



Electra

ELECTRA

The Trustees of the Electra Trust hold the shares in Electra Limited, for you the consumers.

The Directors appointed by the Electra Trust govern Electra and its subsidiary companies. These are:

- DataCol NZ - a national meter reading and data collection company,
- Sky Communications - a telecommunications contracting company,
- Electra Energy - an electricity retail business operating on the Electra network,
- Securely - a security monitoring and response company,
- Electra Generation - an electricity generation company.

KEY FACTS

- 9th biggest lines company in the country in terms of consumer numbers at 43,671.
- Electra's network extends from Paekakariki in the south to just north of Foxton and Tokomaru.
- \$159 million returned as sales discount to electricity customers in Kapiti Horowhenua in the last 22 years.



"Horowhenua Learning Centre (HLC) 2015 Electra Business of the Year"

ELECTRA KAPITI HOROWHENUA BUSINESS AWARDS

We're proud to have been the principal sponsor of the annual Electra Kapiti Horowhenua Business Awards since its inception 22 years ago, and to have had the privilege of celebrating 21 outstanding winners in that time. The Awards are an important way of recognising businesses that are helping to drive economic growth in the region. Congratulations to HLC for winning the 2015 Supreme Award, and to Turk's Poultry Farm Ltd in being Highly Commended by the judges.

ANNUAL REVIEW 2015 - 2016

WHO WE ARE: ELECTRA OWNS, MAINTAINS AND OPERATES THE ELECTRICITY NETWORK THROUGHOUT KAPITI AND HOROWHENUA.

OUR OWNER IS THE ELECTRA TRUST.

ELECTRA'S TRUST OWNERSHIP ENSURES THAT WE DELIVER AN ANNUAL ELECTRICITY **SALES DISCOUNT** TO ALL THOSE CONNECTED TO OUR NETWORK.

SERVING YOU SINCE 1922



BUILDING A SMART ELECTRICITY NETWORK

Recognising the vital role that information and knowledge management is now playing in business, and the opportunities this presents to electricity network companies, Electra made the decision to appoint its first Chief Information Officer at the end of 2014. Eighteen months later and the company is busy transforming itself into a truly modern and responsive electricity network.

Tracing back to its inception as the Horowhenua Electric Power Board in 1922, Electra has a long history of driving change in the electricity industry. From the early adoption of technology, to the establishment of world class training facilities for linesmen, the opening of New Zealand's first electricity company call centre in 1995, or a joint venture to supply services to customers in the Tasman district (1996), the company has often led the way in delivering customer-focused services and solutions.

This focus has also led to acquisitions in the telecommunications contracting (Sky Communications), data collection and management (DataCol), and security monitoring and response (Securely) companies.

Alongside this, the industry has been undergoing a significant technology shift, with smart meters being deployed in businesses and homes nationally (today, over 65% of New Zealand's homes and businesses have smart meters installed), presenting opportunities beyond the Group's traditional electricity lines business as electronic monitoring and smart home technologies converge.

Electra Chief Executive, Neil Simmonds came to Electra with a reputation as an industry visionary, having built one of New Zealand's leading smart networks at Counties Power. Since his arrival in 2014 he has been focused on creating a business that uses data and information to make better decisions and deliver quality customer solutions and service.

And helping Neil to lead this transformation is Electra's very first Chief Information Officer ('CIO'), Dylan Andrews.



Chief Information Officer Dylan Andrews demonstrating the new Fault Dispatching System.

Dylan brings to Electra a deep understanding of ICT strategy, programme delivery and service management within the utilities and local government sectors, having led or been jointly responsible for the development of a number of innovation award winning solutions, including electronic dispatch, field computing and ground penetrating radar applications.

Armed with an executive MBA from the Henley Business School (UK), and having previously been the CIO for Counties Power, Dylan is better placed than most to deliver on Neil's vision.

"My role has been to introduce technology across the Group and show our people how we can use it to become more efficient, productive and responsive," says Dylan.

"Of course, technology can't achieve this on its own," he explains. "We also need to ensure it works harmoniously with our people and systems. So we've been investing a lot of time upskilling our people and making sure our systems and processes support the business."

