

# Budget Assumptions

## Forecast for the year ending 30 June 2016

### OPERATING INCOME

#### Generation Sales

The current Power Purchase Agreement (PPA) is with Pulse Energy. This contract has prices for six four-hourly blocks each day with different prices for summer (Oct-Mar) and winter (Apr-Sept).

Generation estimates for this year are significantly lower than previous and reflect the low lake level coming out of the 2014/2015 summer.

The electricity retail trial through Simply Energy ended in the 2014/2015 financial year and there is no intention to continue with self-retailing in the 2015/2016 year. Retailing may be revisited in future years.

#### This Year (year ending 30 June 2016)

| Revised May 2015                                  |           |           |           |            |            |            |            |           |           |            |            |            |              |
|---|-----------|-----------|-----------|------------|------------|------------|------------|-----------|-----------|------------|------------|------------|--------------|
|   | Jul-15    | Aug-15    | Sep-15    | Oct-15     | Nov-15     | Dec-15     | Jan-16     | Feb-16    | Mar-16    | Apr-16     | May-16     | Jun-16     | Total Year   |
| <b>Generation (MWh)</b>                           |           |           |           |            |            |            |            |           |           |            |            |            |              |
| 10 Year Average                                   | 1,544     | 1,477     | 1,731     | 2,765      | 2,899      | 2,742      | 2,590      | 1,442     | 2,988     | 2,072      | 2,098      | 2,262      | 26,609       |
| Budget Generation                                 | 349       | 465       | 810       | 1,953      | 2,520      | 1,953      | 1,674      | 870       | 1,163     | 1,350      | 1,674      | 1,890      | 16,670       |
| <b>Price (\$/MWh)</b>                             |           |           |           |            |            |            |            |           |           |            |            |            |              |
| Budget Price (Pulse Contract)                     | \$92.58   | \$92.58   | \$92.58   | \$64.40    | \$64.40    | \$64.40    | \$64.40    | \$64.40   | \$64.40   | \$92.58    | \$92.58    | \$92.58    |              |
| <b>Revenue (\$)</b>                               |           |           |           |            |            |            |            |           |           |            |            |            |              |
| Budget Revenue (Pulse Contract)                   | \$ 32,287 | \$ 43,049 | \$ 74,989 | \$ 125,764 | \$ 162,277 | \$ 125,764 | \$ 107,798 | \$ 56,024 | \$ 74,860 | \$ 124,982 | \$ 154,977 | \$ 174,974 | \$ 1,257,746 |
| <b>Calculate Generation (MWh)</b>                 |           |           |           |            |            |            |            |           |           |            |            |            |              |
| Days in Month                                     | 31        | 31        | 30        | 31         | 30         | 31         | 31         | 29        | 31        | 30         | 31         | 30         | 366          |
| SYB cumecs (Consent)                              | 4.0       | 4.5       | 6.0       | 8.5        | 7.0        | 6.0        | 3.5        | 3.5       | 7.5       | 8.0        | 4.5        | 4.5        |              |
| Average DSW Release (2011-2014)                   | 7.7       | 6.2       | 5.8       | 11.9       | 11.8       | 8.9        | 8.3        | 6.2       | 8.2       | 7.0        | 10.1       | 8.2        | 8.4          |
| Min DSW Release (2011-2014)                       | 3.1       | 2.0       | 3.6       | 7.2        | 9.6        | 6.9        | 5.6        | 5.1       | 1.9       | 5.8        | 4.7        | 4.1        | 5            |
| Average cumecs (Budget 2015)                      | 1.5       | 2.0       | 3.0       | 6.0        | 8.0        | 6.0        | 6.0        | 4.0       | 5.0       | 6.0        | 6.0        | 6.0        | 5.0          |
| Average MW (from dam level = head)                | 5         | 5         | 6         | 7          | 7          | 7          | 6          | 5         | 5         | 5          | 6          | 7          |              |
| Budget MWh (calculate from cumecs)                | 349       | 465       | 810       | 1,953      | 2,520      | 1,953      | 1,674      | 870       | 1,163     | 1,350      | 1,674      | 1,890      | 16,670       |
| <b>Historical DSW Releases (Monthly Averages)</b> |           |           |           |            |            |            |            |           |           |            |            |            |              |
| Min   | 3.1       | 2.0       | 3.6       | 7.2        | 9.6        | 6.9        | 5.6        | 5.1       | 1.9       | 5.8        | 4.7        | 4.1        |              |
| Mean  | 7.7       | 6.2       | 5.8       | 11.9       | 11.8       | 8.9        | 8.3        | 6.2       | 8.2       | 7.0        | 10.1       | 8.2        |              |
| Max   | 14.2      | 17.4      | 8.4       | 16.4       | 13.8       | 10.6       | 11.9       | 7.4       | 14.9      | 7.8        | 13.2       | 13.3       |              |

#### Last Year (year ending 30 June 2015)

| Revised Generation Revenue Budget (January 2015) |            |            |            |            |            |            |            |            |            |            |            |            |              |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
|  | Jul        | Aug        | Sep        | Oct        | Nov        | Dec        | Jan        | Feb        | Mar        | Apr        | May        | Jun        | Total Year   |
| <b>Generation (MWh)</b>                          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Budget   | 1,394      | 1,595      | 2,004      | 2,757      | 2,640      | 2,891      | 2,615      | 1,730      | 2,805      | 2,247      | 1,735      | 1,705      | 26,118       |
| Actual   | 2,711      | 598        | 1,024      | 2,763      | 2,739      | 1,880      | 1,550      | 975        | 344        |            |            |            |              |
| Revised Budget                                   | 2,711      | 598        | 1,024      | 2,763      | 2,739      | 1,880      | 1,450      | 1,020      | 450        | 648        | 744        | 810        | 16,837       |
| Difference                                       | 1,317      | -997       | -980       | 6          | 99         | -1,011     | -1,165     | -710       | -2,355     | -1,599     | -991       | -895       | -9,281       |
| <b>Price (\$/MWh)</b>                            |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Budget   | \$ 100.77  | \$ 90.91   | \$ 81.13   | \$ 45.10   | \$ 51.50   | \$ 65.51   | \$ 38.39   | \$ 72.44   | \$ 94.74   | \$ 99.21   | \$ 98.31   | \$ 89.67   |              |
| Actual   | \$ 51.38   | \$ 147.85  | \$ 56.02   | \$ 64.46   |            |            |            |            |            |            |            |            |              |
| Revised Budget (Pulse Contract)                  | \$ 51.38   | \$ 147.85  | \$ 56.02   | \$ 64.46   | \$64.40    | \$64.40    | \$64.40    | \$64.40    | \$64.40    | \$92.58    | \$92.58    | \$92.58    |              |
| Difference                                       | -\$49.39   | \$56.94    | -\$25.11   | \$19.36    | \$12.90    | -\$1.11    | \$26.00    | -\$8.05    | -\$30.35   | -\$6.63    | -\$5.73    | \$2.91     | \$0.00       |
| <b>Revenue (\$)</b>                              |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Budget   | \$ 140,475 | \$ 144,995 | \$ 162,576 | \$ 124,352 | \$ 135,960 | \$ 189,378 | \$ 100,396 | \$ 125,323 | \$ 265,748 | \$ 222,926 | \$ 170,573 | \$ 152,887 | \$ 1,935,589 |
| Actual   | \$ 139,293 | \$ 88,366  | \$ 57,378  | \$ 178,091 | \$ 177,699 | \$ 125,429 | \$ 101,453 | \$ 65,094  | \$ 22,028  |            |            |            |              |
| Revised Budget (Pulse Contract)                  | \$ 139,293 | \$ 88,366  | \$ 57,378  | \$ 178,091 | \$ 176,387 | \$ 121,064 | \$ 93,373  | \$ 65,683  | \$ 28,978  | \$ 59,991  | \$ 68,879  | \$ 74,989  | \$ 1,152,473 |
| Difference                                       | -\$1,182   | -\$56,629  | -\$105,198 | \$53,739   | \$40,427   | -\$68,314  | -\$7,023   | -\$59,640  | -\$236,770 | -\$162,935 | -\$101,694 | -\$77,898  | -\$783,116   |
| Cumulative                                       | -\$1,182   | -\$57,811  | -\$163,008 | -\$109,270 | -\$68,843  | -\$137,157 | -\$144,180 | -\$203,819 | -\$440,589 | -\$603,524 | -\$705,218 | -\$783,116 |              |

