



**Information Disclosure prepared according to
subpart 3 of Part 4A of the Commerce Act 1986**

For the Year Ended 31 March 2011

SUPPLEMENTARY UNAUDITED INFORMATION

EXPLANATORY NOTE (UNAUDITED)

This is an explanatory note and does not form part of the audited Information Disclosures.

The purpose of this explanatory note is to provide the readers of these disclosures with a greater understanding of the underlying profitability of the business that has resulted from a significant increase in the regulatory value of system fixed assets due to the comprehensive asset inspection programme that has been undertaken. These increases have been verified by an independent engineer as part of the information request under sections 53ZD(d) and 53ZD(f) of the Commerce Act 1986.

The full increase has not been reflected within the Information Disclosure Reports due to the unnecessary cost of obtaining additional assurances from external auditors, as this adjustment is not required to be made under the current information disclosure regulations.

Horizon Energy are also applying within this explanatory note, a re-stated 2011 indexed revaluation of system fixed assets that excludes any (approximate) impact resulting from the increase in the GST rate from 12.5% to 15% on 1 October 2010.

Re-stated Return on Investment	2011 \$m
Regulatory Profit / Loss as per the published Information Disclosure FS1 Reports	11.5
<i>Less</i> changes to depreciation and indexed revaluation of system fixed assets	(1.9)
<i>Plus</i> resulting changes to the regulatory tax allowance	0.1
Re-stated Regulatory Profit / Loss (pre-financing and distributions)	9.7
<i>less</i> Interest Tax Shield Adjustment	0.8
Re-stated Adjusted Regulatory Profit	8.9
Regulatory Investment Value as per the published Information Disclosure FS2 Reports	94.3
<i>Plus</i> additional system fixed assets	9.5
Re-stated Regulatory Investment Value	103.7
Re-stated Return on Investment	8.54%

Comparatives to Prior Periods	2008	2009	2010	2011
Re-stated Return on Investment	8.02%	8.92%	8.46%	8.54%
Return on Investment as per the published Information Disclosure MP2 Reports	9.17%	11.09%	9.44%	11.46%
Overstatement of published Return on Investment	1.16%	2.17%	0.98%	2.91%

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INDEPENDENT ASSURANCE REPORT

DIRECTOR'S CERTIFICATES

INTRODUCTION

These Information Disclosure Reports are submitted by Horizon Energy Distribution Limited pursuant to subpart 3 of Part 4A of the Commerce Act 1986 in accordance with:

- The Electricity Information Disclosure Requirements issued 31 March 2004, consolidating all amendments to 31 October 2008;
- The Electricity Distribution (Information Disclosure) Requirements 2008,
- The Electricity Information Disclosure Handbook (as amended 31 October 2008); and

The Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Lines Businessess (30 August 2004)

REPORTS

REPORT FS1: REGULATORY PROFIT STATEMENT

ref		Electricity Distribution Business:	Horizon Energy	
				For Year Ended
				2011
5				
6	Income			
7				(\$000)
8	Net Line Charge Revenue Received		27,463	
9	plus Discretionary Discounts and Customer Rebates		-	FS1a
10	Gross Line Charge Income		27,463	
11				
12				
13	Capital Contributions		1,140	
14	plus Net Value of Vested Assets		-	
15	Total Capital Contributions and Vested Assets		1,140	
16				
17	AC Loss Rental Rebates Received			
18	less AC Loss Rental Rebates Passed On			
19	Net AC loss rental income (deficit)		-	
20				
21				
22	Other Income		13	
23				13
24				
25	Total regulatory income		28,616	
26				
27				
28	Expenses			
29				
30	Transmission Charges - Payments to Transpower		5,039	
31	plus Avoided Transmission Charges - payments to parties other than Transpower		2,845	
32	Total Transmission Costs		7,884	
33				
34	Operational Expenditure:			
35	General Management, Administration and Overheads		2,864	
36	System Management and Operations		1,729	
37	Routine and Preventative Maintenance		1,147	to AM1
38	Refurbishment and Renewal Maintenance		189	to AM1
39	Fault and Emergency Maintenance		699	to AM1
40	Pass-through Costs		205	
41	Other		-	
42	Total Operational Expenditure		6,832	to MP2
43				
44				
45	Operational earnings		13,899	
46				
47				
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)		3,885	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)		212	from AV1
50	Total Regulatory Depreciation		4,097	to FS3
51				
52				
53	Earnings before interest and tax (EBIT)		9,803	to FS3
54				
55	less Regulatory Tax Allowance		2,370	from FS3
56				
57	plus Indexed Revaluation (of System Fixed Assets)		3,951	from AV1
58	plus Revaluations of Non-System Fixed Assets		161	from AV1
59				
60	Regulatory profit / loss (pre-financing and distributions)		11,544	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	121	
77	Operational Expenditure	1,977	
78	Subvention Payment	-	
79	Other related party expenditure	4,614	
80	Total Related Party Expenditure		6,712

