

UnitedNetworks Limited – Optimised Deprival Valuation

1 Introduction

In accordance with the Electricity (Information Disclosure) Regulations 1999 UnitedNetworks has re-valued its electrical assets as at 31st March 2000.

The information is available on request at:-
44 Taharoto Road
Takapuna
Auckland

The Optimised Depreciated Replacement Cost (ODRC) valuations carried out were done in accordance with the Ministry of Economic Development's Handbook for Optimised Deprival Valuation (ODV) of System Fixed Assets of Electricity Line Businesses dated April 1999. The revaluation was certified by Cap Gemini Ernst & Young and audited by Deloitte Touche Tohmatsu in August 2000.

2 Standard Replacement Costs

The Standard Replacement Costs stipulated in the 1999 ODV Handbook have been used in this valuation.

The costs for some assets are not quoted in the Handbook. In some cases the maximum costs for equivalent Transpower assets have been used for these assets and in some others the costs from earlier valuations have been used. These costs were independently verified by Cap Gemini Ernst & Young.

3 Multiplying Factors

The multiplying factors used in this valuation are unchanged from those used in the previous valuation. They have been confirmed by Cap Gemini Ernst & Young as complying with the provisions of the 1999 ODV Handbook.

4 Optimisation

Optimisation has been considered in accordance with the Handbook requirements.

5 Write-Off Policy

It is the policy of UnitedNetworks Limited that any assets that are replaced are written off and the replacement is capitalised, not expensed.

6 2000 Network Reticulation Asset Value

A valuation report was completed on 14th August 2000 using the rules outlined in the Ministry of Economic Development's Handbook for Optimised Deprival Valuation (ODV) of System Fixed Assets of Electricity Line Businesses (April 1999). The report values UnitedNetworks electrical assets at \$1,005.3M as at 31st March 2000.