

Connections

Marlborough Lines

Marlborough Lines Newsletter • Winter 2015

Headlines

Investing to increase returns

In July Marlborough Lines acquired 80% of the shares of Yealands Wine Group at a cost to Marlborough Lines of \$89.2m.

The purpose of this investment is to provide increased financial benefits to the electricity consumers of Marlborough. Looking forward, it is our expectation that a typical domestic customer will receive a payment from this investment equivalent to a month's free electricity in addition to the annual Marlborough Lines discount.

The \$89.2m used to fund this investment came from part of the gains Marlborough Lines has made from realising investments in electricity networks in Otago and the Eastern Bay of Plenty.

Prior to the investment in Yealands Wine Group, Marlborough Lines had in excess of \$100m on deposit with no debt and was faced with declining interest rates. There are currently no significant opportunities for investment within the electricity sector, hence Marlborough Lines has considered alternative options to maximise the value of the capital.

Yealands Wine Group represented a very good commercial opportunity to invest in a significant and proven business in the viticulture and wine sector which is the backbone of Marlborough's economy. We are very confident Marlborough Lines' investment in Yealands Wine Group will prove to be a very successful acquisition and this will be demonstrated by the financial benefits which will flow to the electricity consumers of Marlborough.

Indeed the fact Marlborough Lines is able to undertake a significant investment in Yealands Wine Group is a direct consequence of Marlborough Lines' very successful investments in Otago and the Bay of Plenty which were undertaken at no cost to the electricity consumers of Marlborough.

Yealands Wine Group is one of New Zealand's largest wineries with 1,428ha of freehold land and the company has consistently generated robust revenue and earnings.

Yealands Wine Group

Yealands is committed to caring for the environment and has undertaken a number of environmental initiatives. It owns 1,428ha of freehold land in Marlborough and the Hawke's Bay including 1,020ha of planted vineyard. Yealands own the plant and equipment required for the operation of the vineyards, processing the majority of its grapes at Seaview, Marlborough. Yealands produces over 1 million cases of wine annually, the majority of which is exported.

Awards include:

- World's most sustainable wine grower.
- New Zealand Wine Producer of the Year, International Wine and Spirit Challenge – London 2014.
- Producer of New Zealand's Best Red Wine, International Wine Challenge – London 2014.
- Producer of the World's Best Sauvignon Blanc, International Wine Challenge – London 2012.
- 12 trophies and 850+ medals since 2008.

About Marlborough Lines and its Ownership

- Marlborough Lines is a company whose shares are held by the Marlborough Electric Power Trust on behalf of the consumers of the day.
- The consumers of the day means connected to the network at any given point in time including today and in the future.
- The Trustees of the Marlborough Electric Power Trust are legally required to consider the interests of current and future consumers. This means that the significant financial gains made by Marlborough Lines in relation to its investments in Otago and the Bay of Plenty must be for the benefit of current and future consumers.
- The financial benefits of Marlborough Lines' operations are returned to electricity consumers by way of an annual discount on their electricity account and tax-paid dividends.
- The greater the success of Marlborough Lines' investments, the greater the benefits to electricity consumers.
- Marlborough Lines continues to own and receive financial benefit from its ownership of 50% of Nelson Electricity.
- Marlborough Lines has no debt.



Yealands Estate Winery, Seaview, Seddon.

Check out live info online

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

- **Live outage viewer** – view all current outages overlaid on a map of the top of the South Island including the time the outage started, the number of customers affected and the ETOR (Estimated Time of Restoration – time power is expected to return).
- **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 discounts, annual reports, 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.



For any problems with your electricity supply, call our 24 hour fault line: (03) 577 7007.