83 *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	699	<i>Notes to be provided separately</i>
94	within expenditure category:		Fault and Emergency Maintenance
95			
96	Material item amount 2	1,023	<i>Notes to be provided separately</i>
97	within expenditure category:		General Management, Administration
98			
99	Material item amount 3	1,147	<i>Notes to be provided separately</i>
100	within expenditure category:		Routine and Preventative Maintenance
101			
102			
103			<i>(further disclosures to be provided on separate page if required)</i>

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 FS1c: OPERATIONAL EXPENDITURE NOTES

ref	Electricity Distribution Business:	Horizon Energy
5	For Year Ended	2011
6		(\$000)
7		
8	Material items (if greater than 10% of the Operational Expenditure line item)	
9	Material item amount 4	706 <i>Notes to be provided separately</i>
10	within expenditure category:	System Management and Operation

REPORT FS1b: RELATED PARTY NOTE

Electricity Distribution Business: **Horizon Energy**

For Year Ended **2011**

The following transactions were carried out with related parties:

a) Transactions between the Horizon Energy Distribution Limited and Horizon Energy Investments Limited

Horizon Energy Investments Limited is a 100% owned subsidiary of Horizon Energy Distribution Limited ("Horizon Energy"). Horizon Energy Investments Limited is a New Zealand registered company.

Horizon Energy Investments Limited provided distribution network capital and maintenance services to Horizon Energy. These services are purchased on an arms length basis at commercial terms and conditions that are available to third parties.

Purchase of contracting services and network assets from Horizon Energy Investments Limited

	(\$000)
<i>Capital Expenditure</i>	
Line & Cables	1,994
Transformers	659
Distribution Substations	98
Low Voltage Reticulation	-
Distribution & LV Lines	22
Switchgear	1,287
Other System Fixed Assets	554
	4,614
<i>Transmission Costs</i>	
Avoided Transmission Charges	121
<i>Operational Expenditure</i>	
Maintenance on System Fixed Assets	1,977
Payables owing to Horizon Energy Investments Limited	913

b) Contributions received by Horizon Energy Distribution Limited from the Eastern Bay Energy Trust

Horizon Energy Distribution Limited is controlled by the Eastern Bay Energy Trust (EBET) which owns 77.3.% of the Company's shares.

	(\$000)
<i>EBET Contributions</i>	
Contributions Received towards Staff Training	81
Services Supplied by Horizon Energy to EBET	5
Reimbursement of Takeover Costs Incurred	1
	87

c) Transactions with Marlborough Lines Limited

During the financial year Marlborough Lines Limited acquired 13.89% of the shares in Horizon Energy Distribution Limited and is not a related party.

