVA	20
37	Total Distribution Transformer Capacity	709 MVA (to MP2)	680
38			
39	Zone Substation Transformer Capacity	576 MVA	530
40			
41	System Fixed Assets age (at year end)		
42	Average Age of System Fixed Assets	21 Years	
43	Average Expected Total Life of System Fixed Assets	49 Years	
44	Average Age as a Proportion of Average Expected Total Life	42%	
45			
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	28%	
47			
48			

MP1 – Network Information (continued)

		Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
49	Electricity demand			
50				
51				
52				
53	GXP Demand	262	285	
54	plus Embedded Generation Output at HV and Above	1		
55	Maximum System Demand	263		
56	less Net Transfers to (from) Other EDBs at HV and Above	-		
57	Demand on system for supply to customers' Connection Points	263		
58	less Subtransmission Customers' Connection Point Demand	0	0	
59	Maximum Distribution Transformer Demand	263		to MP2
60				
61	GXP Demand not Supplied at Subtransmission Level	-		
62	Embedded Generation Output - Connected to Subtransmission System	-	45	
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	-	-	
64				
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	19		
66				
67	Five-Year System Maximum Demand Growth Forecast	2.0	% p.a.	
68				
69	Electricity volumes carried	(GWh)		
70	Electricity Supplied from GXPs	1,033		
71	less Electricity Exports to GXPs	14		
72	plus Electricity Supplied from Embedded Generators	207		
73	less Net Electricity Supplied to (from) Other EDBs	-		
74	Electricity entering system for supply to customers' Connection Points	1,226		
75	less Electricity Supplied to Customers' Connection Points	1,165		to MP2
76	Electricity Losses (loss ratio)	62	5.0% %	
77				
78	Electricity Supplied to Customers' Connection Points	1,165		
79	less Electricity Supplied to Largest 5 Connection Points	74		
80	Electricity supplied other than to Largest 5 Connection Points	1,090	94% %	
81				
82	Load Factor	53%	%	
83				
84	Number of Connection Points (at year end)	84,276	ICPs	to MP2
85				
86	Intensity of service requirements			
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	52	kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	231	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	17	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	13,820	kWh/ICP	

MP2 – Performance Measures

ref	Electricity Distribution Business:				WEL NETWORKS	
5					For Year Ended:	
6	Performance comparators				2010	
7						
8						
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MP3 – Price and Quality Measures

ref	Electricity Distribution Business:		WEL NETWORKS		
6			For Year Ended:		
7	Network Name:	WEL Networks			
	Disclosure:	Annual Disclosure - Requirement 6(1)			
9					
10	QUALITY				
11					
12	Interruptions				
13	Interruptions by class				
14	Class A		planned interruptions by Transpower:		
15	Class B	76	planned interruptions on the network		
16	Class C	206	unplanned interruptions on the network		
17	Class D		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		unplanned interruptions caused by other electricity industry participant		
21	Class H		planned interruptions caused by other electricity industry participant		
22	Total	282	Total of above		
23					
24	Interruption targets for Forecast Year		2011	Current Financial Year +1	
25	Class B		70	planned interruptions on the network	
26	Class C		337	unplanned interruptions on the network	
27					
28	Average interruption targets for 5 Forecast Years		2011-2015	Current Financial Year +1 to +5	
29	Class B		38	planned interruptions on the network	
30	Class C		335	unplanned interruptions on the network	
31					
32	Class C interruptions restored within		≤3Hrs	>3hrs	
33			125	81	
34					
35	Faults				
36	Faults per 100 circuit kilometres				
37	The total number of faults for Current Financial Year		7.28	in year	2010
38	The total number of faults forecast for the Forecast Year		11.30	in year	2011
39	The average annual number of faults forecast for the 5 Forecast Years		11.01	average over years	2011-2015
40					
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	No	Yes No
44	Current Financial Year	7.95			2.13
45	Forecast Year	12.47			1.83
46	Average annual for 5 Forecast Years	12.12			1.83
47					
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	2.80			0.70
51	Overhead	9.47			3.23
52					
53	Reliability				
54	Overall reliability		SAIDI	SAIFI	CAIDI
55	Based on the total number of interruptions		74.98	1.16	64.59
56					
57	Reliability by interruption class		SAIDI	SAIFI	CAIDI
58	Class B		9.84	0.08	129.13
59	Class C		65.14	1.08	60.06
60					
61	Targets for Forecast Year		SAIDI	SAIFI	CAIDI
62	Class B		6.00	0.05	130.00
63	Class C		69.00	1.39	49.70
64					
65	Average targets for 5 Forecast Years		SAIDI	SAIFI	CAIDI
66	Class B		3.60	0.03	130.00
67	Class C		67.80	1.35	50.38
68					
69					