#### Water & Operation Revenue

##### Water Charges

Water charges remain unchanged from 2014/2015 at an annual charge of \$197.04 x 16,000 shares (\$16.42 per month, per share, plus GST). Discount of 2.5% is given to those using the direct debit payment method.

##### Sutherlands

The total income collected from Sutherland's users is \$233,400 per annum (\$19,450 per month):

Capacity charges are based on the users' nominated flow rate. No increase proposed to the 2014/2015 charges of \$461.05 per litre/second.

The Water charge is based on 135% of the OWL water charge. As no increase is proposed to the OWL water charges, the charge for unshared water is \$643.39 per litre/second. Discount of 2.5% is given to those using the direct debit payment method.

##### Incremental Water - Collett Road

The charge is based on a % of the OWL water charge. As no increase is proposed to the OWL water charges, the charge for unshared water is \$91,900 p.a. (\$7,658 per month). Discount of 2.5% is given for using the direct debit payment method.

#### Infrastructure Charges

##### Levels Plain Scheme

No increase is proposed to the prior year 2014/2015 charges. Income from Levels Plain users is calculated from an annual charge of \$40.92 x 3,296 shares - \$134,872 p.a. or \$11,239 per month. This equates to an infrastructure charge per share of \$3.41 per month, plus GST. Discount of 2.5% is given to those using the Direct Debit payment method.

### State Highway 8 Users

State Highway users who do not hold "water" shares or have not paid the capital cost of the buried mainline pipe are charged in accordance with the agreement they had with Levels Plain Irrigation.

Water charge is \$237.96 per hectare (OWL water charge \$197 + LPIC admin charge \$40.96).

Capacity charge in lieu of capital contributions is \$200.00 p.a. per hectare.

### Kakahu Scheme

Income from Kakahu users is calculated from an annual charge \$246.72 x 3,208 shares - \$791,478 p.a. or \$65,956 per month (last year \$276.72, reduction of \$30 per hectare as resolved at "1" class meeting in July 2015). This equates to an infrastructure charge per share of \$20.56 per month (last year \$23.06), plus GST.

Refinancing undertaken as part of the restructure has given the opportunity to reduce the financial charges to the KIL scheme.

Discount of 2.5% is given to those using the Direct Debit payment method.

### Totara Valley Scheme

Income from Totara Valley users has been calculated from an annual charge \$161,342. The annual charge is made up from A and E shares, some full, some partly paid. No increase is proposed to the prior year 2014/2015 charges.

Discount of 2.5% is given to those using the Direct Debit payment method.

The income collected from "E" share charges of \$49,454 p.a. is to be applied to interest charges and debt reduction associated with the \$230k loan with ANZ.

## Water Abstraction Charges (Timaru District Council)

TDC charges are subject to CPI increase at June quarter. The CPI increase is estimated at 1.1%, based on the last 3 years average (below), and has been applied from 1 July 2015 to 30 June 2016. Income from TDC per month is estimated at \$329,469 p.a. (\$27,456 per month).

Opihi Augmentation - prior year charge of \$233,446 plus an estimated CPI increase of 1.1% - total \$236,014 (\$19,668 per month).

Additional Water - prior year charge of \$92,652 plus an estimated CPI increase of 1.1% - total \$93,671 (\$7,806 per month).

| Consumers price index  |                             |                       |                                    |                              |                       |                                    |                           |                       |                                    |     |
|--|-----------------------------|-----------------------|------------------------------------|------------------------------|-----------------------|------------------------------------|---------------------------|-----------------------|------------------------------------|-----|
| Tradables, non-tradables and all groups – index numbers and percentage changes <sup>(1)(2)</sup> |                             |                       |                                    |                              |                       |                                    |                           |                       |                                    |     |
| Base: June 2006 quarter (=1000)  |                             |                       |                                    |                              |                       |                                    |                           |                       |                                    |     |
|  | Tradables <sup>(3)(4)</sup> |                       |                                    | Non-tradables <sup>(5)</sup> |                       |                                    | All groups <sup>(3)</sup> |                       |                                    |     |
|  | Index                       | Percentage change     |                                    | Index                        | Percentage change     |                                    | Index                     | Percentage change     |                                    |     |
| Series ref: CPIQ   | SE9NS6000                   | From previous quarter | From same quarter of previous year | SE9NS6500                    | From previous quarter | From same quarter of previous year | SE9A                      | From previous quarter | From same quarter of previous year |     |
| <b>Quarter</b>   |                             |                       |                                    |                              |                       |                                    |                           |                       |                                    |     |
| 2012   | Mar                         | 1100                  | -0.4                               | 0.3                          | 1219                  | 1.2                                | 2.5                       | 1164                  | 0.5                                | 1.6 |
|  | Jun                         | 1101                  | 0.1                                | -1.1                         | 1225                  | 0.5                                | 2.4                       | 1168                  | 0.3                                | 1.0 |
|  | Sep                         | 1101                  | 0.0                                | -1.2                         | 1231                  | 0.5                                | 2.3                       | 1171                  | 0.3                                | 0.8 |
|  | Dec                         | 1093                  | -0.7                               | -1.0                         | 1235                  | 0.3                                | 2.5                       | 1169                  | -0.2                               | 0.9 |
| 2013   | Mar                         | 1088                  | -0.5                               | -1.1                         | 1248                  | 1.1                                | 2.4                       | 1174                  | 0.4                                | 0.9 |
|  | Jun                         | 1083                  | -0.5                               | -1.6                         | 1256                  | 0.6                                | 2.5                       | 1176                  | 0.2                                | 0.7 |
|  | Sep                         | 1096                  | 1.2                                | -0.5                         | 1265                  | 0.7                                | 2.8                       | 1187                  | 0.9                                | 1.4 |
|  | Dec                         | 1090                  | -0.5                               | -0.3                         | 1271                  | 0.5                                | 2.9                       | 1188                  | 0.1                                | 1.6 |
| 2014   | Mar                         | 1082                  | -0.7                               | -0.6                         | 1285                  | 1.1                                | 3.0                       | 1192                  | 0.3                                | 1.5 |
|  | Jun                         | 1084                  | 0.2                                | 0.1                          | 1290                  | 0.4                                | 2.7                       | 1195                  | 0.3                                | 1.6 |
| Source: Statistics New Zealand   |                             |                       |                                    |                              |                       |                                    |                           |                       | average                            | 1.1 |

## NON-OPERATING INCOME

### Interest & Sundry Income

#### Dividends Received

An annual dividend from LineTrust South Canterbury of \$500 has been allowed for in January 2016 (a receipt similar to that received in the 2014/2015 year). The magnitude of the dividend for an individually billed ICP is dependent on the revenue. The revenue is calculated based on Opuha's annual distribution charge less Opuha's agreed Avoided Cost of Transmission (ACOT) payment.