The first step in the process was to ensure the Group was well placed to embrace change. "We installed fibre across our

SAVE \$400 ON A NEW HEAT PUMP

Over recent years we've partnered with local heat pump experts, Temperature Solutions to deliver special heat pump deals to our homes and businesses. This has enabled a large number of homes and businesses throughout the region to reduce heating costs and stay healthier inside warmer homes. In fact, a recent survey indicates that around 40% of homes and businesses on the Electra network now have heat pumps installed.

We love energy efficient technologies such as heat pumps and energy efficient lighting as they can help to reduce electricity demand on the network, and this can help to delay the need for network upgrades.



Electra That's why it makes sense to encourage the installation and use of more energy efficient equipment and appliances on the Electra network.

**Relax
Enjoy
and Save** **Save \$400 on the
installation of a new
heat pump**



Available to all residential and commercial electricity homes and businesses in the Kapiti-Horowhenua area. Finance options available. Full 5-year warranty included. Offer expires 31 August 2016.

**For a free on-site assessment and quotation,
call 0800 836 7765.**



Faultman Ian Burnard and ICT Officer Paulo Ferma discuss Electra's electronic dispatch system

offices and branches, and implemented video conferencing and virtualised business systems, replacing more expensive solutions that were in place."

With the internal technology solutions in place, Dylan shifted his focus to the network, working alongside GM Ross Leggett to identify the changes that were required to create a modern electricity network.

Using in-house expertise from the Group's data management company, DataCol, Electra has introduced mobile devices to dispatch faults and enable field crews to access information, including customer information, to help them make better decisions and provide better and faster responses.

"The cornerstone of any smart network is its advanced distribution management system ('ADMS'), that allows us to monitor the state of the network, identify issues, and recommend actions to better manage the network, including the restoration of power following a fault or outage," says Dylan.

"The next evolution is to create a 'self healing' network," he says. "In December 2015 we commenced a trial in partnership with Schneider Electric to implement New Zealand's first Loop

Automation scheme, designed to improve reliability and availability in the Opiki area of Electra's northern network."

The scheme operates without any human operator intervention, following a set of simple rules that disconnect, isolate and restore supply after a loss of supply on the feeder or after a permanent fault.

"This will automatically restore power to the healthy parts of the network, allowing the operator to dispatch line crews to the faulted segment," explains Dylan.

The company is also using technology to provide customers with better and more timely information.

"Our new fault recording and dispatching system enables field crews to provide real time updates on the fault and its expected resolution - information that we can then make available to our electricity customers."

"A survey of our customers found that more than half of them would prefer to be kept informed via txt message, while around 20% of residential customers and almost 30% of commercial customers are using computers and smartphones to search for faults information."

"The same survey found that only a third of our customers felt we were using technology to their advantage, while just over 50% of customers found it easy to contact us."

So, with this in mind, we've launched our very own mobile App that allows customers to report and track faults on our network - one of only three network companies in New Zealand to do so. We've also begun to capture fault reports via other channels, including txt messages, email and website notifications, rather than just by phone call."

"Next, we developed a world leading outage management system for our website that provides real time information and updates on faults and work occurring on our network, giving our consumers the information they need, when they need it."

"This modernisation is not at the expense of providing great customer service to those who choose to phone us. Looking ahead, we want to use the same information to also provide more timely and specific information to our customer service representatives and in our recorded phone messages."

Dylan says the convergence of electronic monitoring and smart

\$159M RETURNED TO THE COMMUNITY SINCE 1994

Electra is pleased to declare a final sales discount of \$8.9m (including GST) for the 2015/16 financial year; a small increase on the previous year. This was distributed to the 43,671 consumers on the Electra network as an annual sales discount credited to their power accounts.

In the 22 years since Electra became a community-owned company, operating under a Consumer Trust structure, we have proudly returned \$159m to electricity consumers throughout the Kapiti and Horowhenua regions - reflecting the genuine value of community ownership.

home technologies presents opportunities beyond Electra's traditional electricity lines business.

"For example, with New Zealand's aging population, we believe there will be a greater need for cost-effective and responsive services that enable people to retain their own independence at home."

"Our electronic security monitoring and response company, Securely, presents us with the opportunity to deliver such a service to this important part of our community."

"Electricity is an essential service (like the police, ambulance and fire services)," says Dylan. "It drives modern society and we rely heavily on it to maintain our lifestyle. So it's critical that we are able to monitor and respond quickly to any issues that arise."

