

Connections

Marlborough Lines

Marlborough Lines Newsletter • Spring 2013

Headlines

Measuring up

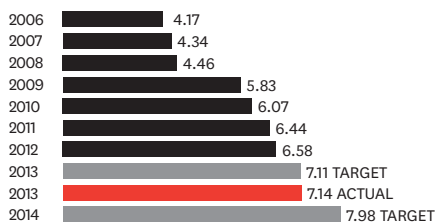
In this year's annual report, the Company announced a pre-tax, pre-discount profit of \$19.369m for the year ended 31 March 2013. This result was a 30% increase on the previous year and was achieved in a year of consolidation and improved performance.

Key results for the year ended 31 March 2013:

- 1 Paid customer discounts totalling \$8.205m (including GST). A typical domestic customer received a discount of \$202 (including GST).
- 2 Paid the Marlborough Electric Power Trust a dividend of \$1.7m (excluding GST) which resulted in a payment to all customers of \$50.
- 3 Achieved total revenue of \$51.237m.
- 4 Achieved surplus after taxation of \$11.300m.
- 5 Invested a combined total of \$20.401m in capital and maintenance expenditure in the Marlborough network to increase capacity and improve reliability.
- 6 Delivered a total of 390GWh over the Marlborough network, an increase of 1.44%.
- 7 Reliability of the network was a record high at 99.973%.

Total customer discounts

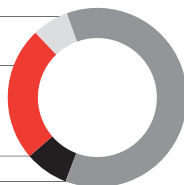
Paid to Marlborough Lines customers \$(millions)



Since 1993 electricity customers in Marlborough have received discounts totalling \$84m.

Allocation of the average electricity account for a typical domestic customer

Marlborough Lines Discount 7.9% \$202.06
Marlborough Lines Post Discount 24.2% \$618.50
Transpower 6.6% \$169.00
Energy Retailer 61.3% \$1,567.06



Marlborough Lines' charges, on a post-discount basis, comprise only 24.2% of the total bill for the average domestic customer.

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Projected discount for 2013/14

The customer discount for the current year will be increased by 9.9% so that a typical domestic customer (as defined by the Ministry of Business, Innovation and Employment) will receive an amount of \$222 inclusive of GST.

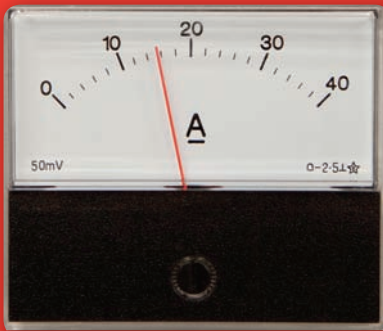


What happens to Marlborough Lines' profits?

All surpluses of the company are either returned to Marlborough electricity consumers as a discount, paid to the Marlborough Electric Power Trust as dividends, or reinvested in the company's capital development programme.

You can view or download a copy of our 2013 and previous years' annual reports from our website:

www.marlboroughlines.co.nz/About-us/Annual-reports



Our reliability

The June wind storm and the subsequent earthquake events in July and August have dented our reliability targets for the current year and inconvenienced a number of our customers for which we apologise. The storms and earthquakes have been extreme events and we are proud of the response provided by our people in restoring supply under challenging conditions.

Lending a hand

Aside from restoring supply in Marlborough our people have been called upon to provide assistance in other areas. Following the severe wind storm that hit the East Coast and Wellington we had a team go to Wellington for several days to assist in restoring supply. In September our line staff again volunteered to work away from Marlborough to assist the people of Canterbury following a severe storm, as did some of our staff from Otago.



Stormy times

On 18 June the extreme wind storm caused severe disruption to our customers in the Ward and East Coast areas. Regrettably, some customers were without electricity supply for up to three days despite our use of mobile generation and our people doing their best in some extremely tough conditions.

Interestingly, despite the almost unprecedented strength of the wind, only two of the faults were directly attributable to the Marlborough Lines network. In all other instances the faults were caused by trees. The damage was widespread and supply could not be fully restored until all of the trees and branches had been cleared from the lines.

Similarly early on 12 September supply from Linkwater to the Queen Charlotte, Kenepuru, and outer Queen Charlotte Sounds was lost to over 1,000 customers because of severe winds and a single tree blown against the line.

Our preference is to remove trees that are potentially at risk of coming in contact with the line before storm events occur so we can maximise the reliability of your supply.