Allowed for further LineTrust South Canterbury dividends of \$4,000 which are received via Contact Energy for other power accounts (ie. Opuha House, Saleyards, Power Station, Intakes, etc). Dividends received from electricity retailers Meridian and Genesis are passed onto Sutherlands/SH8 users.

#### Interest Received

No interest income is forecast to be received from ANZ. In prior years' we have budgeted for interest on estimated closing cash balance after capex at lowest rate 1% (1% on cheque account, 3% on call account). Small interest receipts arising from short term cash surpluses are budgeted to be offset by short term overdraft charges that may arise.

#### Sundry Income

An allowance of \$300 per month (\$3,600 p.a.) has been made for miscellaneous income - such as Farmlands rebate, Opuha book sale and electricity levy rebate.

## ADMINISTRATION EXPENSES

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### Accountancy Services

Financial and management reporting functions are managed from Opuha House. Accountancy and secretarial services provided by Quantum Advantage allow for review of annual audit preparation, liaison with auditor, attendance at meetings when required - total \$12k.

Assumed Levels Plain Irrigation will not be required to complete 2015 financial statements and tax return, due to amalgamation.

Allowed further accountancy fees of \$4,000 for the windup of Kakahu Irrigation and Totara Valley Irrigation companies (\$2,000 each company), including the filing of their final 2015 tax return. Expect this work to be completed and paid in August/September 2015.

### Advertising & Public Notices

An allowance of \$80 per month (\$960 p.a.) allows for notices in paper/radio, such as AGM notice, flushing flow trials.

### Audit Fees

Allowed \$17,500 including disbursements and travel costs for on-site visit (last year KPMG audit fee fixed at \$16,000 + \$800 disbursements).

Assumed no financial audit will be required for Levels, Kakahu & Totara Valley, due to restructure/amalgamation, and balances will be audited as part of the opening balance audit completed by KPMG.

### Company Compliance & FSP Costs

Allowed for annual return filing fee of \$40 (November) and registering annual financial statements of \$225 (December).

### Computer Services & IT Support

Allowed for computer and remote access services at Opuha House - 5 hours per month @ \$135 p/h = \$675 per month (\$8,100 p.a.).

Custom plan for dam camera through Get Wireless at \$50 per month (\$600 p.a.).

### Conferences, Seminar & Training Costs

Main training endeavors are computer and website training and industry training as needs are identified. General training expenses include first aid/health and safety courses, computer training, industry relevant workshops - allowed \$500 per month (\$6,000 p.a.).

Other specific conferences/seminar/training include:

- Irrigation NZ conference in April 2016 - \$3,000 (for 3x attendees)
- NZ Association of Resource Management conference in October 2015 - \$1,500 (Julia)

### Consulting & Project Services

#### Audited Self-Management

The Environmental Manager role is now the key resource for this activity however there is also provision for external support to assist in the FEP rollout, allowed \$35,000. General provision including external resources for provision of training, education, field days, room hire, meeting expenses, sundry consumables, other costs associated with FEP roll out - \$5,000. Provision for database and GIS updates/upgrades \$10,000. Total FEP budget \$50,000.

#### CWMS Support

Provision for support to CWMS and catchment groups - allowed \$5,000.

#### River Studies (Science)

NIWA monitoring and periphyton management investigations - allowed \$30,000.

Included an allowance of \$2,500 for eel trap and transfer programme, including Arowhenua runanga.

#### Resource Consents & Investigation

Provision made for consent investigations, such as irrigation scheme nutrient discharge consent, BN consents above dam, MGM, LWRP - allowed \$50,000.

#### Scheme Optimisation

Identified work includes review of distribution efficiency including additional flow measurements, water storage (ponds), reducing scheme losses - \$40,000.

#### Commercial (Tax & Financial)

Relates to commercial advice on treasury policy, debt structuring, financial modelling - annual allowance of \$10,000.

#### Electricity Market

It is not intended to pursue self-retailing to shareholder/irrigators in the 2015/2016 financial year, no provision made.

#### Engineering

Provision for engineering consultant services relating to asset management - \$65,000.

#### Strategic Studies (Tekapo/New Water)

Provision of \$100,000 for the year (as set by the Board 06/05/2015) for on-going support (in conjunction with AWT/AWS & any other body for regional studies for the expansion of irrigation within South Canterbury. Includes options such as bringing Tekapo or Rangitata water into the region. Applications to be made to the Board for spending.

### Directors Fees

Same allocation of Directors Fees as prior year - total \$90k p.a.

### Director Professional Development

Allowed \$12,000 for reimbursement of attendance at training, seminars and conferences for professional development (discretionary with the Chairman).

## Entertainment

Allowed \$3,000 in December 2015 to cover an annual staff social function, as well as shareholder and/or Directors function.

## Fringe Benefit Tax (FBT)

FBT is paid quarterly for private use of motor vehicles for Tony, Steve and Julia. Estimated \$1,200 per quarter, based on prior year actuals.

## General Expenses

Allowed for a provision of \$100 per month (\$1,200 p.a.).

Levels Plain Scheme - Allowed for a provision of \$100 per month (\$1,200 p.a.).

Kakahu Scheme - Allowed for a provision of \$100 per month (\$1,200 p.a.).

Totara Valley Scheme - Allowed for a provision of \$50 per month (\$600 p.a.).

## Health and Safety - Systems

Allowance of \$400 per month (\$4,800 p.a.) for audits and advisory/consultancy services relating to the adopted Health & Safety policy.

## Laundry & Cleaning

Allowed for \$3,000 p.a. - contract with AlSCO NZ to undertake dry cleaning of overalls, linen and toiletry supplies (\$50 per month) and 2 hours each week cleaning at Opuha House (\$200 per month).

## Legal Fees

Allowed for \$1,000 per month for legal advice and opinions as required. There are no significant legal issues at time of preparing the forecast. An additional allowance of \$8,000 p.a. for general legal advice on environmental matters. Total \$20,000 p.a.

## Meeting Expenses

Allowed for \$200 per month for costs associated with hosting meetings at Opuha House (morning tea, coffee) - same as prior year.