"I'm excited and proud to be able to use technology and information to help deliver a modern, reliable network to the people of this region."

Dylan has moved to Ohau with his young family and they share a small lifestyle block with a couple of cows and a labrador. He says one of the attractions of moving to the region was to give their three children a new experience and they've quickly settled into local life. "We're loving the relaxed local atmosphere and outdoor lifestyle, and enjoying exploring the attractions of the Horowhenua and Kapiti Coast," he says. "It's amazing what you can see and do when you're not stuck in peak traffic for several hours each day, like I had experienced in Auckland."

THIS YEAR'S RESULTS

The information in this review is derived from the 2016 Annual Report of Electra Limited.

The Annual Report of Electra Limited, including the audited financial statements, is available on request from Electra at www.electra.co.nz. Its adoption will be voted on by the Trustees at the Annual Meeting of the Company on 29 July 2016.

FIVE YEAR HIGHLIGHTS

For years ended as at 31 March	2016	2015	2014	2013	2012
Electricity sold GWh	409	402	402	409	413
Revenue (\$'000)	64,626	61,669	71,915	74,923	86,442
Sales discount issued (\$'000)	7,711	7,021	7,628	6,947	6,736
Total shareholders funds to total assets	66%	68%	51%	51%	48%

NETWORK COMPANY ONLY

For years ended as at 31 March	2016	2015	2014	2013	2012
Electricity operating costs per consumer	\$247	\$249	\$205	\$171	\$226
Capital expenditure costs per consumer	\$338	\$212	\$173	\$166	\$154
Reliability average outage minutes per consumer per year	100	139	67	58	132*

*Excludes Transpower outages during the year. Including these events the figure would have been 267.3.



Electra

REGISTERED OFFICE

CORNER BRISTOL AND EXETER STREETS

BOX 244, LEVIN 5540

PHONE 0800 ELECTRA OR 0800 353 2872

WWW.ELECTRA.CO.NZ

Total revenue earned by the group.

The discount for each individual consumer was based on the amount of network charges paid.

After sales discount and then deducting costs of running the business we're left with this figure.

We paid a dividend to the Electra Trust to cover the Trust expenses.

This is the amount our owners have invested in the company; approximately \$5.64 per share or \$3,162 per consumer. It's made up of the original share capital, reserves (the value that's been built up over the last ten years), and retained earnings (profit that's been reinvested).

The cash generated from day to day operations.

The cash spent on assets, new businesses and finance loans.

The loans and debentures borrowed or repaid.

Cash in bank at the beginning of the year

The bank balance at the end of the year.

FINANCIAL PERFORMANCE HIGHLIGHTS

In thousands of dollars	NZ IFRS	
	2016	2015
Operating revenue	64,626	61,669
Discount issued to consumers	(7,711)	(7,021)
Operating surplus	1,050	3,522
Taxation	(791)	(114)
Net profit after taxation	259*	3,408**
Dividends	(285)	(275)
Equity at start of year	136,772	133,753
Equity at end of year	\$138,099	\$136,772

* Includes Goodwill Impairment cost of (\$2.5m).

** Includes one off gain on sale of Oxford of \$4m and Impairment cost of (\$1m).

FINANCIAL POSITION HIGHLIGHTS

In thousands of dollars	2016	2015
Share capital	18,000	18,000
Retained earnings	69,806	69,832
Reserves	50,293	48,940
Total shareholders' equity	138,099	136,772
Long term liabilities	46,112	47,220
Total current liabilities	26,102	18,390
Total shareholders' funds and liabilities	210,331	202,382
Non current assets	199,500	188,196
Current assets	10,831	14,186
Total Assets	\$210,331	\$202,382

\$4m decrease arising from revaluation of network assets.

Includes deferred tax liability of \$33m.

The total assets of which 11% is funded by borrowings.

CASH FLOW HIGHLIGHTS

In thousands of dollars	2016	2015
Net cash flows from operations	9,682	14,836
Net cash flows to investing	(22,310)	480
Net loans raised and cash flows from financing	9,495	(13,035)
Net (decrease)/increase in cash held	(3,133)	2,281
Add opening cash	4,521	2,240
Ending cash carried forward	\$1,388	\$4,521