MP3 – Price and Quality Measures (continued)

70	PRICES					
71						
72	Price information by Connection Point Class					
73						
74						
		Connection Point Class				
		Small	Medium	Large	Largest 5	
		Connection	Connection	Connection	Connection	
		Points	Points	Points	Points	
75						Total
76	Gross line charge income (\$000)	58,951	1,247	15,901	2,735	78,834
77	Electricity Supplied to Customers' Connection Points (MWh)	747,606	20,050	322,807	74,256	1,164,719
78	Number of Connection Points (ICPs) at year end	83,745	148	378	5	84,276
79	Unit Price (cents/kWh)	7.9	6.2	4.9	3.7	6.8
80	Relative Unit Price Index	1.00	0.79	0.62	0.47	0.86
81						

from FS1

from MP1

from MP1

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	kVA based breakpoints
92		
93	kVA based breakpoints - additional disclosure	
94	Breakpoint between small and medium classes	25 kVA
95	Breakpoint between large and medium classes	69 kVA
96		

AM1 – Expenditure Forecasts and Reconciliations

ref	Electricity Distribution Business: WEL NETWORKS							
5	For Year Ended						2010	
6	A) Five year forecasts of expenditure						(\$000)	
7	From most recent Asset Management Plan							
8		Actual for Current Financial Year	Forecast Years					
9	for year ended	2010	year 1	year 2	year 3	year 4	year 5	
10	Capital Expenditure: Customer Connection	5,292	4,795	4,990	5,197	5,415	5,513	from FS2
11	Capital Expenditure: System Growth	14,665	19,291	8,782	8,236	10,173	11,535	from FS2
12	Capital Expenditure: Reliability, Safety and Environment	1,283	925	625	625	625	625	from FS2
13	Capital Expenditure: Asset Replacement and Renewal	5,108	6,992	8,259	9,811	8,362	8,978	from FS2
14	Capital Expenditure: Asset Relocations	2,519	2,989	2,989	2,989	2,989	2,989	from FS2
15	Subtotal - Capital Expenditure on asset management	28,867	34,991	25,645	26,857	27,564	29,640	
16								
17	Operational Expenditure: Routine and Preventative Maintenance	2,729	2,821	2,566	2,549	2,311	2,324	from FS1
18	Operational Expenditure: Refurbishment and Renewal Maintenance	1,430	1,656	1,511	1,495	1,495	1,502	from FS1
19	Operational Expenditure: Fault and Emergency Maintenance	2,134	2,439	2,402	2,370	2,358	2,358	from FS1
20	Subtotal - Operational Expenditure on asset management	6,293	6,916	6,479	6,414	6,164	6,184	
21								
22	Total direct expenditure on distribution network	35,159	41,907	32,124	33,271	33,728	35,824	
23								
24	Overhead to Underground Conversion Expenditure	1,620	1,000	1,000	1,000	1,000	1,000	
25								
26	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).						Overhead to underground conversion expenditure is included in Asset Relocations for each of the forecasted year.	
27								
28								
30								
32	B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure							
33		Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1				
34	Capital Expenditure: Customer Connection	5,292	2,851	85.6%		from row 10		
35	Capital Expenditure: System Growth	14,665	13,991	4.8%		from row 11		
36	Capital Expenditure: Reliability, Safety and Environment	1,283	2,283	-43.8%		from row 12		
37	Capital Expenditure: Asset Replacement and Renewal	5,108	5,256	-2.8%		from row 13		
38	Capital Expenditure: Asset Relocations	2,519	3,150	-20.0%		from row 14		
39	Subtotal - Capital Expenditure on asset management	28,867	27,531	4.9%				
40								
41	Operational Expenditure: Routine and Preventative Maintenance	2,729	2,557	6.7%		from row 17		
42	Operational Expenditure: Refurbishment and Renewal Maintenance	1,430	1,295	10.4%		from row 18		
43	Operational Expenditure: Fault and Emergency Maintenance	2,134	1,885	13.2%		from row 19		
44	Subtotal - Operational Expenditure on asset management	6,293	5,737	9.7%				
45								
46	Total direct expenditure on distribution network	35,159	33,268	5.7%				
47								
48								
49	Explanation of variances							
50	Distribution Business must provide a brief explanation for any line item variance of more than 10%							
51								
52	Explanatory notes (can be provided in a separate note if necessary):						More customer connections were completed than expected. Some reliability projects were delayed due to economic recession. Significant savings (\$400k) from insulator replacement project. Asset relocation projects were less than expected.	
53								
54								
55								
56								
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58								
59								
60								
61								
62								
63								