## Payroll Services

Allowed for \$180 per month (\$2,160 p.a.) for payroll services provided by Pivot Services.

## Recruitment Fees

No allowance has been made for contracting a recruitment agency - assuming no change to employees.

## Rent - Christchurch Office & Lodge

No rental allowed for Christchurch office, office rent with Irrigation NZ ended February 2015. Tony now works from home office.

Allowed for Tony's lodging accommodation in Pleasant Point of \$5,200 p.a. paid by monthly instalments of \$650 (last year \$433).

## Security

Allowed for security fees for services provided by Code 9 - contract price \$35 per month, allow for increase to \$40 per month (\$480 p.a.).

## Software & Licensing Fees

Allowed for \$35 per month for ANZ online software fees and \$80 per month for Xero subscription. A further allowance of \$165 per month for other software programmes and upgrades at Opuha House. Total \$280 per month (\$3,360 p.a.).

## Stationery, Printing & Postage

Allowed \$500 per month, allows for office supplies, board report materials. Copier rental is a fixed monthly charge of \$306 and includes 2,000 black copies/1,000 colour copies. Additional copies charged based on prior year actual, an additional \$250 a month. Allowed \$125 per month for envelopes, stamps, postage labels. Total \$1,180 per month (\$14,160 p.a.).

## Subscriptions

### Subscriptions - Irrigation NZ

Allowed \$21,516 p.a. for Irrigation NZ subscription of \$1.32 per hectare (last year \$1.20 p/ha) - based on a total of 16,300 ha, paid by quarterly installments of \$5,379 (same as last year).

### Subscriptions - Other

Provision for subscriptions including: Timaru Herald newspaper, supply of weather warnings from Met Service, membership of NZSOLD \$2,000 (NZ Society of Large Dams (Corporate), Tony's membership with IPENZ (Institute of Professional Engineers NZ), Steve's membership with NZIPIM (Institute of Primary Industry Management), Julia's subscription to NZARM (NZ Association of Resource Management) \$100.

Covered by \$30 monthly newspaper, \$45 monthly for Met Service and then \$1000 each quarter, total \$4,400 p.a.

## Travel & Accommodation

Allowance of \$500 per month (\$6,000 p.a.) for accommodation and meals - director's and staff travelling to conferences, training courses, etc.

## Valuation Fees - Dam & Power Station

Insurers have indicated that a valuation for replacement cost of our main assets will be required for insurance purposes. The last valuation was completed by Tonkin & Taylor in 2010 which cost \$9,923 (reviewed in 2012). Have allowed \$12,000 in May 2016.

## Website Database Support & Maintenance

Allowed \$500 per month (\$6,000 p.a.) for the ongoing support from Zoom Room for the website and water ordering database.

## Website Hosting & Domain Charges

Allowed for \$1,800 p.a. (\$150 per month) to cover the hosting of the website through ZoomRoom. Assume that annual domain name renewal, and email hosting is built in as part of the monthly contract price.

## DIRECT OPERATING EXPENSES

### Accident Compensation Levies

Allowance for ACC levies estimated at \$12,000 (\$1,000 per month) - based on prior year provisional 2014/2015 invoice. This does not allow for any discounts (10-15% discount) from being a part of the workplace safety management practices (WSMP) programme.

### Alpine Energy - Electricity Use of System Cost & Connection Costs

#### Distribution Charges

Distribution charges (use of system costs) are advised by Alpine, in accordance with the Conveyance Agreement - the next review of distribution charges is due following the June quarter PPI and will be effective from 1 October 2015. Estimated an increase from \$165,331 p.a. to \$168,000 p.a. from September 2015 onwards.

#### Avoided Cost of Transmission Rebates

Alpine advised in February 2015 that effective from 1 April 2015 the monthly credit is approximately \$11,859 (\$142,314 p.a.).

We expect that the transformer outage has considered with the peak demand periods used for the calculation of transmission credit. The next review will be implemented on 1 April 2016, therefore have only allowed 25% of the monthly credit \$11,859, being \$2,965 per month for the remaining months (April, May, June 2016).

### This Year (year ending 30 June 2016)

Opuha Water – calculation of Transmission credit effective 1 April 2015

| Rank    | Date     | Period | U/SI kW | Aby X kW | Aby I kW | Opu kW | Exc. Opu kW |
|---------|----------|--------|---------|----------|----------|--------|-------------|
| 1       | 27/05/14 | 17     | 999502  | 0        | 3,898    | 6,901  | 3,023       |
| 2       | 27/05/14 | 15     | 999330  | 0        | 3,978    | 6,877  | 2,899       |
| 3       | 19/05/14 | 37     | 999078  | 0        | 3,316    | 6,654  | 3,338       |
| 4       | 13/05/14 | 15     | 998978  | 2,684    | 0        | 0      | 2,584       |
| 5       | 21/05/14 | 37     | 998954  | 2,345    | 544      | 1,435  | 3,240       |
| 6       | 27/05/14 | 16     | 997972  | 0        | 3,900    | 6,900  | 3,000       |
| 7       | 02/07/14 | 36     | 997094  | 0        | 3,644    | 6,533  | 3,109       |
| 8       | 21/05/14 | 16     | 996896  | 654      | 2,174    | 4,650  | 3,130       |
| 9       | 04/05/14 | 16     | 996786  | 0        | 4,072    | 6,906  | 2,684       |
| 10      | 16/05/14 | 16     | 996776  | 0        | 3,894    | 6,975  | 3,081       |
| 11      | 18/07/14 | 21     | 996736  | 0        | 3,586    | 6,313  | 2,727       |
| 12      | 14/09/14 | 37     | 996016  | 0        | 2,572    | 6,364  | 3,482       |
| Average |          |        |         | 474      |          |        | 3,053       |

  

|  |                    |
|--|--------------------|
| Average GXP Export during Transpower chargeable peaks      | 474 kW             |
| Average GXP Export during Peaks if Opuha wasn't Generating | 3,053 kW           |
| Opuha's average Contribution to Peak Reduction             | 2,579 kW           |
| Transpower's Interconnection Rate                          | 116.95 \$/kW/y     |
| Avoided cost of Transmission                               | 294,627.78 \$/y    |
| 50% share of benefit                                       | 142,313.89 \$/y    |
| Approximately monthly credit                               | 11,859.49 \$/month |

### Last Year (year ending 30 June 2015)

Opuha Water – calculation of Transmission credit effective 1 April 2014

| Rank    | Date       | Period | U/SI kW | Aby X kW | Aby I kW | Opu kW | Exc. Opu kW |
|---------|------------|--------|---------|----------|----------|--------|-------------|
| 2       | 28/05/2013 | 36     | 1072320 | 1,267    | 1,006    | 3,216  | 2,972       |
| 4       | 10/07/2013 | 37     | 1010288 | 0        | 3,486    | 7,148  | 3,662       |
| 5       | 21/06/2013 | 36     | 1008312 | 3,942    | 0        | 0      | 3,942       |
| 6       | 28/05/2013 | 37     | 1006202 | 2,935    | 0        | 0      | 2,936       |
| 7       | 10/07/2013 | 36     | 1006624 | 0        | 3,716    | 7,150  | 3,434       |
| 8       | 11/07/2013 | 17     | 1005950 | 0        | 3,956    | 7,146  | 3,240       |
| 9       | 11/07/2013 | 16     | 1005164 | 0        | 3,822    | 7,144  | 3,222       |
| 11      | 1/08/2013  | 17     | 1003044 | 2,905    | 56       | 189    | 3,033       |
| Average |            |        |         | 1,269    |          |        | 3,193       |