Record year for network reliability

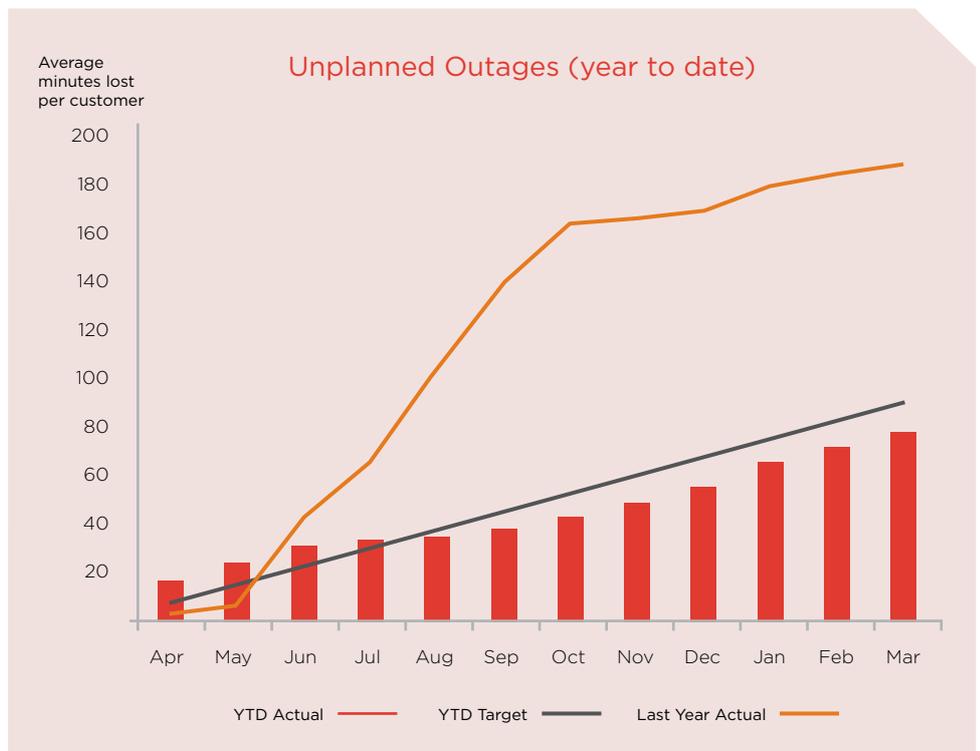
We are pleased to report that for the year ended 31 March 2015 the reliability of our network was the best that has ever been achieved.

There was a marked reduction in the unplanned outages from that of the previous year which was affected by earthquakes and major storms.

We are continuing to do all that we can to improve your reliability. We have ongoing programmes to minimise interference to lines by trees and vegetation, undertake continuing surveillance of the network, and upgrade and replace lines and equipment where appropriate.

We have also substantially increased the radio coverage of our network which will enable us to install further remotely operated circuit breakers.

We recognise that customers are inconvenienced by any loss in supply and you can be assured we seek to maximise your reliability of supply.



Your feedback counts

Our annual customer satisfaction survey was undertaken during April. The results help us gauge how we are performing in relation to meeting customer requirements and identify any areas where we could do better.

The survey is undertaken by an independent firm and customers are randomly selected to participate on a voluntary basis.

This year's results showed that 89% of customers are either satisfied or very satisfied with Marlborough Lines' performance, which compares with 88% for the previous year.

Thank you to those who participated in the survey and for the feedback provided. The information we have gathered will be used to help us improve our future performance.

Service Lines – know your responsibilities



A reminder that property owners are responsible for the power line from the point of supply, which is normally where the line crosses the boundary of the property to the point of connection to the installation. This is typically known as the service line. However in some areas, especially rural areas, the point of entry to a property might not be clear. If you are not sure which portion of the power line is your responsibility, please contact Marlborough Lines.

Overhead service lines may extend over several poles on a property from the point of supply to your installation. It is recommended that property owners carry out periodic visual checks to ensure that the lines and the poles supporting the lines on their property are in good order.

Marlborough Lines is able to perform these inspections should you wish to engage our services. These checks should include checking that power lines are not in close proximity to trees, or in contact with them.

Where service lines cross over buildings or roofs care needs to be taken to prevent direct contact. Please ensure there are no opportunities for children to climb trees or other objects and make contact with service lines.

Low service lines are a potential hazard and must be a safe distance above ground. Please call us on 577 7007 if you require advice. Ideally any overhead service lines should be replaced with underground cables, where there is a risk that they may be contacted by any activity, plant or equipment.

Trees and power lines

When trees grow too close to power lines they have the potential to cause power fluctuations and appliance damage, power failure, fire, electric shock or electrocution.

Tree owners are legally required to ensure their trees don't grow too close to power lines. The Electricity (Hazard from Trees) Regulations 2003 were introduced by the Government because trees need to be kept at a safe distance from electricity lines for public safety and to protect your electricity supply.

Marlborough Lines has a vegetation control programme in place to ensure that safe distances between trees and power lines are maintained. The objectives of our programme are to reduce the risk of:

- Accidental electric shock or electrocution.
- Fires caused by electricity.
- Power fluctuations or interruptions caused by branches touching or being blown into power lines.

For all vegetation control work we try to achieve an outcome with the tree owner that will remove the problem for the long term, eg. through tree felling rather than trimming. If this isn't possible then we work with the tree owner to reach a mutually acceptable solution. At the minimum,



the requirements of the Electricity (Hazards from Trees) Regulations 2003 must be met.

