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ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

ALPINE ENERGY LIMITED

FINANCIAL STATEMENTS

For the Separated Line and Energy Businesses

For the Year Ended 31 March 1998

Prepared for the Purposes of the
Electricity (Information Disclosure) Regulations 1994

IMPORTANT NOTE

The information disclosed in this 1998 Information Disclosure package issued by Alpine Energy Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1994.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Regulations.

The financial information presented is for the line business and "other" business activities. "Other" activities represent the Electricians' business, as described within section 6(3) of the Electricity (Information Disclosure) Regulations 1994. There are also additional activities of the Company that are not required to be reported under the Regulations.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998		1997	
		Lines \$'000	Other \$'000	Lines \$'000	Other \$'000
OPERATING REVENUE	2	20,249	1,543	17,654	624
LESS					
Operating Costs	2	12,216	1,482	10,840	499
Audit Fees		24	0	54	0
Directors' Fees		130	0	114	0
Depreciation		2,369	20	2,415	10
Goodwill		141	0	141	0
		<u>14,880</u>	<u>1,502</u>	<u>13,564</u>	<u>509</u>
NET PROFIT BEFORE TAXATION		5,369	41	4,090	115
Provision for Taxation	3	(1,479)	(6)	(1,053)	(32)
NET PROFIT AFTER TAXATION		3,890	35	3,037	83
RETAINED EARNINGS BROUGHT FORWARD		2,344	40	1,529	16
Interim Dividend		(532)	(3)	(7 0 1)	(17)
Proposed Final Dividend		(1,516)	(6)	(1,521)	(42)
		<u>(2,048)</u>	<u>(9)</u>	<u>(2,222)</u>	<u>(59)</u>
Total Dividends					
Retained Earnings Carried Forward		4,186	66	<u>2,344</u>	40

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1998

	Notes	1998		1997	
		Lines \$'000	Other \$'000	Lines \$'000	Other \$'000
SHAREHOLDERS EQUITY					
Issued and Paid Up Capital		26,596	124	26,596	124
Revaluation Reserve	4	39,889	0	39,889	0
Retained Earnings		4,186	66	2,344	40
TOTAL SHAREHOLDERS EQUITY		70,671	190	68,829	164
Represented by:					
CURRENT ASSETS					
Cash and Bank Balances		1,576	54	1,512	(343)
Accounts Receivable		952	640	627	513
Deferred Tax		0	0	135	0
Tax Refund		0	7	84	4
TOTAL CURRENT ASSETS		2,528	701	2,358	174
Less					
CURRENT LIABILITIES					
Accounts Payable	6	1,916	117	616	19
Current Account with Parent		0	204	0	0
Provision for Tax		219	0	0	0
Deferred Tax Liability		4	8	0	0
Provision for Dividend		1,516	6	1,521	42
TOTAL CURRENT LIABILITIES		3,655	335	2,137	61
WORKING CAPITAL		(1,127)	366	221	113
NON CURRENT ASSETS					
Goodwill	7	141	0	283	0
Fixed Assets	8	71,657	66	68,325	51
		71,798	66	68,608	51
NON CURRENT LIABILITIES					
Term Loan from Parent		0	242	0	0
NET ASSETS		70,671	190	68,829	164

The accompanying notes form part of these financial statements.

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The financial information presented is for the line business and "other" business activities. "Other" activities represent the Electricians' business, as described within section 6(3) of the Electricity (Information Disclosure) Regulations 1994. There are also additional activities of the Company that are not required to be reported under the Regulations.

The financial *statements* have been prepared on the basis of historical cost, with the exception of certain items for which specific accounting policies are identified.

(a) Customer Contributions

Contributions from customers, in relation to the construction of new lines for the network, and contributions **from** district councils, towards the costs of replacing overhead lines with underground cables, are accounted for as income in the year in which they are received.

(b) Capital and Operating Expenditure

Capital expenditure relates to expenditure incurred in the creation of a new asset and expenditure **incurred** on existing reticulation system assets to the extent the system is enhanced.

Operating expenditure relates to expenditure which restores an asset closer to its original condition and includes expenditure incurred in maintaining and operating the fixed assets of the Company.

(c) Depreciation

Depreciation is charged as follows:

Network Reticulation System	straight line over useful lives from 10 to 80 years
Buildings	1 to 2.5% of cost
Motor Vehicles	20 to 3 1.2% on diminishing value
Plant and Office Equipment	8 to 60% on diminishing value

Depreciation for taxation purposes **recognises** that:

- Additions to the network reticulation system exclude any allocation of indirect costs.
- Only 80% of the book value of the Globo distribution system at 1 April 1987 is depreciated.