Source: Opus\_081\_2013\_Exclded/Output 8 years

|  |                   |
|--|-------------------|
| Average GXP Export during Transpower chargeable peaks      | 1,260 kW          |
| Average GXP Export during Peaks if Opuha wasn't Generating | 3,193 kW          |
| Opuha's average Contribution to Peak Reduction             | 1,913 kW          |
| Transpower's Interconnection Rate                          | 114.47 \$/kW/y    |
| Avoided cost of Transmission                               | 218,936.67 \$/y   |
| 50% share of benefit                                       | 108,468.81 \$/y   |
| Approximately monthly credit                               | 9,122.40 \$/month |

## Dam Safety Management

An allowance of \$55,185 p.a. based on the following:

- Monitoring charges - monthly reporting/weekly review costs of surveillance data – adjusted current year charges by CPI - 52 weekly reviews @ \$235 (total \$12,220, last year \$11,960) and 12 monthly reviews @ \$1,269 (total \$15,225, last year \$15,000).
- Monitoring Plan revision - assumed this will not be completed in 2015/2016 year.
- Annual Dam Safety Inspection (review) - completed by T&T in March, estimated \$14,000 in April.
- Deformation survey - allowed \$11,000 for work completed by Opus in April/May.
- A provision of \$2,740 p.a. has been included for communication support associated with the Emergency Action Plan (EAP) (note the EAP was previously reported as a separate cost code).

## Electricity

Contact Energy monthly charges for electricity at the power station and downstream weir (\$1,200 per month), Opuha House (\$300 per month), and monitoring sites at Clayton Road, Trentham Road (\$50 per month) and Saleyards Bridge (\$50 per month). Estimated monthly costs at \$1,525 per month (\$18,300 p.a.) based on last year actual + % price increase.

### Levels Plain Scheme

Costs associated with electricity at Butlers Road estimated at \$130 per month (\$1,560 p.a.) covering two ICP's, based on last year actual.

### Kakahu Scheme

Costs associated with the control system electricity estimated at \$75 per month (\$900 p.a.), based on last year actual.

### Totara Valley Scheme

Costs associated with the intake electricity estimated at \$80 per month (\$960 p.a.), based on last year actual.

### Sutherlands Scheme

While there is unallocated capacity in the scheme, OWL covers that proportion of the fixed costs within the total bill. All variable costs are allocated to the current irrigators. Estimated fixed cost component to OWL is \$360 per month (\$4,320 p.a.) based on last year actual.

## Environmental Compliance & Surveys

### Annual Surveys

Allowed for \$11,000 p.a., same as prior year, based on the following:

- Self-monitoring Report - prepared by ECS and OWL and is provided to ECan. Estimate \$7,500 and paid May/June.
- Biota and River Cross Section - due March, paid April \$3,500 every year.

### Compliance Pro Consent Management Database

Allowed for an annual charge of \$3,355 in August 2015 for the new consent management database (initial set-up cost estimated at \$6,800 in July 2015 and has been recorded under capital).

### Resource Consent Monitoring

Allowed \$400 per month (\$4,800 p.a.), based on prior year expenditure, for ECan monitoring charges for consents held by Opuha. ECan have advised the annual compliance monitoring charge that was attached to consents has been removed, therefore in the 2014/2015 year we noticed reduced costs as only some consents require ongoing monitoring which now attract an hourly rate.

Total allowance \$19,155 for year.

Levels Plain Scheme - allowed \$100 per month (\$1,200 p.a.) for ECan monitoring charges for consents relating to Levels Plain scheme.

Kakahu Scheme - allowed \$150 per month (\$1,800 p.a.) for ECan monitoring charges for consents relating to Kakahu scheme. Allowed an annual cost of \$22,000 covering a MR2 survey in May for \$7,000 and a Biota study required each year \$15,000 completed in January/February.

Totara Valley Scheme - allowed \$75 per month (\$900 p.a.) for ECan monitoring charges for consents relating to Totara Valley scheme.

## Freight & Cartage

General allowance of \$100 per month (\$1,200 p.a.) - same as prior year budget.

## Health and Safety - Personnel

Allowance \$200 per month (\$2,400 p.a.) for protective clothing, such as boots, gloves, etc. Also allows for annual fire extinguisher testing and first aid kit supplies on a 12 week cycle.

## Health and Safety - Public & Scheme

Allowed for public safety at Dam, ie. barrier rails, signage, \$20,000 spread across year, will be done when timing allows.

## Insurance

Brokered policies covering the current OWL assets renew June 2015. Willis have provided estimated costs and all policies have reduced except for the Combined Liability Package, which has increased due to general liability cover previously on \$10m to \$30m cover.

Willis are also engaged to provide insurance covering Opuha House building, office equipment, tools & equipment and vehicles.

The insurance premium is paid at the beginning of the financial year but is prepaid over 12 months for internal reporting purposes. It is assumed that the policy will be paid in full in June 2015 (and not paid through a financing arrangement attracting an interest charge).

| Policy  | 2014/2015 year    | 2015/2016 year    |
|---|-------------------|-------------------|
| Hydro Assets  | \$ 252,000        | \$ 236,525        |
| Office Assets   | \$ 6,452          | \$ 6,130          |
| Motor Vehicles  | \$ 3,678          | \$ 3,627          |
| Combined Liability Package (general liability, D&O liability incl. defence costs, statutory liability, employers liability, issue of Investment Statement & Prospectus) | \$ 32,400         | \$ 46,700         |
| Brokerage Fees  | \$ 50,000         | \$ 50,000         |
| Fire Service Levy   | \$ 9,122          | \$ 9,122          |
| <b>Total Annual Insurance Premium</b>   | <b>\$ 353,652</b> | <b>\$ 352,104</b> |
| <b>Monthly Prepayment</b>   | <b>\$ 29,471</b>  | <b>\$ 29,342</b>  |

Separate insurance programmes through Reid Manson will be maintained for the sub-scheme assets. The irrigation scheme policies are on limited material damage cover based on 2014/2015 premiums. Public Liability cover for schemes is included as part of the Opuha policy, as per prior year (additional \$5k allowance in Opuha policy).

### Levels Plain Scheme

Material damage and machinery breakdown insurance for irrigation scheme is due for renewal on 11 September 2015. The 2014/2015 premium was \$2,167 (\$181 per month). Have allowed for a monthly prepayment of \$185 (2% increase) in the 2015/2016 year (\$2,215 p.a.).

Liability policies were absorbed into Opuha in the 2014/2015 year.

D&O run-off cover was established and paid in the prior year. It expires Dec 2015 and the monthly prepayment until then is \$205 per month.