Transitional Provisions - Direct and Indirect Costs

TRANSITIONAL PROVISIONS PART 4 14 (7)

Electricity Distribution Business: **WEL Networks**

For Year Ending:

2005	2006	2007	2008	2009	2010
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Direct Line cost per Kilometre	\$1,054	\$1,362	\$1,689	\$ 1,842	\$ 1,770	\$ 1,989
Indirect line costs per Electricity Customer	\$65.31	\$57.22	\$60.47	\$ 67.81	\$ 83.01	\$ 81.87

Note: Direct line costs and indirect line costs for 2009 have been restated due to expenditure being incorrectly classified between the two categories. Direct line costs were \$1,921 and indirect line costs were \$73.71.

PART 4 14 (8)

Disclosure for 'System length', 'Transformer capacity' and 'Total consumers' is included in schedule MP1 - Network Information above.

FS1b: Related Party Expenditure Note

WEL Networks has a business unit who provides maintenance and capital expenditure. Under the disclosure rules this business unit is treated as 'other business' and charges the 'lines business'.

Services provided were in the following categories and at total prices.

	(\$000)
Capital Expenditure: Customer Connection	5,831
Capital Expenditure: System Growth	12,741
Capital Expenditure: Reliability, Safety and Environment	1,224
Capital Expenditure: Asset Replacement and Renewal	4,872
Capital Expenditure: Asset Relocations	2,180
Expenses: Routine and Preventative Maintenance	2,729
Expenses: Refurbishment and Renewal Maintenance	1,430
Expenses: Fault and Emergency Maintenance	2,134
Total related party expenditure	33,141

Services were provided throughout the financial year.

There are no outstanding trade balances owing at year end. There were also no debts arising from related party transactions that have been written off or forgiven during the year.

No transactions were undertaken at a nil or nominal value.

FS1c: Operational Expenditure Notes

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

(\$000)

General Management, Administration and Overheads

Wages and salaries	2,747
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System Management and Operations

Wages and salaries	1,276
Computer system maintenance contracts	446

Routine and Preventative Maintenance

Lines routine and preventative maintenance	1,124
Vegetation management	1,162
Zone substation routine and preventative maintenance	341

Refurbishment and Renewal Maintenance

Lines refurbishment and renewal	1,124
Zone substations refurbishment and renewal	184

Fault and Emergency Maintenance

Faults	1,970
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Pass-through Costs

Electricity commission charges	325
Local body rates	216

Other

Network asset disposal costs	807
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