



New Zealand Gazette

OF THURSDAY, 24 AUGUST 2000

WELLINGTON: WEDNESDAY, 30 AUGUST 2000 — ISSUE NO. 115

ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

ALPINE ENERGY LIMITED

LINES BUSINESS

FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

Prepared for the Purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

IMPORTANT NOTE

The information disclosed in this 2000 Information Disclosure package issued by Alpine Energy Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

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 as described within the Electricity (Information Disclosure) Regulations 1999. There are also additional activities of the Company that are not required to be reported under the Regulations.

Alpine Energy Limited (Lines)

Financial Statements Prepared in Accordance with the

Electricity (Information Disclosure) Regulations 1999 and the

Electricity (Information Disclosure) Amendment Regulations 2000

Statement of Financial Performance for the Year Ended 31 March 2000

REVENUE	Note	2000	1999
		\$'000	\$'000
Operating revenue			
Revenue from line/access charges		20,578	19,492
Revenue from "Other" business for services carried out by the line business		3	0
Interest on cash, bank balances and short term investments		0	0
AC loss-rental rebates		481	511
Other revenue not listed above			0
Capital Contributions		551	547
Other		<u>92</u>	<u>0</u>
		643	547
Total operating revenue		<u>21,706</u>	<u>20,550</u>
EXPENDITURE		2,000	1,999
		\$'000	\$'000
Operating expenditure			
Payment for transmission charges		7,815	7,341
Transfer payments to the "Other" business for			
Asset maintenance		1,361	1,417
Consumer disconnection/reconnection services		0	0
Meter data		0	0
Consumer-based load control services		0	0
Royalty and patent expenses		0	0
Avoided transmission charges on account of own generation		0	0
Other goods and services		<u>48</u>	<u>0</u>
Total transfer payment to the "Other" business		1,409	1,417
Expense to entities that are not related parties for			
Asset maintenance		0	0
Consumer disconnection/reconnection services		0	0
Meter data		0	0
Consumer-based load control services		0	0
Royalty and patent expenses		<u>0</u>	<u>0</u>
Total of specified expenses to non-related parties		0	0
Employee salaries, wages and redundancies		988	1,070
Consumer billing and information system expense		0	0
Depreciation on			
System fixed assets		2,744	1,674
Other assets		<u>47</u>	<u>146</u>
Total depreciation		2,790	1,820
Amortisation of			
Goodwill	4	0	141
Other intangibles		<u>0</u>	<u>0</u>
Total amortisation of intangibles		0	141
Corporate and administration		1,235	1,230
Human resource expenses		180	50
Marketing/advertising		73	68
Merger and acquisition expenses		0	0
Takeover defence expenses		0	0
Research and development expenses		0	0
Consultancy and legal expenses		25	27
Donations		0	0

Alpine Energy Limited (Lines)
Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000

Statement of Financial Performance for the Year Ended 31 March 2000 - Continued

	Note	2,000 \$'000	1,999 \$'000
Directors' fees		149	146
Auditors' fees			
Audit fees paid to principal auditors	27		49
Audit fees paid to other auditors	0		0
Fees paid for other services provided by principal and other auditors	10		0
Total auditors' fees		<u>37</u>	<u>49</u>
Costs of offering credit			
Bad debts written off	13		0
Increase in estimated doubtful debts	0		0
Total cost of offering credit		<u>13</u>	<u>0</u>
Local authority rates expense		8	0
AC loss-rentals (distribution to retailers/customers) expense		0	0
Rebates to consumers due to ownership interest		0	0
Subvention payments		0	0
Unusual expenses		0	0
Other expenditure not listed above		156	449
Total operating expenditure		<u>14,878</u>	<u>13,808</u>
Operating surplus before interest and income tax		<u>6,828</u>	<u>6,742</u>
Interest expense			
Interest expense on borrowings		0	0
Financing charges related to finance leases		0	0
Other interest expense		0	0
Total interest expense		<u>0</u>	<u>0</u>
Operating surplus before income tax		<u>6,828</u>	<u>6,742</u>
Income tax	2	(2,101)	(1,916)
Net surplus after tax		<u>4,727</u>	<u>4,826</u>