### Kakahu Scheme

Contract works and special risks insurance for irrigation scheme is due for renewal on 20 July 2015. The 2014/2015 premium was \$26,065 (\$2,172 per month). Have allowed for a monthly prepayment of \$2,215 (2% increase) in the 2015/2016 year (\$26,585 p.a.).

Liability policies were absorbed into Opuha in the 2014/2015 year.

D&O run-off cover was established and paid in the prior year. It expires Dec 2015 and the monthly prepayment until then is \$130 per month.

### Totara Valley Scheme

Special risks insurance for irrigation scheme is due for renewal in May 2015, prior to the 2015/2016 financial year. The 2014/2015 premium was \$3,385 (\$282 per month). Have allowed for a monthly prepayment of \$288 (2% increase) in the 2015/2016 year (\$3,452 p.a.).

Liability policies were absorbed into Opuha in the 2014/2015 year.

Totara Valley did not carry D&O cover prior to the restructure - therefore there is no D&O 'run-off' cover in place.

## **Low Value Assets <\$500**

General provision of \$250 per month (\$3,000 p.a.) for minor assets, ie. workshop tools.

## **Ministry of Economic Development Levies**

We incur a quarterly MED Levy based on generation. Assumed no increase to current (2014/2015 year) rate of \$0.105 per MWh.

| Ministry Levies  | Generation (MWh) | Rate    | Levy Payable |
|------------------|------------------|---------|--------------|
| <b>Quarter</b>   |                  |         |              |
| July-September   | 1,624            | \$0.105 | \$ 170.49    |
| October-December | 6,426            | \$0.105 | \$ 674.73    |
| January-March    | 3,707            | \$0.105 | \$ 389.18    |
| April-June       | 4,914            | \$0.105 | \$ 515.97    |
|                  | 16,670           |         | \$ 1,750.38  |

## **Motor Vehicle Expenses**

Similar vehicle usage is envisaged with higher use during irrigation season. Average monthly fuel cost is estimated at \$3,000 over irrigation season, reducing to \$2,300 per month on off-season.

Repairs and maintenance - estimated at \$1,650 per month (\$19,800 p.a.), based on prior year expenditure.

Registration, licenses & RUC's - estimated at \$1,250 per month (\$15,000 p.a.), based on prior year expenditure.

## **Plant & Equipment Hire**

Allowed \$120 per month (\$1,440 p.a.) - same as prior year budget.

## **Power Station Operations Management**

The fixed fee under the O&M Contract with TrustPower is currently \$23,595 per month until the end of September 2015. From 1 October 2015 onwards an estimated increase of 2.5% has been allowed, being \$24,185 per month.

From January 2015, physical site inspections by Siebers International at the dam and power station have been reduced by 50%. Have allowed for \$1,200 per month (\$14,400 p.a.), compared with \$2,400 in the previous year.

Total allowance for year \$302,850.

## **Rates**

Provisional allowance of \$16,000 p.a for irrigation scheme rates (new - not previously budgeted). Assume \$4,000 will be paid quarterly.

### Timaru District Council

Opuha House, Arowhenua Road - allowed for \$2,180 p.a. (paid by quarterly installments of \$545 in Sept, Dec, March & June).

Gardner's Pond - allowed for \$640 p.a. (paid by quarterly installments of \$160 in Sept, Dec, March & June).

### Environment Canterbury

Opuha House, Arowhenua Road - allowed for \$180 p.a. (paid by quarterly installments of \$45 in Sept, Dec, March & June).

Gardner's Pond - allowed for \$120 p.a. (paid by quarterly installments of \$30 in Sept, Dec, March & June).

Dam & Power Station - allowed for \$11,600 p.a. (paid by quarterly installments of \$2,900 in Sept, Dec, March & June).

### Mackenzie District Council

Dam & Power Station - allowed for \$25,200 p.a. (paid by quarterly installments of \$6,300 in Sept, Dec, March & June).

## **Repairs & Maintenance**

General - \$150 per month (\$1,800 p.a.) for general maintenance items that are not attributable to other sub-codes.

Opuha House - allowed \$500 per month, based on prior year expenditure (taking into account renovations completed in prior year).

Dam & Power Station - allowance of \$7,500 per month, same as prior year. Annual outage planned for May 2016, estimate \$40k.

Downstream Weir - Experience with the leakage and slumping in previous years suggests regular maintenance on the DSW fusible embankment is required. Provisional allowance of \$1,000 per month for minor repairs to embankment upstream face and crest. Also allowed \$10,000 for fencing at the downstream weir to be completed in the months of August and September.

Gardners' Pond - general provision of \$500 per month. based on prior year budget.

Plant & Equipment - general provision of \$750 per month, based on prior year budget.

Levels Plain Scheme - An annual allowance of \$25,000 (split into race clearing \$12,000, general work \$9,000 and Seadown drain \$4,000).

State Highway 8 maintenance costs are estimated at \$1,500, allowing for a pump service in August 2015.

Kakahu Scheme - An annual allowance of \$32,500 (set by the operations manager).

Totara Valley Scheme - An annual allowance of \$25,000 (set by the operations manager).

Sutherlands Scheme - general provision of \$ 7,000 (set by the operations manager).

## Telephone and Tolls

Mobile charges based on plans with Vodafone, allowed \$750 per month. Allowance for channel rental for radio telephone service at \$110 per month. Telecom for Opuha House phones/broadband at \$300 per month (through Farmlands). Total \$1,160 per month (\$13,920 p.a.).

## Trees, Planting & Landscaping

Allowance of \$150 per month (\$1,800 p.a.) for plantings at Opuha House, Gardners' Pond and the Dam & Power Station. Plus a one-off cost of \$5,000 in October, early spring for plantings and maintenance at picnic areas at lake, which was budgeted in prior year but not completed.

## Wages and Allowances

Allowed for a 3.5% increase across wages from staff anniversary dates, plus 3% employer Kiwisaver contribution and performance components (if any) as included in employee contracts. Total annual wages estimated at \$674,329.

### Permanent Staff

- > Office Manager - full time
- > Financial Manager - part time (up to 30 hours per week)
- > Raceman x2 - full time
- > Operations Manager - full time
- > Environmental Manager - full time
- > Chief Executive (CEO) - full time

Casual Staff - allowed for a casual staff member over the summer months - 4 months @ 40 hours per week (Nov-Feb, total \$11,560).

## Water Measurement & Telemetry Management

Environmental Consultancy Services (ECS) provide routine services for operating data-logging equipment and for resource consent compliance monitoring. The 2014/2015 monthly contract price is \$5,527 (\$66,325 p.a.). An annual increase has not been allowed.

Other annual costs include:

- > Allowance of \$600 in October for Dept of Conservation telemetered rain gauges
- > Allowance of \$120 quarterly to NIWA for telemetry data communications.
- > Allowance of \$600 to Harvest Alarms in December for annual monitoring cellular network charges and system support.
- > Allowance of \$850 to DE & BJ Bray in October for access fee to fox peak monitoring site.
- > Allowance of \$5,000 to NIWA for operating platform charges (previously budgeted but uncharged?)

Total allowance \$73,855 for year.

