



**Address all correspondence to:**

The Utilities Commission, GPO Box 915, Darwin NT 0801

**Location:** 9<sup>th</sup> Floor, 38 Cavenagh Street, Darwin

**E-mail:** [utilities.commission@nt.gov.au](mailto:utilities.commission@nt.gov.au)

**Telephone:** (08) 8999 5480

**Facsimile:** (08) 8999 6262

**Website:** [www.utilicom.nt.gov.au](http://www.utilicom.nt.gov.au)

## **REGULATORY ACCOUNTS** **FOR THE YEAR ENDED 30 JUNE 2003**

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 Those parts of the Regulatory Accounts that are not to be published involve commercially sensitive information which the Commission examines but does not disclose.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 2002-03 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)  
6 February 2004

# Power Networks – Statement of Financial Performance

## For the period ended 30 June 2003

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
<b>Income</b>		<b>(a)</b>
Sales of goods and services	80,652	
Community service obligations	-	
Customer contributions	7,836	
Net gain on disposal of plant, property and equipment	227	
Interest and investment income	-	
Other	2,695	
<b>Total</b>	<b>91,410</b>	<b>(b) (b), (c)</b>
<b>Expenses</b>		
Operating costs	22,786	
Maintenance costs	5,796	
Depreciation <sup>1</sup>	21,932	
Other	9,664	
<b>Total</b>	<b>60,178</b>	
<b>Earnings before interest and tax</b>	<b>31,232</b>	

### **Power and Water's Notes**

<sup>1</sup> The period's depreciation charge on a DORC basis.

### **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>
<b>Regulated network access charges:</b>			
Northern region	\$62,131	\$60,798	\$1,333
Alice Springs	\$11,643	\$10,550	\$1,093
Tennant Creek	\$3,542	\$3,101	\$441
<b>Sub-total</b>	<b>\$77,317</b>	<b>\$74,449</b>	<b>\$2,868</b>
<b>Other**</b>	\$3,335	-	-
<b>Total</b>	<b>\$80,652</b>	-	-

\* 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) Depreciation expense has increased by 43% over the previous year due primarily to adjustments made to the networks asset base to bring to book assets not previously accounted for.

(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 2003**

<i><b>Item</b></i>	<i><b>Amount (\$000s)</b></i>	<i><b>Commission's notes</b></i>
<b>Income</b>		
Sales of goods and services	1,513	
Community service obligations	-	
Customer contributions	-	
Net gain on disposal of plant, property and equipment	-	
Interest and investment income	-	
Other	2	
<b>Total</b>	<b>1,515</b>	
<b>Expenses</b>		
Operating costs	2,178	
Maintenance costs	1	
Depreciation <sup>1</sup>	2	
Other	127	
<b>Total</b>	<b>2,308</b>	
<b>Earnings before interest and tax</b>	<b>(793)</b>	

**Power and Water's Notes**

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

## Power Networks – Statement of Capital Employed

### For the period ended 30 June 2003

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Plant, property and equipment <sup>1</sup>	443,050	(a)
Working capital <sup>2</sup>	11,520	(b)
<b>Total capital employed</b>	<b>454,570</b>	

### **Power and Water's Notes**

<sup>1</sup> Plant, Property and Equipment was valued in 2001 and has been indexed to 30 June 2003.

Includes assets for the regulated networks, streetlights connected to the regulated networks, an optimisation of specific assets and CPI indexation from January 2001 to June 2003.

<sup>2</sup> Working capital is defined as current assets less current liabilities and has been calculated specifically for the purposes of the Regulatory Reset project.

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### **Commission's Notes**

(a) Plant, property and equipment increased by 24% over the previous year due mainly to the inclusion of streetlights connected to regulated networks.

(b) The Commission has developed a modified methodology for measuring working capital as part of its 2004 Reset Determination. This change will take effect in the 2003-04 regulatory accounts.

## Power System Control – Statement of Capital Employed

### For the period ended 30 June 2003

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Plant, property and equipment <sup>1</sup> Working capital <sup>2</sup>	220 2,210	(a)
<b><i>Total capital employed</i></b>	<b><i>2,430</i></b>	

### **Power and Water's Notes**

<sup>1</sup> The period's balance is carried forward on a DORC basis.

<sup>2</sup> 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 is defined as current assets less current liabilities based on above allocation.

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### **Commission's Notes**

(a) *The Commission has developed a modified methodology for measuring working capital as part of its 2004 Reset Determination. This change will take effect in the 2003-04 regulatory accounts.*