(d) Taxation

The taxation charge is the estimated liability payable in respect of the accounting profit for the year, adjusted for non assessable income and non deductible costs and including any adjustments in respect of prior years.

(e) Accounts Receivable

Accounts receivable are stated at estimated realisable value after making provision for doubtful debts. Bad debts are written off during the period in which they are identified

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (CONTINUED)**

(f) Goodwill

Goodwill representing the excess arising on the issue of shares for the carrying value of net assets transferred from South Canterbury Electric Power Board and **Timaru** Electricity is being amortised on a straight line basis over five years commencing 1 April 1994.

(g) Fixed Assets

All **fixed** assets are initially recorded at cost. Network reticulation system assets are subsequently revalued to net current value as determined by an independent valuer using the optimised deprival valuation method. Other Fixed assets are stated at cost less an allowance for depreciation.

(h) Financial Instruments

Financial instruments **carried** in the Statement of Financial Position include cash and bank balances, receivables and trade creditors. These instruments are generally **carried** at their estimated fair value. For example receivables are carried net of the related provision for doubtful debts. The particular recognition methods are disclosed in the notes for each item.

(i) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis.

(j) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. OPERATING REVENUE

	1998		1997	
	Lines	Other	Lines	Other
Operating revenue comprises:				
Use of System Charges	18,408	.	15,904	
Contracting Revenue	1,108	1,543	1,094	624
Customer Contributions	684		590	.
Sundry - Other	49		66	
	<u>20,249</u>	<u>1,543</u>	<u>17,654</u>	<u>624</u>

Note: The 1997 figures for Operating Revenue and Operating Costs shown in these financial statements differ from those published in 1997. The 1997 figures now include transmission items previously excluded.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (CONTINUED)

3. TAXATION

Income Tax Expense	1998		1997	
	Lines	Other	Lines	Other
Operating Surplus before Income Tax	5,369	41	4,090	115
Add/(Deduct):				
Non Deductible Costs	141	-	141	-
Non Assessable Income	(683)	-	(590)	-
Timing Differences	(419)	(23)	(20)	(17)
Taxable Income	4,408	18	3,621	98
Taxation Charge @ 33%	1,455	6	1,195	32
Prior Year Over (Under) Provisions	24		(142)	
Income Tax Expense	1,479	6	1,053	32
The income tax expense is represented by:				
Current Taxation	1,340	(2)	1,046	32
Deferred Taxation	139	8	7	
	1,479	6	1,053	32
Deferrred Income Tax Liability (Asset)				
Balance at Beginning of Year	(135)	•	(142)	•
Current Year Timing Differences	139	8	7	•
Balance at End of Year	4	8	(135)	
Taxation Liability				
Income Tax Expense	1,479	6	1,053	32
Add/(Deduct):				
Deferred Tax	(4)	(8)	135	
Income Tax Paid	(1,256)	(5)	(1,272)	(36)
Provision for Tax	219	(7)	(84)	(4)
Imputation Credit Account				
Opening Balance	1,262	33	1,021	12
Imputation Credits Attached to Dividends Paid in the Year	(1,009)	(3)	(1,031)	(15)
Net Income Tax Payments During the Year	1,256	5	1,272	36
Closing Balance	1,509	35	1,262	33

4. RESERVES

Asset Revaluation Reserve

Balance at Beginning of the Year	39,889	39,889
Net Revaluations	-	
Balance at End of the Year	39,889	39,889

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (CONTINUED)

5. ACCOUNTS RECEIVABLE

	1998		1997	
	Lines	Other	Lines	Other
The balance of Accounts Receivable comprises:				
Trade Receivables	839	609	401	509
Due by Shareholder District Councils	113	31	226	4
Total	952	640	627	513

6. ACCOUNTS PAYABLE

The balance of Accounts Payable comprises:

Trade Payables	1,715	105	464	10
Employee Entitlements	201	12	152	9
	1,916	117	616	19

7. GOODWILL

Goodwill relates to the excess balance arising on the issue of shares for the carrying value of net assets transferred from **Timaru** Electricity and South Canterbury Electric Power Board.

This goodwill is being **written** off in equal **instalments** over a five year period commencing 1st April 1994.

