



Address all correspondence to:

The Utilities Commission, GPO Box 915, Darwin NT 0801

Location: 9th Floor, 38 Cavenagh Street, Darwin

E-mail: utilities.commission@nt.gov.au

Telephone: (08) 8999 5480

Facsimile: (08) 8999 6262

Website: www.utilicom.nt.gov.au

REGULATORY ACCOUNTS **FOR THE YEAR ENDED 30 JUNE 2002**

Under clause 4(a) of the Northern Territory Electricity Ring Fencing Code (“Code”), the Power and Water Corporation (“Power and Water”) is obliged to establish and maintain a separate set of financial accounts and reports in respect of each of its prescribed businesses and its electricity business as a whole (“Regulatory Accounts”). In establishing these Regulatory Accounts, Power and Water must observe the requirements of Schedule 2 of the Code, and in particular the approved Accounting and Cost Allocation Procedures.

The Procedures establish the annual reporting of Regulatory Accounts to the Commission and provide for the public disclosure of a selection of these accounts, namely pro formas A1, A2, A3, and A4 referred to in those Procedures. These publicly available extracts relate to Power and Water’s prescribed businesses that benefit from an ongoing statutory monopoly. Those parts of the Regulatory Accounts that are not to be published involve commercially sensitive information which the Commission examines but does not disclose.

The Regulatory Accounts for the 2001-02 year have been submitted by Power and Water and the publicly available extracts are attached. The Commission confirms that the accounts provided satisfy the requirements of the Code and Accounting and Cost Allocation Procedures in so far as they relate to the preparation and disclosure of financial accounts for ring-fencing purposes. ***The Commission’s acceptance of these accounts does not imply that they are suitable for direct application for price regulation purposes.***

The explanatory notes added by the Commission under the “Commission’s Notes” heading do not form part of the Regulatory Accounts, and are provided to assist in the interpretation of the published accounts.

Alan Tregilgas
Utilities Commissioner
(for the Utilities Commission)
10 June 2003

Power Networks – Statement of Financial Performance
For the period ended 30 June 2002

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Income		
Sales of goods and services	82,198	(a)
Community service obligations	-	
Customer contributions	4,397	
Net gain on disposal of plant, property and equipment	366	
Interest and investment income	-	
Other	803	
Total	87,764	
Expenses		
Operating costs	22,295	(b)
Maintenance costs	7,037	
Depreciation ¹	15,316	(b), (c)
Other	9,524	
Total	54,172	
Earnings before interest and tax	33,592	

Power and Water's Notes

¹ The period's depreciation charge on a book basis as a DORC basis is not available.

Commission's Notes

(a) Sales of goods and services are comprised of the following items:

<i>Items</i>	<i>Actual revenues (\$000s)</i>	<i>Targeted revenues (\$000s)</i>	<i>variance* (\$000s)</i>
Regulated network access charges:			
Northern region	\$62,428	\$59,767	\$2,661
Alice Springs	\$10,470	\$10,123	\$347
Tennant Creek	\$3,684	\$3,064	\$620
Sub-total	\$76,583	\$72,954	\$3,629
Other**	\$5,615	-	-
Total	\$82,198	-	-

* The Commission has addressed the variances between the regulated actual and targeted revenues separately.

** This amount is an accounting entry associated with works in progress.

(b) Operating, maintenance and other costs have together increased by 25% over the previous year due mainly to increased repairs and maintenance activity, and enterprise bargaining wage increase and a changed allocation of costs.

(c) The "other" item comprises common operating costs allocated to Networks. The separate "operating cost" component incorporates only those operating costs directly attributable to Networks.

Power System Control – Statement of Financial Performance
For the period ended 30 June 2002

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Income		
Sales of goods and services	1,365	
Community service obligations	-	
Customer contributions	-	
Net gain on disposal of plant, property and equipment	-	
Interest and investment income	-	
Other	32	
Total	1,397	
Expenses		
Operating costs	2,342	(a)
Maintenance costs	10	(a)
Depreciation ¹	2	
Other	159	
Total	2,513	
Earnings before interest and tax	(1,116)	

Power and Water's Notes

¹ The period's depreciation charge on a book basis as a DORC basis is not available.

Commission's Notes

(a) Operating and maintenance costs increased by \$1m over the previous year due mainly to reallocations from Power and Water Generation.

Power Networks – Statement of Capital Employed
For the period ended 30 June 2002

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Plant, property and equipment ¹	357,660	(a)
Working capital ²	53,217	(b)
Total capital employed	410,877	

Power and Water's Notes

¹ The period's balance carried forward on a DORC basis.

Plant, Property and Equipment has been revalued during the 2001-02 year.

² Working capital is defined as current assets less current liabilities based on the following allocation.

The derivation of any working capital attributed to the prescribed businesses at the end of the accounting period is as follows:

- Where possible direct attribution to the line of business.
- Where direct attribution is not possible the working capital is allocated based on apportionment as per the Statement of Financial Performance for the line of business.

Working capital includes financing arrangements for the acquisition of the Darwin/Katherine Transmission Line.

Commission's Notes

(a) *Plant, property and equipment increased by \$60m over the previous year due mainly to the counting of previously omitted network assets in Alice Springs and Tennant Creek.*

(b) *The Commission intends to work with Power and Water to develop an improved methodology for measuring working capital.*

Power System Control – Statement of Capital Employed
For the period ended 30 June 2002

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Plant, property and equipment ¹	227	(a)
Working capital ²	(1,999)	(b)
<i>Total capital employed</i>	<i>(1,772)</i>	

Power and Water's Notes

¹ The period's balance is carried forward on a cost basis as a DORC basis is not available.

² Working capital is defined as current assets less current liabilities based on the following allocation.

The derivation of any working capital attributed to the prescribed businesses at the end of the accounting period is as follows:

- Where possible direct attribution to the line of business.
- Where direct attribution is not possible the working capital is allocated based on apportionment as per the Statement of Financial Performance for the line of business.

Commission's Notes

(a) *Plant, property and equipment increased by \$200,000 over the previous year due to a revised method of allocating corporate assets. The Commission intends to work with Power and Water to review this methodology over the coming year.*

(b) *The Commission intends to work with Power and Water to develop an improved methodology for measuring working capital.*