### Levels Plain Scheme

During the prior year, Opuha contracted ECS to provide routine services for flow and consent monitoring.

The 2014/2015 monthly contract price is \$998 (\$11,976 p.a.). An annual increase has not been allowed.

### Kakahu Scheme

During the prior year, Opuha contracted ECS to provide routine services for flow and consent monitoring.

The 2014/2015 monthly contract price is \$2,689 (\$32,268 p.a.). An annual increase has not been allowed.

### Totara Valley Scheme

During the prior year, Opuha contracted ECS to provide routine services for flow and consent monitoring.

The 2014/2015 monthly contract price is \$1,950 (\$23,405 p.a.). An annual increase has not been allowed.

### Sutherlands Scheme

As there is no contract in place for monthly consent monitoring on the Sutherlands scheme, no allowance has been made.

## Water Measurement, Consent & Compliance R&M

An allowance of \$1,000 per month (\$12,000 p.a.) which provides for maintenance of seepage drain recording equipment, re-gauging rivers, water quality probes, rain gauge monitoring, DSW meters, measuring flows/loss of flows during the year and any other services that may be required. The allowance is based on prior year expenditure at the time of budget preparation.

### Levels Plain Scheme

A general allowance of \$200 per month (\$2,400 p.a.) has been made to cover any maintenance services that may be required. This allowance is well within actual expenditure for 2014/2015 year at the time of budget preparation.

### Kakahu Scheme

A general allowance of \$100 per month (\$1,200 p.a.) has been made to cover any maintenance services that may be required. This allowance is well within actual expenditure for 2014/2015 year at the time of budget preparation.



Totara Valley Scheme

A general allowance of \$50 per month (\$600 p.a.) has been made to cover any maintenance services that may be required. This allowance is well within actual expenditure for 2014/2015 year at the time of budget preparation.

Sutherlands Scheme

A general allowance of \$50 per month (\$600 p.a.) has been made to cover any maintenance services that may be required. This allowance is well within actual expenditure for 2014/2015 year at the time of budget preparation.

**Weed and Pest Control**

The majority of weed and pest costs are allocated to schemes - LPIC, KIL and TVI. OWL shares ¼ in costs.

An allowance has been made for spraying at the Dam and around Opuha House - \$300 per month (\$3,600 p.a.).

The year before last we factored in an allowance of \$10,000 for spraying aquatic weed at Gardner's Pond (note that 'carp' was also an option and may be explored with a once-off cost of around \$50k) - this has not been progressed therefore not included in the 2015/2016 budget.

Levels Plain Scheme

Opuha will continue to allocate a portion of spray costs to schemes, allowed \$250 per month (\$3,000 p.a.).

Kakahu Scheme

OWL will continue to allocate a portion of spray costs to schemes, allowed \$200 per month (\$2,400 p.a.), an additional \$2,500 in October 2015 for helicopter spraying.

Totara Valley Scheme

OWL will continue to allocate a portion of spray costs to schemes, allowed \$200 per month (\$2,400 p.a.).

**FINANCE EXPENSES**

**Bank Fees & Charges**

Allowed \$75 per month (\$900 p.a.), based on prior year actual.

**Interest – ANZ Bank**

Bank Overdraft

Facility Amount - \$200,000 - to assist with working capital and timing of capex. A line fee of 1% is payable on the facility limit and the line fees are charged quarterly in arrears. It is not intended to draw on the overdraft, therefore no provision for interest or line fees.

Flexible Credit Facility

Facility amount - \$500,000 - for unbudgeted capital expenditure (to assist with working capital and timing of capital expenditure). A line fee of 1% is payable on the facility limit and the line fees are charged quarterly in arrears. It is not intended to draw on the facility, therefore no provision for interest. Have budgeted \$1,250 per quarter (\$5,000 p.a.) for line fees.

Term Loans

The budget provides for the close out of swaps and restructuring of debt which took place in May 2015. The newly established loans will be both floating and fixed in line with the Treasury Policy. It has been projected that the Downstream Weir works will begin in July 2015, engineering works for the first 3 months with construction beginning in October 2015 and being completed in June 2016. Allowed for \$2.7m drawdown from the \$3.5m debt facility available.

Kakahu Scheme

Interest costs will be recorded separately in the accounting system so they remain transparent and attributable to its shareholders. This cost is included in the basis for establishing the K share charge.

Totara Valley Scheme

Interest costs will be recorded separately in the accounting system so they remain transparent and attributable to its shareholders. This cost is included in the basis for establishing the T share charge. The income collected from "E" share charges of \$49,454 p.a. (\$4,121 per month) is to be applied to interest charges and debt reduction.

As part of the restructure, the Totara Valley loan of \$233,779 was consolidated with Kakahu floating debt.

It is intended to extract the Totara Valley loan (in June 2015) to keep transparent and repay a principal portion of approximately \$33,050 (E share charges collected less interest) to cover principal payments that have not been made since July 2014.

After the above restructure of Totara Valley debt it is proposed for approximately \$170,000 on fixed term rate, with the remainder \$30,729 on floating (to allow for lump sum payments, or allocation of debt reduction from depreciation benefit). This is yet to be approved by the Board.

**Term Loan Balances**

| Opuha Water Limited<br>Term Loans        |               |           |        |            | 31            | 31            | 30            | 31            | 30            | 31            | 31            | 28            | 31            | 30            | 31            | 30            | 365           |               |
|--|---------------|-----------|--------|------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Loan Numbers                             | Amounts       | Int. Rate | Margin | Total Rate | Jul-15        | Aug-15        | Sep-15        | Oct-15        | Nov-15        | Dec-15        | Jan-16        | Feb-16        | Mar-16        | Apr-16        | May-16        | Jun-16        |               |               |
| Opuha - Swap 2/4/2007 to 7/01/2019       | \$ 10,073,950 | 7.15%     | 1.50%  | 8.65%      | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 | \$ 10,073,950 |
| Opuha - Swap 2/12/2012 - 2/4/2019        | \$ -          | 7.26%     | 1.50%  | 8.76%      | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Opuha - Swap, Tranche 1 - exp 02/05/2020 | \$ 3,293,157  | 6.71%     | 1.50%  | 8.21%      | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  | \$ 3,293,157  |
| Opuha - Swap, Tranche 2 - exp 02/05/2022 | \$ 6,586,314  | 6.09%     | 1.50%  | 7.59%      | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  | \$ 6,586,314  |
| Opuha - Swap, Tranche 3 - exp 02/05/2025 | \$ 1,646,578  | 5.65%     | 1.50%  | 7.15%      | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  | \$ 1,646,578  |
| Opuha - Floating                         | \$ 3,071,140  | 3.60%     | 1.50%  | 5.10%      | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  | \$ 3,071,140  |
| Opuha - DSW (facility \$3,500,000)       | \$ 2,700,000  | 3.60%     | 1.50%  | 5.10%      | \$ 100,000    | \$ 100,000    | \$ 100,000    | \$ 355,556    | \$ 255,556    | \$ 255,556    | \$ 255,556    | \$ 255,556    | \$ 255,556    | \$ 255,556    | \$ 255,556    | \$ 255,556    | \$ 255,556    | \$ 2,700,000  |
| Kakahu Scheme - Floating                 | \$ 5,226,658  | 3.80%     | 1.50%  | 5.10%      | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  | \$ 5,226,658  |
| Kakahu Scheme - Swap                     | \$ 2,800,000  | 5.10%     | 1.50%  | 6.80%      | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  | \$ 2,800,000  |
| Totara Valley Scheme - Floating          | \$ 30,729     | 3.60%     | 1.50%  | 5.10%      | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     | \$ 30,729     |
| Totara Valley Scheme - Fixed             | \$ 170,000    | 5.41%     | 1.50%  | 6.91%      | \$ 167,085    | \$ 164,152    | \$ 161,203    | \$ 158,237    | \$ 155,253    | \$ 152,252    | \$ 149,234    | \$ 146,198    | \$ 143,145    | \$ 140,074    | \$ 136,985    | \$ 133,879    | \$ 133,879    | \$ 133,879    |
|  | \$ 35,598,526 |           |        |            | \$ 32,995,611 | \$ 32,992,678 | \$ 32,989,729 | \$ 33,242,318 | \$ 33,139,335 | \$ 33,136,334 | \$ 33,133,316 | \$ 33,130,280 | \$ 33,127,227 | \$ 33,124,156 | \$ 33,121,067 | \$ 33,117,960 | \$ 35,562,405 |               |