8. FIXED ASSETS

	1998		1997	
	Lines	Other	Lines	Other
DISTRIBUTION SYSTEM				
Cost	6,701		2,072	
At Valuation	65,790		65,790	.
Capital Work in Progress	3,290	.	1,991	.
Less Accumulated Depreciation	(4,596)		(2,293)	.
	71,185	.	67,560	.
VEHICLES & PLANT				
Cost	1,125	209	936	161
Less Accumulated Depreciation	(653)	(143)	(171)	(110)
	472	66	765	51
	71,657	66	68,325	51

Valuation of the Network Reticulation System

Valuation of the Network Reticulation System is at net current value on an existing use basis, as at 31 March 1996, and was conducted by Joanna **Sofield BMS(Hons)** and Govind Saha **PhD** MBA, Partners of the **firm** Ernst & Young.

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (CONTINUED)**

9. CONTINGENT LIABILITIES

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 1998. (1997 - nil).

10. CAPITAL COMMITMENTS

In respect of the business activities being reported on, the Company has capital commitments amounting to **\$1,371,224** as at 31 March 1998 (**\$3,820,392** - 1997).

11. FINANCIAL INSTRUMENTS

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of bank deposits and accounts receivable. The maximum credit risk is the book value of these financial instruments however, the Company considers the risk of non recovery of **these** amounts to be minimal.

The Company places its cash and bank deposits with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution.

The Company continually evaluates and monitors the credit quality of its customers. There is a concentration of credit risk in relation to activities with associated entities. This risk is managed indirectly through appointments to the **governing** bodies of these associated entities.

Fair Value

The carrying value of cash and bank deposits, accounts receivable and accounts payable is equivalent to their fair value.

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (CONTINUED)**

12. RELATED PARTY TRANSACTIONS

Shareholders

All transactions between the Company and its Shareholder District Councils have been conducted on a commercial basis. Charges between the parties are made for services provided as part of the normal trading activities of the Company, and as such have been incorporated into the operating costs and revenues of the Company.

	1998		1997	
	Lines	Other	Lines	Other
Revenues from Shareholder District Councils				
• Contracting Activities	623	79	226	39
Payments to Shareholder District Councils				
• Rates, Rents	39	•	22	

Trading balances due from Shareholder District Councils are shown in note 5.

Associated Entities

Transactions with Associated Entities include:

- Charges to United Electricity Limited for use of the Company's network reticulation system, and use of **Trans** Power's transmission system; meter reading; and, **office** services and rents.

Payments to United Electricity Limited for electricity.

Revenues from Associated Entities	18,073		9,401
Payments to Associated Entities		•	

Trading balances due from Associated Entities, are shown in note 5.

No related party debts have been written off or forgiven during the year.

ALPINE ENERGY LIMITED

FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1998

Pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

	1998	1997	1996	1995
1. Financial Performance Measures				
a) Accounting Return on Total Assets	1.70%	5.98%	4.91%	6.84%
b) Accounting Return on Equity	5.58%	4.44%	3.63%	5.24%
c) Accounting Rate of Profit	5.90%	4.57%	-10.38%	5.17%
2. Efficiency Performance Measures				
a) Direct Line Costs per kilometre	\$928	\$781	\$865	\$1,986
b) Indirect Line Costs per Electricity Customer	\$61	\$52	\$45	\$55

Pursuant to Regulation 14A of the Electricity (Information Disclosure) Regulations 1994:

The ODV value of the network reticulation system as at 31 March 1996 is **\$65,790,000**

ALPINE ENERGY LIMITED

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS
FOR THE YEAR ENDED 31 MARCH 1998

Pursuant to Regulation 15 and Part III of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1. Energy Delivery Efficiency Performance Measures and Statistics

	1998	1997	1996	1995
a) Load Factor	69.0%	64.0%	63.05%	65.26%
b) Loss Ratio	6.1%	5.6%	5.01%	5.13%
c) Capacity Utilisation	32.0%	33.0%	32.82%	31.35%

2. statistics

		1998	1997	1996	1995
(a) System Lengths (kms)	22/33kV	206	179	161	304
	11kV	2,883	2,843	2,824	2,585
	230/400V	557	554	551	551
	Total	3,646	3,576	3,536	3,440
(b) Circuit Length (overhead) (kms)	22/33kV	201	176	158	301
	11kV	2,718	2,686	2,669	2,433
	230/400V	344	345	345	346
	Total	3,263	3,207	3,172	3,080
(c) Circuit Length (underground) (kms)	22/33kV	5	3	3	3
	11kV	165	157	155	152
	230/400V	213	209	206	205
	Total	383	369	364	360
(d) Transformer Capacity (kVA)		258,290	250,435	246,795	250,000
(e) Maximum Demand (kW)		83,000	83,000	81,000	78,370
(f) Total Electricity Supplied (kWh)		472,400,000	441,500,000	425,000,000	425,000,000
(g) Total Electricity Conveyed for Unrelated Parties (kWh)		54,500,000	37,400,000	103,000,000	100,000,000
(h) Total Customer		27,317	27,283	26,945	27,100

