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## **REGULATORY ACCOUNTS** **FOR THE YEAR ENDED 30 JUNE 2005**

Under clause 4(a) of the Northern Territory Electricity Ring Fencing Code (“the 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 Those parts of the Regulatory Accounts that are not to be published involve commercially sensitive information which the Commission examines but does not disclose.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 2004-05 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)  
25 January 2006

**Power Networks – Statement of Financial Performance**  
**For the period ended 30 June 2005**

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
<b>Income</b>		
Sales of goods and services	97,977	<b>(a)</b>
Community service obligations	-	
Customer contributions	9,741	
Net gain on disposal of plant, property and equipment	65	
Interest and investment income	-	
Other	275	
<b>Total</b>	<b>108,058</b>	
<b>Expenses</b>		
Operating costs	29,550	<b>(b)</b>
Maintenance costs	6,206	
Depreciation <sup>1</sup>	21,575	
Other	9,639	
<b>Total</b>	<b>66,970</b>	
<b>Earnings before interest and tax</b>	<b>41,088</b>	

**Power and Water's Notes**

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

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**Commission's Notes**

**(a)** Sales of goods and services are comprised of regulated network revenue under the price cap of \$86.68m and an 'other' amount of \$11.3m reflecting an accounting entry associated with works in progress.

**(b)** 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 2005**

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
<b>Income</b>		
Sales of goods and services	1,740	
Community service obligations	-	
Customer contributions	-	
Net gain on disposal of plant, property and equipment	2	
Interest and investment income	-	
Other	2	
<b>Total</b>	<b>1,411</b>	
<b>Expenses</b>		
Operating costs	1,840	
Maintenance costs	4	
Depreciation <sup>1</sup>	45	
Other	336	
<b>Total</b>	<b>2,225</b>	
<b>Earnings before interest and tax</b>	<b>(481)</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 2005**

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Plant, property and equipment <sup>1</sup>	430,598	<b>(a)</b>
Working capital <sup>2</sup>	3,826	
<b>Total capital employed</b>	<b>434,424</b>	

**Power and Water's Notes**

<sup>1</sup> Plant, Property and Equipment is valued according to a rollforward of the December 2004 desktop exercise.

<sup>2</sup> Working capital has been calculated using the following formula:

$$WC = (C - D) / 365 * O + M$$

Where:

C= number of days revenue is received with a lag; and

D= number of days opex is incurred after an activity has been performed (a lead).

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**Commission's Notes**

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

**Power System Control – Statement of Capital Employed**  
**For the period ended 30 June 2005**

<i>Item</i>	<i>Amount (\$000s)</i>	<i>Commission's notes</i>
Plant, property and equipment <sup>1</sup>	660	<b>(a)</b>
Working capital <sup>2</sup>	197	
<b>Total capital employed</b>	<b>857</b>	

**Power and Water's Notes**

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

<sup>2</sup> Working capital has been calculated using the following formula:

$$WC = (C - D) / 365 * O + M$$

Where:

C= number of days revenue is received with a lag; and

D= number of days opex is incurred after an activity has been performed (a lead).

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**Commission's Notes**

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