Statement of Movements in Equity for the Year Ended 31 March 2000

	2000 \$'000	1999 \$'000
Equity at the Beginning of the Year	<u>73,095</u>	<u>70,671</u>
Net Surplus (Deficit) for the Period	4,727	4,826
Revaluation	0	976
Total Recognised Revenue and Expenses	<u>4,727</u>	<u>5,802</u>
Dividends Paid	(3,309)	(3,378)
Equity at the End of the Year	<u>74,513</u>	<u>73,095</u>

Alpine Energy Limited (Lines)

**Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000**

Statement of Financial Position as at 31 March 2000

	Note	2000 \$'000	1999 \$'000
Current assets			
Cash and bank balances		59	0
Short-term investments		6,185	0
Inventories		0	0
Accounts receivable		1,308	4,765
Other current assets		0	0
Total current assets		<u>7,552</u>	<u>4,765</u>
Fixed assets			
System fixed assets		68,367	69,723
Consumer billing and information system assets		21	45
Motor vehicles		165	224
Office equipment		21	25
Land and buildings		388	367
Capital works under construction (system fixed assets)		1,345	1,582
Other fixed assets		0	0
Total fixed assets		<u>70,308</u>	<u>71,966</u>
Other tangible assets not listed above		0	0
Total tangible assets		<u>77,860</u>	<u>76,731</u>
Intangible assets			
Goodwill	4	0	0
Other intangibles		0	0
Total intangible assets		<u>0</u>	<u>0</u>
Total assets		<u>77,860</u>	<u>76,731</u>
Current liabilities			
Bank overdraft		0	24
Short-term borrowings		0	0
Payables and accruals		1,937	1,651
Provision for dividends payable		1,324	2,019
Provision for income tax	2	172	(202)
Other current liabilities		(86)	144
Total current liabilities		<u>3,347</u>	<u>3,636</u>
Non-current liabilities			
Payables and accruals		0	0
Borrowings		0	0
Deferred tax		0	0
Other non-current liabilities		0	0
Total non-current liabilities		<u>0</u>	<u>0</u>
Equity			
Shareholders' equity			
Share capital		26,596	26,596
Retained earnings		7,052	5,634
Reserves	3	40,865	40,865
Total Shareholders' equity		<u>74,513</u>	<u>73,095</u>
Minority interests in subsidiaries		0	0
Total equity		<u>74,513</u>	<u>73,095</u>
Capital notes		0	0
Total capital funds		<u>74,513</u>	<u>73,095</u>
Total equity and liabilities		<u>77,860</u>	<u>76,731</u>

Alpine Energy Limited (Lines)

**Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000**

Statement of Cash Flows for the Year Ended 31 March 2000

	Note	2000 \$'000	1999 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from Customers		24,797	17,155
GST		475	0
<i>Cash was disbursed to:</i>			
Payments to Suppliers and Employees		(11,911)	(12,001)
Income Tax		(1,957)	(2,197)
GST		0	(528)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8	11,404	2,429
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from sales of Fixed Assets		31	25
<i>Cash was applied to:</i>			
Purchase of Fixed Assets		(1,163)	(1,179)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,132)	(1,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividend paid		(4,004)	(2,875)
Loan repaid		0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,004)	(2,875)
NET INCREASE (DECREASE) IN CASH HELD		6,268	(1,600)
Add Opening Cash Brought Forward		(24)	1,576
ENDING CASH CARRIED FORWARD		6,244	(24)

Alpine Energy Limited (Lines)
Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000

Notes to and Forming Part of the Financial Statements
for the Year Ending 31 March 2000

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 1999.

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 1999. 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 31.2% 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.

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 has been amortised on a straight line basis over five years commencing 1 April 1994 and ending 31 March 1999.

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.

Alpine Energy Limited (Lines)

**Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000**

Notes to and Forming Part of the Financial Statements - Continued

for the Year Ending 31 March 2000

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 except for Accounts Receivable and Accounts Payable.