ALPINE ENERGY LIMITED

RELIABILITY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1998

Pursuant to Regulation 16 and Part IV of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

	1998	1997	1996	1995
1. Number of Interruptions				
Class A	3	3	3	4
Class B	28	32	12	22
class c	51	50	79	106
Class D	7	2	7	1
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0
Total	89	87	101	133
2. Total number of faults per 100 circuit kilometres prescribed voltage electric lines	1.65	1.40	2.23	3.08
3. Total number of faults per 100 circuit kilometres of underground prescribed voltage electric lines				
33kV	0	0	0	0
22kV	0	0	0	0
11kV	3.03	1.08	0.82	0.83
Total	2.94	1.08	0.82	0.83
4. Total number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines				
33kV	1.99	1.31	2.3	
22kV	1.99	0	2.3	
11kV	1.55	1.53	2.8	
Total	1.58	1.43	2.4	3.34
5. The SAID1 for total of interruptions	150	86	182	140
6. The SAID1 for total of interruptions within each interruption class •				
Class A	19	28	37	54
Class B	23	24	14	19
class c	40	23	58	66
Class D	68	11	73	1
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0

ALPINE ENERGY LIMITED

RELIABILITY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1998 (Continued)

	1998	x997	1996	1995
7. The SAIFI for total of interruptions	2.67	2.62	2.66	1.43
8. The SAIFI for total of interruptions within each interruption class -				
Class A	0.08	0.11	0.11	0.19
Class B	0.25	0.04	0.04	0.14
Class c	0.76	0.71	0.72	1.1
Class D	1.58	1.77	1.79	0.03
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0
9. The CAIDI for total of interruptions	56	33	69	98
10. The CAIDI for total of interruptions within each interruption class -				
Class A	229	258	334	280
Class B	95	650	383	129
Class c	53	32	81	60
Class D	43	6	41	40
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0

PRICEWATERHOUSECOOPERS 

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ALPINE ENERGY LIMITED

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL
STATEMENTS

I have examined the attached **financial** statements prepared by Alpine Energy Limited and dated 31 March 1998 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.



MG Noone
Partner
PricewaterhouseCoopers
On behalf of the Controller and Auditor General
Christchurch
11 August 1998

**PricewaterhouseCoopers**

119 Armagh Street
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Christchurch, New Zealand
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*ALPINE ENERGY LIMITED***CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS**

I have examined the attached information, being:-

- (a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part II of that Schedule,

and having been prepared by Alpine Energy Limited and dated 31 March 1998 for the purposes of regulation 13 of those regulations.

I certify that, having made all reasonable **enquires**, to the best of my knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in black ink, appearing to read 'MG Noone', written in a cursive style.

MG Noone
Partner

PricewaterhouseCoopers

On behalf of the Controller and Auditor General
Christchurch

11 August 1998



■ Majestic Centre
100 Willis Street
PO Box 490
Wellington
New Zealand

■ Phone: 04 499 4888
Fax: 04 495 7400

With Compliments

Certification by Auditor in Relation to ODV Valuation of Network Assets

I have examined the valuation report prepared by Alpine Energy dated 24 April 1996 which contains valuations as at 3.1 March 1996 for the network assets of Alpine Energy. The report does not cover non-network fixed assets.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report have been made in accordance with the ODV Handbook.

A handwritten signature in black ink, appearing to read 'D. Foy'.

Denis Foy
Partner
Ernst & Young
8 August 1996

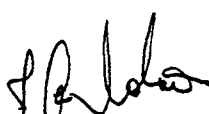
Form 5

**CERTIFICATION OF FINANCIAL STATEMENTS. PERFORMANCE
MEASURES. AND STATISTICS DISCLOSED BY LINE OWNERS OTHER
THAN TRANS POWER**

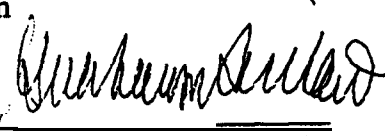
We, John Allen Dobson and Robert Graham Sinclair of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge, •

- (a) The attached audited financial statements for **1997/98** of Alpine Energy Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- (b) The attached **1997/98 information**, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Alpine Energy Limited, and having been prepared for the purposes of Regulations **13, 14, 15, and 16** of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those financial performance measures are based are as at 31st March 1996.



J.A. Dobson



R.G. Sinclair