	(\$000)
Reimbursement of Takeover Costs	562

REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	Horizon Energy	
5		For Year Ended	2011
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(\$000)
8	Customer Connection	461	to AM1
9	System Growth	351	to AM1
10	Reliability, Safety and Environment	3,488	to AM1
11	Asset Replacement and Renewal	1,488	to AM1
12	Asset Relocations	135	to AM1
13	Total Capital Expenditure on System Fixed Assets	5,922	to AM1
14			
15			
16	Capital Expenditure on Non-System Fixed Assets	86	from AV1
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	993	
21	plus Total Capital Expenditure on System Fixed Assets	5,922	
22	less Assets Commissioned in Year	5,855	from AV1
23	Works under construction at year end	1,060	
24			
25			
26	Regulatory Investment Value calculation		
27	System Fixed Assets: regulatory value at end of Previous Year	88,452	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	663	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	2,167	2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year	91,282	
31			
32	plus System Fixed Assets Commissioned in Year	5,855	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	86	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	5,941	
36	Regulatory Asset Base investment in Current Financial Year - average	2,970	
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	94,253	to MP2

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

ref	Electricity Distribution Business:		Horizon Energy
			For Year Ended 2011
5			
6			
7			(\$000)
8		Earnings before interest and tax (EBIT)	9,803 <i>from FS1</i>
9			
10	<i>add</i>	Total Regulatory Depreciation	4,097 <i>from FS1</i>
11		Other Permanent Differences - not deductible	12
12		Other Temporary Adjustments - Current Period	684
13			4,793
15	<i>less</i>	Non Taxable Capital Contributions and Vested Assets	1,116
16		Tax Depreciation	2,605
17		Deductible Discretionary Discounts and Customer Rebates	-
18		Deductible Interest	2,484 <i>from row 53</i>
19		Other Permanent Differences - Non Taxable	-
20		Other Temporary Adjustments - Prior Period	489
21			6,695
22			
23		Regulatory taxable income for Year	7,901
24			
25	<i>less</i>	Tax Losses Available at Start of Year	-
26		Net taxable income	7,901
27			
28		Statutory Tax Rate	30%
29		Regulatory Tax Allowance	2,370 <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 notes can be provided in a separate note if necessary).
39	
40	
41	Other Permanent Differences - not deductible - entertainment expenses \$12k, Temporary differences arising from provisions opening balance 1 April 2010 \$489k, Temporary differences arising from provisions closing balance 31 March 2011 \$684k
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	6.59%	%
53			
54	Deductible Interest	2,484	\$000 <i>to row 18</i>
55			
56	Interest Tax Shield Adjustment	745	\$000 <i>to MP2</i>

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business: Horizon Energy						
5	For Year Ended: 2011						
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: 926							
59								
60								
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68	AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB							
69								
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REPORT AV2: REGULATORY VALUATION DISCLOSURE BY ASSET CLASS
(for System Fixed Assets)

		Electricity Distribution Business: Horizon Energy							
								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)	5,014	5,625	24,113	16,061	14,134	6,062	4,281	75,290 from AV1
15	Cumulative roll-forward since most recent ODV:								
16	Asset Additions							22,807	from AV1
17	Indexed Revaluation (of System Fixed Assets)							17,646	from AV1
18	less Regulatory Depreciation (of System Fixed Assets)							23,814	from AV1
19	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB							-	from AV1
20	Net Increase (Decrease) Due to Changes in Asset Register Information							4,682	from AV1
21	Regulatory Value of System Fixed Assets at Year End							96,612	from AV1

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

		Electricity Distribution Business: Horizon Energy	
		For Year Ended: 2011	
System Fixed Assets - Replacement Cost			
			(\$000)
	Replacement cost at end of previous year		179,813
	Asset Additions		5,855 AV3a
	Indexed Revaluation (of System Fixed Assets)		8,032
	less Replacement Cost of Assets Decommissioned		821
	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-
	Net Increase (Decrease) Due to Changes in Asset Register Information		4,574 from AV4
	Replacement cost of System Fixed Assets at year end		197,452
System Fixed Assets - Depreciated Replacement Cost			
	Depreciated Replacement Cost at end of previous year		88,452
	Asset Additions		5,855 AV3a
	Indexed Revaluation (of System Fixed Assets)		3,951
	less Depreciation of Replacement Cost		3,448
	less Depreciated Replacement Cost of Assets Decommissioned		437
	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-
	Net Increase (Decrease) Due to Changes in Asset Register Information		2,238 from AV4
	Depreciated replacement cost of System Fixed Assets at year end		96,612