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. Taxation

	2000	1999
	\$'000	\$'000
Income Tax Expense		
Operating Surplus before Income Tax	6,828	6,742
Add/(Deduct):		
Non Deductible Costs	23	154
Non Assessable Income	(570)	(668)
Timing Differences	696	(423)
Taxable Income	<u>6,977</u>	<u>5,805</u>
Taxation Charge @ 33%	2,302	1,916
Prior Year Over (Under) Provisions	201	-
Income Tax Expense	<u>2,101</u>	<u>1,916</u>
The income tax expense is represented by:		
Current Taxation	2,331	1,776
Deferred Taxation	(230)	140
	<u>2,101</u>	<u>1,916</u>
Deferred Income Tax Liability (Asset)		
Balance at Beginning of Year	144	4
Current Year Timing Differences	(230)	140
Balance at End of Year	<u>(86)</u>	<u>144</u>
Taxation Liability		
Income Tax Expense	2,101	1,916
Add/(Deduct):		
Deferred Tax	230	(140)
Income Tax Paid	(2,159)	(2,196)
Income Tax Liability at Beginning of Year	0	219
Provision for Tax	<u>172</u>	<u>(201)</u>

Alpine Energy Limited (Lines)
Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000

Notes to and Forming Part of the Financial Statements - Continued
for the Year Ending 31 March 2000

3. Reserves

	2000	1999
	\$'000	\$'000
Asset Revaluation Reserve		
Balance at Beginning of the Year	40,865	39,889
Net Revaluations	<u>0</u>	<u>976</u>
Balance at End of the Year	<u>40,865</u>	<u>40,865</u>

4. Goodwill

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

This goodwill has been written off in equal instalments over the five year period from 1 April 1994 and 31 March 1999.

5. Contingent Liabilities

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 2000 (1999 - nil).

6. Capital Commitments

In respect of the business activities being reported on, the Company has capital commitments amounting to \$1,628,972 as at 31 March 2000 (1999 - \$507,651).

7. Financial Instruments

a) 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.

b) Fair Value

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

Alpine Energy Limited (Lines)

Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000

Notes to and Forming Part of the Financial Statements - Continued

for the Year Ending 31 March 2000

8. Reconciliation Of Operating Surplus With Cash Flows From Operating Activities

	2000	1999
	\$'000	\$'000
Operating Surplus After Income Tax	4,727	4,826
Add/ (Deduct) Non Cash Items		
Depreciation	2,790	1,820
Goodwill	0	141
	<u>7,517</u>	<u>6,787</u>
Add/ (Deduct) Movements in Working Capital		
Increase in Debtors	3,457	(3,812)
Decrease in Deferred Tax	(230)	140
Decrease in Creditors	286	(265)
Decrease in Provision for Tax	374	(421)
	<u>3,887</u>	<u>(4,358)</u>
	<u>11,404</u>	<u>2,429</u>

9. Related Party Transactions**Subsidiary Entity: Alpine Energy Powercom Limited**

100% owned by Alpine Energy Limited

Asset maintenance and construction services were provided to the Lines Business over the full year 1 April 1999 to 31 March 2000.

Services were charged on both a fixed price basis (often after a competitive tender process), and a "time and materials" basis.

The outstanding balance as at 31 March 2000 was \$668,307 all of which was current and due for payment on 20 April 2000.

No debts were written off or forgiven, and no transactions took place at nil or nominal value between the parties.

	2000	1999
	\$'000	\$'000
Asset Construction:		
Subtransmission	0	238
Zone Substations	23	29
Distribution Lines and Cables	705	855
Medium Voltage Switchgear	0	-
Distribution Transformers	0	-
Distribution Substations	0	-
Low Voltage reticulation	531	601
Other	0	1
Maintenance of assets	1,361	1,305
Consumer Connections and Disconnections	-	-
Total Transactions	<u>2,620</u>	<u>3,029</u>

Alpine Energy Limited (Lines)

Financial Statements Prepared in Accordance with the
Electricity (Information Disclosure) Regulations 1999 and the
Electricity (Information Disclosure) Amendment Regulations 2000