**Interest Charges**

| Amounts       | Int. Rate | Margin | Total Rate | Jul-15     | Aug-15     | Sep-15     | Oct-15     | Nov-15     | Dec-15     | Jan-16     | Feb-16     | Mar-16     | Apr-16     | May-16     | Jun-16     | Total        |
|---------------|-----------|--------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| \$ 10,073,950 | 7.15%     | 1.50%  | 8.65%      | \$ 74,009  | \$ 74,009  | \$ 71,622  | \$ 74,009  | \$ 71,622  | \$ 74,009  | \$ 74,009  | \$ 66,847  | \$ 74,009  | \$ 71,622  | \$ 74,009  | \$ 71,622  | \$ 871,397   |
| \$ -          | 7.26%     | 1.50%  | 8.76%      | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -         |
| \$ 3,293,157  | 6.71%     | 1.50%  | 8.21%      | \$ 22,963  | \$ 22,963  | \$ 22,222  | \$ 22,963  | \$ 22,222  | \$ 22,963  | \$ 22,963  | \$ 20,741  | \$ 22,963  | \$ 22,222  | \$ 22,963  | \$ 22,222  | \$ 270,368   |
| \$ 6,586,314  | 6.09%     | 1.50%  | 7.59%      | \$ 42,457  | \$ 42,457  | \$ 41,088  | \$ 42,457  | \$ 41,088  | \$ 42,457  | \$ 42,457  | \$ 38,349  | \$ 42,457  | \$ 41,088  | \$ 42,457  | \$ 41,088  | \$ 499,901   |
| \$ 1,646,578  | 5.65%     | 1.50%  | 7.15%      | \$ 9,999   | \$ 9,999   | \$ 9,676   | \$ 9,999   | \$ 9,676   | \$ 9,999   | \$ 9,999   | \$ 9,031   | \$ 9,999   | \$ 9,676   | \$ 9,999   | \$ 9,676   | \$ 117,730   |
| \$ 3,071,140  | 3.60%     | 1.50%  | 5.10%      | \$ 13,303  | \$ 13,303  | \$ 12,874  | \$ 13,303  | \$ 12,874  | \$ 13,303  | \$ 13,303  | \$ 12,015  | \$ 13,303  | \$ 12,874  | \$ 13,303  | \$ 12,874  | \$ 156,628   |
| \$ 2,700,000  | 3.60%     | 1.50%  | 5.10%      | \$ 433     | \$ 866     | \$ 1,258   | \$ 2,840   | \$ 3,819   | \$ 5,053   | \$ 6,160   | \$ 6,564   | \$ 8,374   | \$ 9,175   | \$ 10,588  | \$ 11,318  | \$ 66,449    |
| \$ 5,226,658  | 3.60%     | 1.50%  | 5.10%      | \$ 22,639  | \$ 22,639  | \$ 21,909  | \$ 22,639  | \$ 21,909  | \$ 22,639  | \$ 22,639  | \$ 20,448  | \$ 22,639  | \$ 21,909  | \$ 22,639  | \$ 21,909  | \$ 266,560   |
| \$ 2,800,000  | 5.10%     | 1.50%  | 6.60%      | \$ 15,695  | \$ 15,695  | \$ 15,189  | \$ 15,695  | \$ 15,189  | \$ 15,695  | \$ 15,695  | \$ 14,176  | \$ 15,695  | \$ 15,189  | \$ 15,695  | \$ 15,189  | \$ 184,800   |
| \$ 30,729     | 3.60%     | 1.50%  | 5.10%      | \$ 133     | \$ 133     | \$ 129     | \$ 133     | \$ 129     | \$ 133     | \$ 133     | \$ 120     | \$ 133     | \$ 129     | \$ 133     | \$ 129     | \$ 1,567     |
| \$ 170,000    | 5.41%     | 1.50%  | 6.91%      | \$ 981     | \$ 963     | \$ 916     | \$ 929     | \$ 882     | \$ 894     | \$ 876     | \$ 775     | \$ 840     | \$ 796     | \$ 804     | \$ 760     | \$ 10,414    |
| \$ 35,598,526 |           |        |            | \$ 202,612 | \$ 203,028 | \$ 196,881 | \$ 204,967 | \$ 199,409 | \$ 207,146 | \$ 208,235 | \$ 189,067 | \$ 210,413 | \$ 204,679 | \$ 212,591 | \$ 206,786 | \$ 2,445,814 |

**CAPITAL EXPENDITURE**

**General (Capex)**

Allowed for general capex of \$25,000.

**Strategic Spares**

As we progress our plant condition assessment programme (in conjunction with TrustPower), we are also identifying critical spares that could impact on plant availability because of their long lead times.

Systems such as the hydraulic power system and governor are two examples where component failures can disable the plant for an unreasonably long period. An allowance of \$40,000 (for cashflow purposes) has been included for procurement of critical spares. Each critical spare will be proposed through a specific Board paper.

**Motor Vehicle**

An allowance of \$50k to replace Steve's truck (annual turn-over of a vehicle is scheduled).

Have not allowed for the sale of Steve's current vehicle.

**Transformer for Aeration System**

Allowed for \$25,000 in August 2015.

**Motorised Spray Reel**

Plant and equipment - \$3,000 in August.

**Downstream Weir Modifications**

Tonkin & Taylor to assist with budget for this project, Tim Anderson is project managing.

Have allowed in ANZ funding for \$2,700,000 will be drawn at year end 30/06/2016. Engineering works will consume the first three months (Jul/Aug/Sept) with the project capital works beginning in October 2015, completed in June 2015.

**Levels Plain Scheme**

Flow meter - \$8,000 allowance in September.

New gate controller at Kerrytown Road - \$5,000 in September.

**Kakahu Scheme**

Flow meter - \$8,000 allowance in September.