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	5,855	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	-	
40			
41	Asset Additions - Replacement Cost	5,855	
42			

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

Electricity Distribution Business: Horizon Energy

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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

	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)

	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	-	-	-
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

	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	-	-
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: Horizon Energy

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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
Replacement Cost (RC)								-
less Depreciation								-
Depreciated Replacement Cost (DRC)	-	-	-	-	-	-	-	-
less Optimisation adjustment								-
Optimised Depreciated Replacement Cost (ODRC)	-	-	-	-	-	-	-	-
less Economic Value Adjustment (EVA)								-
Most recent ODV Value	-	-	-	-	-	-	-	-

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

(\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
Regulatory Value of System Fixed Assets (as per most recent ODV)	-		
Cumulative roll-forward since most recent ODV:			
Asset Additions			
Indexed Revaluation (of System Fixed Assets)			
less Regulatory Depreciation (of System Fixed Assets)			
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
Net Increase (Decrease) Due to Changes in Asset Register Information			
RAB Value of Transferred Assets at Transfer Date	-		-
Acquisition of Assets from Another EDB	-	-	to AV1
Sale of Assets to Another EDB	-	-	to AV1
RAB Value of Transferred Assets at Transfer Date	-		
"p" factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB		-	to FS2

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

(\$000)

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets	
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC			to AV3
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC			

Signed by: Selling Entity

Acquiring Entity

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

Electricity Distribution Business: Horizon Energy

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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

	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)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
Regulatory Value of System Fixed Assets (as per most recent ODV)	-		
Cumulative roll-forward since most recent ODV:			
Asset Additions			
Indexed Revaluation (of System Fixed Assets)			
less Regulatory Depreciation (of System Fixed Assets)			
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
Net Increase (Decrease) Due to Changes in Asset Register Information			
RAB Value of Transferred Assets at Transfer Date	-		-
Acquisition of Assets from another EDB	-	-	to AV1
Sale of Assets to another EDB	-	-	to AV1
RAB Value of Transferred Assets at Transfer Date	-		
p factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB		-	to FS2

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

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets	
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC	-	-	to AV3
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC	-	-	to AV3