Financial Performance Measures - 31 March 2000

	2000	1999	1998	1997
Accounting return on funds	9.44%	9.92%	7.70%	5.98%
Accounting return on equity	6.53%	7.16%	5.58%	4.44%
Accounting return on investments	6.53%	10.85%	5.90%	4.57%

Efficiency Performance Measures - 31 March 2000

	2000	1999	1998	1997
Direct line costs per kilometre	\$661	\$886	\$928	\$781
Direct expenditure (\$'000)	2,397	3,223	3,383	2,793
System length (km)	3,627	3,638	3,646	3,576
Indirect line costs per consumer	\$67	\$47	\$61	\$52
Indirect expenditure (\$'000)	1,876	1,292	1,666	1,419
Total consumers	27,829	27,486	27,317	27,283

Energy Delivery Efficiency Performance Measures - 31 March 2000

	2000	1999	1998	1997
Load Factor (= a/b/c*100)	75.7%	69.8%	69.0%	64.0%
a = Kwh of electricity entering system	523,637,373	507,685,000	472,400,000	441,500,000
b = Maximum Demand	83,000	83,000	83,000	83,000
c = Total number of hours	8,329	8,763	8,249	8,311
Loss Ratio* (= a/b*100)	6.00%	5.3%	6.1%	5.6%
a = Total Electricity lost in the Network	31,418,238	26,990,000	28,816,000	24,724,000
b = Total Electricity entering the Network before losses (kWh)	523,637,373	507,685,000	472,400,000	441,500,000
Capacity Utilisation (= a/b*100)	32.0%	32.1%	32.1%	33.1%
a = Maximum Demand	83,000	83,000	83,000	83,000
b = Transformer Capacity	259,181	258,621	258,290	250,435

* The 2000 Loss Ratio is an estimated figure. Alpine Energy does not have access to consumer sales figures that may or may not be recorded by Electricity Retailers (see Network Statistics on the following page). Network losses are estimated to be 6% based on previous experience leaving 24.3 GWh unaccounted for.

Alpine Energy Limited (Lines)

Network Statistics - 31 March 2000

		2000	1999	1998	1997
System Length (Total) (kms)	33kV	189	189	206	179
	22kV	146	146	0	0
	11kV	2,709	2,721	2,883	2,843
	6.6kV	8	8	0	0
	230/400 V	575	574	557	554
	Total	3,627	3,638	3,646	3,576
Circuit Length (Overhead) (kms)	33kV	183	183	201	176
	22kV	146	146	0	0
	11kV	2,528	2,553	2,718	2,686
	6.6kV	0	0	0	0
	230/400 V	339	341	344	345
	Total	3,196	3,223	3,263	3,207
Circuit Length (Underground) (kms)	33kV	6	6	5	3
	22kV	0	0	0	0
	11kV	181	168	165	157
	6.6kV	8	8	0	0
	230/400 V	236	233	213	209
	Total	431	415	383	369
Transformer Capacity (kVA)		259,181	258,621	258,290	250,435
Maximum Demand (kW)		83,000	83,000	83,000	83,000
Total Electricity entering the Network - before losses (kWh)	Embedded Generation	31,620,768	10,323,000	-	-
	Import	492,016,605	497,362,000	-	-
	Total	523,637,373	507,685,000	472,400,000	441,500,000
Total Electricity supplied from the system - after losses (kWh)*	*	492,219,135	480,695,000	443,584,000	416,776,000
Total amount of electricity conveyed, after losses, on behalf of retailers (kWh)	<i>Retailer A</i> *	319,642,328	384,929,000	443,584,000	416,776,000
	Retailer B	62,663,963	9,952,000	0	0
	Retailer C	0	52,629,000	0	0
	Retailer D	0	7,197,000	0	0
	Retailer E	0	8,606,000	0	0
	<i>Retailer F</i> *	471,120	493,000	0	0
	Retailer G	0	4,341,000	0	0
	<i>Retailer H</i> *	13,227,342	1,060,000	0	0
	<i>Retailer I</i> *	41,684,174	5,103,000	0	0
	Retailer J	8,682,999	0	0	0
	Export	21,501,152	6,385,000	0	0
	Unaccounted *	24,346,057	0	0	0
	Total	492,219,135	480,695,000	443,584,000	416,776,000
Total number of Connections	Number	27,829	27,486	27,317	27,283

* Electricity retailers highlighted with *italics* have not been able to accurately advise customer unit sales. Network losses are estimated to be 6% based on previous experience leaving 24.3 GWh unaccounted for.