If potential tree problems are not dealt with in a timely manner it is inevitable that electricity supply will be lost as a result, possibly at a time of considerable inconvenience to our customers.

It is also less costly to remove trees in a scheduled manner in good conditions rather than having to address the problem of fallen trees, broken lines and possible fires in storm conditions. Indeed on occasions our people have not been able to repair tree damage to lines because of the danger of further trees falling in the vicinity.

In recent years we have undertaken considerable maintenance in relation to improving the network and have installed a number of automatically operated circuit breakers and completed a variety of measures to improve the reliability of your supply. Irrespective we are still totally dependent upon the goodwill of landowners in assisting us to remove potential tree problems. Your support in this regard is most appreciated.



Shaken and stirred

Unfortunately our network did sustain some damage from the two major earthquakes in July and August. In the first earthquake the damage was largely located in the lower Wairau, Grovetown, Seddon and East Coast areas. Most of the same areas were affected in the second earthquake with further problems in the Grassmere area.

During these earthquakes our most significant problem was the severe acceleration which caused conductors to clash and in some instances burn through and fall to the ground.

Typically, in major earthquakes it can be expected that electricity supply to an area will be lost if the 33/11kV substation is shaken and this is precisely what occurred in the earthquake affected areas in July and August.

Following the earthquake it is necessary for us to check other parts of these zone substations for any damage then progressively check the integrity of the electricity network.

Whenever we have a major electricity outage we utilise all available resources including helicopters to ascertain the extent of the damage and to enable supply to be restored as soon as practicable.

In all cases in relation to storms, earthquakes or indeed at any other time, it is imperative that you always regard power lines as live at all times regardless of whether or not they are on the ground.

Lines on the ground that appear dead can be live!

Help us to help you



If you see trees that are interfering or have potential to interfere with an electricity line, please call us.

One of the common causes of outages we would like to prevent is the interference of trees with power lines. In some cases branches can blow a considerable distance and there are certain types of trees which have a propensity to blow over in strong winds.

Our people undertake ongoing surveillance of our network but because we have some 3,300km of line any advice that our customers can provide us in relation to trees is most appreciated so we can undertake the necessary remedial action.

Alternatively if customers wish to undertake their own arrangements in relation to the clearance or

removal of trees from the vicinity of power lines it is imperative that the work be undertaken safely.

Government safety regulations require that unqualified persons or equipment should not be working within 4 metres of a power line and it is always important to consider the consequences of a branch or tree falling on a line.

Rather than taking risks in relation to the clearance of trees from power lines we urge customers to contact us first. In the case of service lines, we can remove pole fuses to isolate your supply and improve safety.

Safety is paramount



The old building on Sinclair Street adjacent to the bridge has been demolished after having been owned by the company and its predecessor for close to 90 years.

In more recent times the building was used for storage but with increasing earthquake standards it became non-compliant and the only safe and sensible option was to have the building demolished.

Its removal has expanded the vista up High Street towards Blenheim's commercial centre from State Highway 1.

Our intention is not to rebuild on this site but to provide an attractive landscaped area that will border State Highway 1 and the Taylor River.

Marlborough Lines online

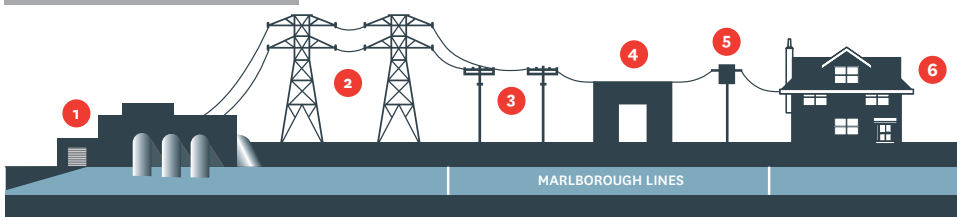
www.marbloroughlines.co.nz provides useful information about Marlborough Lines including:

- **Network status** – up-to-date information on faults, planned maintenance outages, network load and water heating channel shedding.
- **Our services** – information about the services we provide including how to get electricity connected and our contracting services.
- **Safety** – safety around our network including trees and power lines and the responsibilities of tree owners and network companies
- **Situations vacant** – current vacancies within Marlborough Lines and ability to apply online.
- **Reporting and disclosure information** – including annual reports, discounts, pricing schedules and methodology, Statement of Corporate Intent and Asset Management Plan.
- **News** – media statements and Connections newsletters.