Signed by: Selling Entity

Acquiring Entity

REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business:	Horizon Energy		
6		For Year Ended:	2011	
7	Network Name:	Horizon Energy (enter "Total Business" or name of network)		
9	Disclosure:	Annual Disclosure - Requirement 6(1)		
10	Circuit Length by Operating Line Voltage (at year end)	Overhead (km)	Underground (km)	Total (km)
11				
12	> 66kV	-	-	-
13	50kV & 66kV	-	-	-
14	33kV	174	4	179
15	SWER (all SWER voltages)	63	-	63
16	22kV (other than SWER)	-	-	-
17	6.6kV to 11kV (inclusive - other than SWER)	1,455	180	1,635
18	Low Voltage (< 1kV)	227	260	487
19	Total circuit length (for Supply)	1,919	445	2,364
20				to MP2
21	Dedicated Street Lighting Circuit Length			-
22				
23	Overhead Circuit Length by Terrain (at year end)	(km)	(%)	
24	Urban (only)	236	12%	
25	Rural (only)	1,037	54%	
26	Remote (only)	159	8%	
27	Rugged (only)	391	20%	
28	Rural & rugged (only)	-	0%	
29	Remote & rugged (only)	96	5%	
30	Unallocated overhead lines	-	0%	
31	Total overhead length	1,919	100%	
32				
33				
34	Transformer capacity (at year end)			Previous Year
35	Distribution Transformer Capacity (EDB Owned)	226 MVA		254
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	78 MVA		41
37	Total Distribution Transformer Capacity	304 MVA (to MP2)		295
38				
39	Zone Substation Transformer Capacity	88 MVA		85
40				
41	System Fixed Assets age (at year end)			
42	Average Age of System Fixed Assets	26 Years		
43	Average Expected Total Life of System Fixed Assets	52 Years		
44	Average Age as a Proportion of Average Expected Total Life	51%		
45				
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	11%		
47				
48				
49				
50				
51	Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
52				
53	GXP Demand	85	91	
54	plus Embedded Generation Output at HV and Above	5		
55	Maximum System Demand	90		
56	less Net Transfers to (from) Other EDBs at HV and Above	-		
57	Demand on system for supply to customers' Connection Points	90		
58	less Subtransmission Customers' Connection Point Demand	21	22	
59	Maximum Distribution Transformer Demand	69		to MP2
60				
61	GXP Demand not Supplied at Subtransmission Level	29		
62	Embedded Generation Output - Connected to Subtransmission System	-	8	
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	-	-	
64				
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	-		
66				
67	Five-Year System Maximum Demand Growth Forecast	0.0	% p.a.	
68				
69	Electricity volumes carried	(GWh)		
70	Electricity Supplied from GXPs	487		
71	less Electricity Exports to GXPs	-		
72	plus Electricity Supplied from Embedded Generators	79		
73	less Net Electricity Supplied to (from) Other EDBs	-		
74	Electricity entering system for supply to customers' Connection Points	566		
75	less Electricity Supplied to Customers' Connection Points	541		to MP2
76	Electricity Losses (loss ratio)	25	4.4%	
77				
78	Electricity Supplied to Customers' Connection Points	541		
79	less Electricity Supplied to Largest 5 Connection Points	288		
80	Electricity supplied other than to Largest 5 Connection Points	253	47%	
81				
82	Load Factor	72%		
83				
84	Number of Connection Points (at year end)	24,593	ICPs	to MP2
85				
86	Intensity of service requirements			
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	29	kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	229	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	10	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	21,981	kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business:		Horizon Energy		
5					
6	Performance comparators		For Year Ended: 2011		
7		Previous Years:		Current Financial Year	
8		Current Yr - 3	Current Yr - 2	Current Yr - 1	
9	Operational expenditure ratio				
10		Total Operational Expenditure	6	7	
11		Replacement Cost of System Fixed Assets (at year end*)	167	174	
12		Ratio (%)	3.87%	4.03%	
13			3.82%	3.46%	
14	Capital expenditure ratio				
15		Total Capital Expenditure on System Fixed Assets	3	3	
16		Replacement Cost of System Fixed Assets (at year end*)	167	174	
17		Ratio (%)	1.68%	1.72%	
18			1.91%	3.00%	
19	Capital expenditure growth ratio				
20		Capital Expenditure: Customer Connection and System Growth		0	
21		Change in Total Distribution Transformer Capacity		2	
22		\$/kVA	Not defined	Not defined	
23			147	86	
24	Renewal expenditure ratio				
25		Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal		2	
26		Regulatory Depreciation of System Fixed Assets		3	
27		Ratio (%)	Not defined	Not defined	
28			64%	43%	
29	Distribution Transformer Capacity Utilisation				
30		Maximum Distribution Transformer Demand	78	67	
31		Total Distribution Transformer Capacity (at year end*)	284	293	
32		Ratio (%)	27.5%	22.8%	
33			23.5%	22.7%	
34	Return on Investment				
35		Regulatory Profit / Loss (pre-financing and distributions)	9	11	
36		less Interest Tax Shield Adjustment	1	1	
37		Adjusted Regulatory Profit	8	10	
38		Regulatory Investment Value	86	90	
39		Ratio (%)	9.17%	11.09%	
40			9.44%	11.46%	
41		* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.			
42	Expenditure comparison table				
43		Expenditure metrics (\$ per):			
44					
45		Total circuit length (for Supply)	Electricity Supplied to Customers' Connection Points	Maximum coincident system demand	Distribution Transformer Capacity (EDB-Owned)
46		(\$/km)	(\$/MWh)	(\$/MW)	(\$/MVA)
47		2,542	11	66,759	244
48		2,890	13	75,912	278
49					