Alpine Energy Limited (Lines)

Reliability and Performance Measures - Interruptions and Faults - 31 March 2000

<u>Interruptions</u>	Class	2001/05 (Average Target)	2001 (Target)	2000	1999	1998	1997
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Number of Interruptions							
	Class A	0.8	1	1	2	3	3
<i>Planned Interruptions</i>	Class B	22	25	55	18	28	32
<i>Unplanned Interruptions</i>	Class C	82	85	94	110	51	50
	Class D	0.8	1	3	6	7	2
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
	Total			153	136	89	87

Proportion of Total Class C Interruptions not restored:							
	Within 3 Hours			18.00%	16.00%	na	na
	Within 24 Hours			0.00%	0.00%	na	na

<u>Faults</u>	Class	2001/05 (Average Target)	2001 (Target)	2000	1999	1998	1997
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Overall System							
Faults per 100 circuit kilometres of prescribed voltage electric line		2.72	2.95	3.05	3.59	1.65	1.40
Faults per 100 circuit kilometres	33kV	0.85	1.06	0.00	3.70	1.94	1.29
	22kV	0.14	0.68	0.00	1.37	0.00	0.00
	11kV	2.99	3.21	3.43	3.71	1.63	1.51
	6.6kV	2.50	0.00	0.00	0.00	0.00	0.00

Overhead							
Faults per 100 circuit kilometres of prescribed voltage electric line				3.26	3.64	1.58	1.43
Faults per 100 circuit kilometres	33kV			0.00	3.83	1.99	1.31
	22kV			0.00	1.37	0.00	0.00
	11kV			3.68	3.76	1.55	1.53
	6.6kV			0.00	0.00	0.00	0.00

Underground							
Faults per 100 circuit kilometres of prescribed voltage electric line				0.00	2.75	2.94	1.04
Faults per 100 circuit kilometres	33kV			0.00	0.00	0.00	0.00
	22kV			0.00	0.00	0.00	0.00
	11kV			0.00	2.98	3.03	1.08
	6.6kV			0.00	0.00	0.00	0.00

Alpine Energy Limited (Lines)

Reliability and Performance Measures - System Average Interruption Duration Index (SAIDI)

	Class	2001/05 (Target)	2001 (Target)	2000	1999	1998	1997
SAIDI for total number of interruptions	Overall	84	98	81.94	106	150	86
SAIDI for total number of interruptions within each interruption class (= a/b)	Class A	6	8	8.14	23	19	28
	Class B	13	15	14.64	10	23	24
	Class C	50	55	31.72	57	40	23
	Class D	15	20	27.45	16	68	11
	Class E			0.00	0	0	0
	Class F			0.00	0	0	0
	Class G			0.00	0	0	0
	Class H			0.00	0	0	0
	Class I			0.00	0	0	0
	a = sum of interruption duration factors for all	Class A	167,400	223,200	226,440	633,360	520,000
Class B		362,700	418,500	407,340	265,267	635,000	642,000
Class C		1,395,000	1,534,500	882,758	1,568,765	1,090,000	630,000
Class D		418,500	558,000	763,880	447,629	1,860,000	305,000
Class E				0	0	0	0
Class F				0	0	0	0
Class G				0	0	0	0
Class H				0	0	0	0
Class I				0	0	0	0
b = Total Connections			27,900	27,900	27,829	27,486	27,317

Reliability and Performance Measures - System Average Interruption Frequency Index (SAIFI)