Electricity Regulations

The Electricity (Hazards from Trees) Regulations 2003:

- Define safe separation distances between trees and power lines.
- Specify who is responsible for ensuring clearances are maintained.
- Place potential liability on the tree owner if any damage or accident occurs when trees touch power lines.

Further information about the Electricity (Hazards from Trees) Regulations 2003, including the responsibilities of tree owners and network companies, can be found on our website www.marlboroughlines.co.nz

Fifth gold for annual report

For the fifth year in succession, Marlborough Lines has received a Gold award at the prestigious Australasian Reporting Awards (ARA). The criteria to receive an ARA Gold award is:

- Achieve overall excellence in annual reporting.
- Provide high-quality coverage of most aspects of the ARA criteria.
- Provide full disclosure of key aspects of its core business.
- Address current legislative and regulatory requirements.
- Be a model for other peer reports.

For the second year in a row, Marlborough Lines was also one of four finalists in the corporate sector for the best overall annual report, a report which was won by Woodside Petroleum Limited in Australia.

From Marlborough Lines' perspective it is pleasing to receive recognition for the quality of our annual report but our greatest satisfaction is in the provision of customer service.





Community

Classic Fighters Air Show

Marlborough Lines was pleased to again be a sponsor of the biannual Classic Fighters airshow which took flight on Easter Weekend. The event is widely regarded as one of the world's best and most innovative air shows, and attracts a large number of visitors to our region.



Encouraging bright young minds

The 2015 Marlborough Lines Science and Technology Fair will be held on 15 and 16 September. The programme aims to promote a greater interest in science and technology amongst students of all ages. Individuals or groups are invited to develop scientific investigations and technological solutions in a competition initially held at their own schools.

The successful projects then compete at a regional level where they're exhibited to the public. The Science Fair has been evolving in Marlborough since the 1960s and is now organised as a partnership between Blenheim Lions, local school teachers, minor community sponsors and Marlborough Lines as the major sponsor.

For Marlborough Lines it's an ideal opportunity to highlight the fundamental role science plays in our daily lives and to support and encourage our children to test their imaginations and skills.

Good luck to all the students participating in this year's event, we hope you have fun working on your projects.

To find out more visit www.scitec.co.nz.

Safety

Always treat lines as live

Sometimes circumstances arise where power lines are in close proximity to the ground, or are actually touching the ground, or have come in contact with equipment.

Regardless of the circumstances, power lines must always be treated as live. It is also important to recognise that aside from the dangers of the line itself in some instances high voltage can occur across the ground.

So if you ever come across a situation where power lines are down please exercise extreme caution.

Tragically lives have been lost in Marlborough and in other parts of New Zealand because of direct or indirect contact with a power line.

Please remember: regardless of whether power lines are on the ground or above ground they should always be treated as live. Never assume that a power line is dead no matter what the circumstances.

Defibrillators

Defibrillators are electronic devices used to restart the heart, and sometimes are essential to save life in the event of a cardiac arrest.

Marlborough Lines has long recognised the need for heart start defibrillators as fundamental first aid equipment given electric shock can result in cardiac arrest.

All Marlborough Lines vehicles are equipped with defibrillators. These vehicles are marked with the international defibrillator sign.

So should you be confronted with a situation where a defibrillator is required please be aware that if you are handy to a Marlborough Lines vehicle it will have a defibrillator on board and our staff are trained in its use. We also have a defibrillator at our office in Alfred Street, Blenheim, and two at our depot in Taylor Pass Road. The defibrillator in Alfred Street has already saved a member of the public.



Environment

Winter Warmers

Household energy consumption typically increases over the cooler winter months.

The way you use electricity can significantly impact on your power account. Here are some useful tips to help make your home more energy efficient and keep the costs of electricity down:

- Using quality Compact Fluorescent Lights (CFLs) has the capacity to reduce a lighting bill to approximately 25% of what it would be if incandescent lights were used. LEDs (Light Emitting Diodes) also provide significant reductions. Advances in technology have also enabled quality CFLs and LEDs to have the same colour output as incandescent lights.
- Good quality, well installed insulation helps keep the heat in during winter and keeps it out during summer. This makes your house easier and cheaper to heat properly, and more comfortable and healthy to live in.

The EECA Energywise website, www.energywise.govt.nz, is full of practical information and advice to help you make energy efficient choices. You can also talk to one of our customer services staff about energy efficiency by phoning (03) 577 7007.