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

Electricity Distribution Business: **Horizon Energy**
 For Year Ended: **2011**

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Network Name: **Horizon Energy**
 Disclosure: **Annual Disclosure - Requirement 6(1)**

QUALITY

Interruptions

Interruptions by class

Class A	8	planned interruptions by Transpower
Class B	61	planned interruptions on the network
Class C	118	unplanned interruptions on the network
Class D	18	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	-	unplanned interruptions of generation (non-network)
Class G	-	unplanned interruptions caused by other electricity industry participant
Class H	-	planned interruptions caused by other electricity industry participant
Total	205	Total of above

Interruption targets for Forecast Year

	2012	Current Financial Year +1
Class B	45	planned interruptions on the network
Class C	90	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

	2012-2016	Current Financial Year +1 to +5
Class B	41	planned interruptions on the network
Class C	78	unplanned interruptions on the network

Class C interruptions restored within

	<3Hrs	>3hrs
	94	24

Faults

Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	6.51	in year	2011
The total number of faults forecast for the Forecast Year	5.00	in year	2012
The average annual number of faults forecast for the 5 Forecast Years	4.50	average over years	2012-2016

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER		22kV non-SWER		33kV		50kV & 66kV		>66kV	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Is this voltage part of the EDB system?										
Current Financial Year	6.91		-		2.80					
Forecast Year	5.00		-		2.00					
Average annual for 5 Forecast Years	4.50		-		2.00					

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER		22kV non-SWER		33kV		50kV & 66kV		>66kV	
Underground	6.66		-		-					
Overhead	6.94		-		2.87					

Reliability

Overall reliability

Based on the total number of interruptions	SAIDI	SAIFI	CAIDI
	177.41	2.39	74.15

Reliability by interruption class

	SAIDI	SAIFI	CAIDI
Class B	14.74	0.12	124.08
Class C	162.67	2.27	71.54

Targets for Forecast Year

	SAIDI	SAIFI	CAIDI
Class B	45.00	0.30	150.00
Class C	90.00	1.40	63.00

Average targets for 5 Forecast Years

	SAIDI	SAIFI	CAIDI
Class B	41.00	0.30	150.00
Class C	78.00	1.32	55.60

PRICES

Price information by Connection Point Class

	Connection Point Class					Total	
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points			
Gross line charge income (\$000)	13,890	5,563	5,257	2,752	27,463		from FS1
Electricity Supplied to Customers' Connection Points (MWh)	129,521	59,521	63,968	287,559	540,569		from MP1
Number of Connection Points (ICPs) at year end	20,929	3,313	346	5	24,593		from MP1
Unit Price (cents/kWh)	10.7	9.3	8.2	1.0	5.1		
Relative Unit Price Index	1.00	0.87	0.77	0.09	0.47		

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	20 kVA
95	Breakpoint between large and medium classes	69 kVA
96		