	Class	2001/05 (Target)	2001 (Target)	2000	1999	1998	1997
SAIFI for total number of interruptions	Overall	1.24	1.35	1.45	2.44	2.67	2.62
SAIFI for total number of interruptions within each interruption class (= a/b)	Class A	0.02	0.02	0.02	0.11	0.08	0.11
	Class B	0.09	0.10	0.11	0.06	0.25	0.04
	Class C	1.00	1.10	0.66	1.17	0.76	0.71
	Class D	0.13	0.13	0.66	1.10	1.58	1.77
	Class E			0.00	0.00	0.00	0.00
	Class F			0.00	0.00	0.00	0.00
	Class G			0.00	0.00	0.00	0.00
	Class H			0.00	0.00	0.00	0.00
	Class I			0.00	0.00	0.00	0.00
	a = sum of electricity connections affected by	Class A	558	558	629	3,016	2,275
Class B		2,511	2,790	2,963	1,598	6,700	1,091
Class C		27,900	30,690	18,252	32,346	20,761	19,400
Class D		3,627	3,627	18,476	30,235	43,161	48,160
Class E				0	0	0	0
Class F				0	0	0	0
Class G				0	0	0	0
Class H				0	0	0	0
Class I				0	0	0	0
b = Total connections			27,900	27,900	27,829	27,486	27,317

Reliability and Performance Measures - Connection Average Interruption Duration Index (CAIDI)

	Class	2001/05 (Target)	2001 (Target)	2000	1999	1998	1997
CAIDI for total number of interruptions	Overall	67.74	72.59	56.56	43	56	33
CAIDI for total number of interruptions within each interruption class (= a/b)	Class A	300	400	360.00	210	229	258
	Class B	144	150	137.48	166	95	350
	Class C	50	50	48.37	48	53	32
	Class D	115	154	41.34	15	43	6
	Class E			0.00	0	0	0
	Class F			0.00	0	0	0
	Class G			0.00	0	0	0
	Class H			0.00	0	0	0
	Class I			0.00	0	0	0

Alpine Energy Limited (Lines)
FINANCIAL PERFORMANCE MEASURES - Derivation Table

	Symbol	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	6,828			
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	6,828			
Interest on cash, bank balances, and short-term investments (ISTI)	0			
OSBIT minus ISTI	6,828	6,828		6,828
Net surplus after tax from financial statements	4,727			
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,727		4,727	
Amortisation of goodwill and amortisation of other intangibles	0	add	add	add
Subvention payment	0	add	add	add
Depreciation of SFA at BV (x)	2,744			
Depreciation of SFA at ODV (y)	2,744			
ODV depreciation adjustment	0	add	add	add
Subvention payment tax adjustment	0	deduct	deduct	deduct
Interest tax shield	0			
Revaluations	0			
Income tax	0			
Income tax	2,101			2,101
Numerator		OSBIT^{ADJ} = a + g + s + d	NSAT^{ADJ} = n + g + s + t + d	OSBIT^{ADJ} = a + g - q + r + s + d - p - s^t
Fixed assets at end of previous financial year (FA ₀)	71,966			
Fixed assets at end of current financial year (FA ₁)	70,308			
Adjusted net working capital at end of previous financial year (ANWC ₀)	1,129			
Adjusted net working capital at end of current financial year (ANWC ₁)	4,205			
Average total funds employed (ATEF)	73,804	73,804		73,804
Total equity at end of previous financial year (TE ₀)	73,095			
Total equity at end of current financial year (TE ₁)	74,513			
Average total equity	73,804		73,804	
WUC at end of previous financial year (WUC ₀)	1,582			
WUC at end of current financial year (WUC ₁)	1,345			
Average total works under construction	1,464	1,464		1,464
Revaluations	0	deduct	deduct	deduct
Half of revaluations	0			0
Intangible assets at end of previous financial year (IA ₀)	0			
Intangible assets at end of current financial year (IA ₁)	0			
Average total intangible asset	0			0
Subvention payment at end of previous financial year (S ₀)	0			
Subvention payment at end of current financial year (S ₁)	0			
Subvention payment tax adjustment at end of previous financial year	0			
Subvention payment tax adjustment at end of current financial year	0			
Average subvention payment & related tax adjustment	0	add	add	0
System fixed assets at end of previous financial year at book value (SFA _{book,0})	69,723			
System fixed assets at end of current financial year at book value (SFA _{book,1})	68,367			
Average value of system fixed assets at book value	69,045	69,045		69,045
System Fixed assets at year beginning at ODV value (SFA _{odv,0})	69,723			
System Fixed assets at year end at ODV value (SFA _{odv,1})	68,367			
Average value of system fixed assets at ODV value	69,045	69,045		69,045
Denominator		ATEF^{ADJ} = e - e - f + h	Ave TE^{ADJ} = k - e - m + v - f + h	ATEF^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:		9.44	6.53	6.53
		ROF = OSBIT^{ADJ}/ATEF^{ADJ} x 100	ROE = NSAT^{ADJ}/ATE^{ADJ} x 100	ROI = OSBIT^{ADJ}/ATE^{ADJ} x 100