We encourage you to visit our website anytime to find out more about Marlborough Lines and the work we do.



The Electricity System



The process of electricity transfer, from the original generation source to the end user

- 1. Power stations** Electricity is generated by wind and hydro-electric power stations in the South Island. The North Island also has thermal and geo-thermal plants. The DC link allows energy to be transmitted between the North and South Islands.
- 2. Transmission lines** Transpower own and operate the National Grid. This consists of the Transmission Lines (220kV and 110kV) and the equipment used to connect the major generators with the distribution networks (eg. Blenheim substation).
- 3. Distribution network** Marlborough Lines owns and operates the distribution network (ie. the power lines and equipment that transport power from the national

grid to a customer's property boundary) within Marlborough. We also operate a business unit for the construction and maintenance of lines. Marlborough Lines has 285km of 33kV lines, 2,400km of 11kV lines, and 500km of 400/230V lines.

- 4. Zone substations** Marlborough Lines owns 15 zone substations which convert 33kV electricity to 11kV.
- 5. Distribution transformers** Marlborough Lines has 3,000 distribution transformers which convert the 11kV electricity into 400/230V.
- 6. Electricity user** The final part of the 400/230V lines from the street to the house is owned by the electricity user.



Safety message

Check your wiring



When things go well people take the safe wiring of their homes and workplaces for granted. But there are a number of hazards or problems which can arise if your wiring is not properly installed and tested to ensure that it is safe.

We know of instances where unwary purchasers have acquired properties and found to their disappointment the wiring in the premises they have purchased is unsatisfactory. If you are purchasing a property it is prudent to check that the wiring has been properly installed and meets all regulatory requirements.

Registered electricians are required to test their work and provide a compliance certificate to property owners upon the completion of their work.

The risks of electricity are ever-present – fire or fatality can readily result from an inappropriately wired installation.

If you have doubts about your wiring or that of property you are thinking about buying it is well worth obtaining verification the wiring is safe and properly installed.

Stay grounded

If you are using appliances outside or in wet environments please use an earth leakage circuit breaker or an isolating transformer. These are life-saving devices and sadly the failure to use such devices has cost people their lives.

Community

Tertiary study awards

Each year since 1991, Marlborough Lines and its predecessors have made tertiary study awards available to all Marlborough secondary schools (Marlborough Boys' College, Marlborough Girls' College, Queen Charlotte College and Rai Valley Area School).

Awards are presented at the end of the school year to students in the final year of their secondary schooling. They recognise excellence in the students' endeavours and provide funding for higher education. Award recipients are selected by the individual schools, independent of Marlborough Lines.

We also provide an annual tertiary study award for Maori. Applications are sought from people who live in the Marlborough region and meet the award criteria. Award recipients are selected

by a panel comprising local Iwi representatives, independent of Marlborough Lines.

Applications for the Maori Tertiary Study Award open in October through until the end of November. Information and application forms can be obtained from 14 October from local Iwi or by email info@linesmarl.co.nz.

Over the years the recipients of the Marlborough Lines Tertiary Study Awards have excelled in their chosen fields and some have achieved distinction.

Science and Technology Fair



Marlborough Lines has been primary sponsor of the annual Marlborough primary and secondary schools Science and Technology Fair for close to 30 years.

This year's Fair was held at the Marlborough Lines Stadium 2000 on 17/18 September and with 390 entries from 16 schools was the biggest in its history.

Congratulations to Marlborough Boys' College student, Tom Morgan, who won the supreme award for his project on how to measure the vitamin D2 content in mushrooms, and to all the students who won awards and participated in the Fair.

We continue to be impressed with the ideas generated by the young minds of Marlborough in relation to a wide range of scientific topics.

Photo: The Marlborough Express marlexpress.co.nz

Business awards

Marlborough Lines has been a sponsor of the Westpac Marlborough Chamber of Commerce Business Awards for a number of years. This year we are sponsoring a new award 'Adding Value to Marlborough'.

The 'Adding Value to Marlborough' award recognises those businesses that are actively working to 'add value' to their businesses in a way which benefits both the business and Marlborough, particularly in relation to Marlborough products.

Judging of entrants is underway and results will be announced in November.

We extend our best wishes to all businesses participating in this year's awards, which are a great way to encourage and celebrate business excellence.

Our 24 hour fault service is available 7 days a week, 365 days a year, by calling 03 577 7007.