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

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

A) Five year forecasts of expenditure

From most recent Asset Management Plan

ref		Actual for Current Financial Year	Forecast Years					
			year 1	year 2	year 3	year 4	year 5	
			2011	2012	2013	2014	2015	
10	Capital Expenditure: Customer Connection	461	168	200	200	200	200	from FS2
11	Capital Expenditure: System Growth	351	714	527	1,391	3,453	2,625	from FS2
12	Capital Expenditure: Reliability, Safety and Environment	3,488	4,078	3,832	4,280	2,138	2,200	from FS2
13	Capital Expenditure: Asset Replacement and Renewal	1,488	1,910	2,126	2,013	2,029	2,584	from FS2
14	Capital Expenditure: Asset Relocations	135	-	-	-	-	-	from FS2
15	Subtotal - Capital Expenditure on asset management	5,922	6,870	6,685	7,884	7,820	7,609	
17	Operational Expenditure: Routine and Preventative Maintenance	1,147	1,376	1,283	1,440	1,467	1,494	from FS1
18	Operational Expenditure: Refurbishment and Renewal Maintenance	189	516	660	513	576	539	from FS1
19	Operational Expenditure: Fault and Emergency Maintenance	699	608	602	596	590	584	from FS1
20	Subtotal - Operational Expenditure on asset management	2,035	2,500	2,545	2,549	2,633	2,617	
22	Total direct expenditure on distribution network	7,957	9,370	9,230	10,433	10,453	10,226	
24	Overhead to Underground Conversion Expenditure	340						

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).

Capital Expenditure: Customer Connection \$33k, Capital Expenditure: Reliability, Safety and Environment \$307k

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

ref		Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1	
34	Capital Expenditure: Customer Connection	461	545	-15.5%	from row 10
35	Capital Expenditure: System Growth	351	217	61.8%	from row 11
36	Capital Expenditure: Reliability, Safety and Environment	3,488	3,675	-5.1%	from row 12
37	Capital Expenditure: Asset Replacement and Renewal	1,488	1,758	-15.4%	from row 13
38	Capital Expenditure: Asset Relocations	135	20	576.3%	from row 14
39	Subtotal - Capital Expenditure on asset management	5,922	6,215	-4.7%	
41	Operational Expenditure: Routine and Preventative Maintenance	1,147	1,055	8.7%	from row 17
42	Operational Expenditure: Refurbishment and Renewal Maintenance	189	253	-25.3%	from row 18
43	Operational Expenditure: Fault and Emergency Maintenance	699	694	0.7%	from row 19
44	Subtotal - Operational Expenditure on asset management	2,035	2,002	1.6%	
46	Total direct expenditure on distribution network	7,957	8,217	-3.2%	

Explanation of variances

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

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



INDEPENDENT ASSURANCE REPORT ON DISCLOSURE INFORMATION

To the Directors of Horizon Energy Distribution Limited

We have examined the attached reports (“the disclosure information”), which relate to disclosure information prepared by Horizon Energy Distribution Limited (the Company) for the year ended 31 March 2011 and dated 11 August 2011 for the purposes of information requirements set out in clauses 3, 4(1), 6(1) and 7(5) of the Electricity Distribution (Information Disclosure) Requirements 2008 (“the Requirements”). In this report the attached reports are called “the disclosure information”.

Directors’ Responsibilities

The Directors are responsible for preparing disclosure information which complies with the Requirements.

Responsibilities of the Independent Accountant

It is our responsibility to express an independent opinion on the disclosure information and report our opinion to you.

Basis of Examination

We conducted the engagement in accordance with the Standard on Assurance Engagements (New Zealand) 3100: *Compliance engagements* issued by the New Zealand Institute of Chartered Accountants.

Historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1

Our procedures included examination, on a test basis, of evidence relevant to the historical amounts and disclosures contained in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 of the disclosure information.

It also included an assessment of the significant estimates and judgements, if any, made by the Company in the preparation of the disclosure information.

We planned and performed our examination of the disclosure information so as to obtain all the information and explanations which we considered necessary, including for the purpose of obtaining sufficient evidence to give reasonable assurance that the disclosure information has been prepared and presented in accordance with the Requirements in all material respects. In forming our opinion we also evaluated the overall adequacy of the presentation of supporting information and explanations in the disclosure information.

Historical non-financial information included in reports MP1, MP2 and MP3

In relation to the historical non-financial information for the year ended 31 March 2011 which is disclosed pursuant to clause 6(1) of the Requirements, we have undertaken procedures to provide reasonable assurance that the amounts and disclosures in reports MP1, MP2 and MP3 have been:

- compiled in accordance with guidance issued pursuant to the Requirements; and
- calculated based on the source data provide by the Company. We have not performed audit procedures on the source data.

Prospective financial and non-financial information included in reports MP3 and AM1

Our work has been limited to assessing whether the information has been presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures



for the financial year ended 31 March 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).

Relationship and Interests

We have no relationship with or interests in the Company other than in our capacities as auditors under the Companies Act 1993, independent accountants providing an assurance opinion on the disclosure information, and in the provision of other professional advisory and taxation services. We are not aware of any relationships between our firm and the Company that, in our professional judgment, may reasonably be thought to impair our independence.

Opinions

Unqualified Opinions

We have obtained all the information and explanations we have required. In our opinion:

- the disclosure information for the financial year ended 31 March 2011 complies with the Requirements; and
- proper records to enable the complete and accurate compilation of the disclosure information have been kept by the Company.

Historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1

In our opinion, having made all reasonable enquiry, to the best of our knowledge the historical financial information set out in the disclosure information in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 has been presented in all material respects in accordance with the Requirements.

Historical non-financial information included in reports MP1, MP2 and MP3

In our opinion, having made all reasonable enquiry, to the best of our knowledge the historical non-financial information included in reports MP1, MP2 and MP3 relating to the year ended 31 March 2011 in accordance with clause 6(1) of the Requirements has been:

- a) compiled in accordance with guidance issued pursuant to the Requirements; and
- b) calculated based on the unaudited source data provided by the Company.

Prospective financial and non-financial information included in reports MP3 and AM1

In our opinion, having made all reasonable enquiry, to the best of our knowledge the prospective financial and non-financial information included in reports MP3 and AM1 in accordance with clauses 6(1) and 7(5) of the Requirements has been:

- a) presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the 31 March 2011 financial year; and
- b) calculated based on the unaudited source data provided by the Company.



Restriction on Distribution or Use

This report is made solely to the Company's Directors in accordance with the Requirements. Our assurance work has been undertaken so that we might state to the Company's Directors those matters which we are required to state to them in an independent assurance report issued in accordance with the Requirements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Directors, for our assurance procedures, for this report or for the opinions we have formed.

The assurance engagement was completed on 17 August 2011 and our unqualified opinions are expressed as at that date.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers
17 August 2011

Auckland

CERTIFICATE FOR DISCLOSED INFORMATION
Pursuant to Requirements 11(1)

We, Robert Tait and John McDonald, directors of Horizon Energy Distribution Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Horizon Energy Distribution Limited prepared for the purposes of requirements 3, 4, 6 and 7(5) of the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 complies with those requirements:

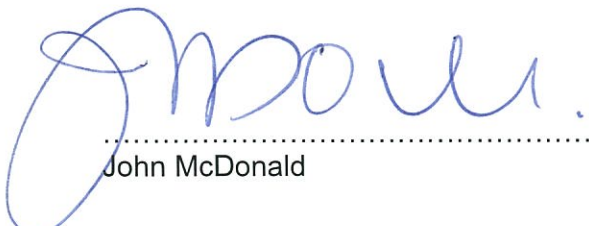
- (i) Report FS1: Regulatory Profit Report;
- (ii) Report FS2: Regulatory Asset and Financing Report;
- (iii) Report FS3: Regulatory Tax Allowances Report;
- (iv) Report AV1: Annual Regulatory Valuation Roll-Forward Report;
- (v) Report AV2: Valuation Disclosure by Asset Class (for System Fixed Assets);
- (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.

Date: 11 August 2011



.....

Robert Tait



.....

John McDonald

STATUTORY DECLARATION FOR PUBLICLY DISCLOSED INFORMATION
Pursuant to Requirement 13(1)

I, Robert Tait of Tauranga, being a director of Horizon Energy Distribution Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Horizon Energy Distribution Limited under the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008.

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

Declared at Whakatane 11 August 2011



Robert Tait

before me:



CARL DAVID SCHREIBER
SOLICITOR
WHAKATANE

A Solicitor of the High Court of New Zealand