t = maximum statutory income tax rate applying to corporate entities bv = book value ave = average odv = optimised deprival valuation subscript '0' = end of the previous financial year
 subscript '1' = end of the current financial year ROF = return on funds ROE = return on equity ROI = return on investment

**Alpine Energy Limited (Lines)
Annual Valuation Reconciliation Report**

	\$'000
System Fixed Assets at ODV (start of period)	69,723
Add System Fixed Assets acquired during the period at ODV	2,120
Less System Fixed Assets disposed of during the period at ODV	(732)
Less depreciation on System Fixed Assets at ODV	(2,744)
Add revaluations of System Fixed Assets	0
Gives System Fixed Assets at ODV (end of period)	68,367

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 1999, and was conducted by Mr Bruce Gemmell, partner of the firm KPMG, Christchurch.

Explanation of Terms

General

km	kilometres
kV	kilovolts
kVA	kilovolt amperes
kW	kilowatts
kWh	kilowatt hours (also referred to as <i>units</i>)

ODV	Optimised Deprival Valuation
GXP	Grid Exit Point

Network Statistics

Generation	Electricity provided by embedded generation from Opuha Dam.
Import	Electricity supplied to the Network from Transpower's Network.
Export	Electricity supplied to Transpower's Network from the Network at Albury GXP due to a surplus of embedded generation over demand.

Reliability and Performance Measures

Class A	planned interruptions by Transpower.
Class B	planned interruptions by Alpine Energy.
Class C	unplanned interruptions by Alpine Energy.
Class D	unplanned interruptions by Transpower.
Class E	unplanned interruptions on 'generation' lines used by Alpine Energy.
Class F	unplanned interruptions on 'generation' lines used by another line owner.
Class G	unplanned interruptions caused by another line owner.
Class H	planned interruptions caused by another line owner.
Class I	an interruption not referred to in Classes A to H.



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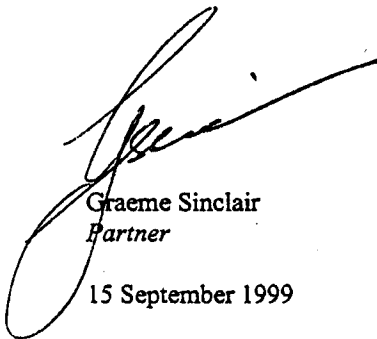
Fax: (All Depts)	(04) 802-1224
Fax: Assurance	(04) 802-1233
Fax: BAS	(04) 802-1238
Fax: Tax	(04) 802-1263
Fax: Consulting	(04) 802-1225
Fax: FAS	(04) 802-1710

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

Alpine Energy Limited

I have examined the valuation of Alpine Energy Limited and dated May 1999, which report contains valuations of system fixed assets as at 31 March 1999.

I certify that, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$69.72 million, have been made in accordance with the ODV Handbook.



Graeme Sinclair
Partner

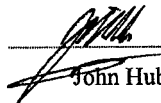
15 September 1999

Certification of Valuation Report of Line Owners

We, John Hubert Stubbs and Ian James Bowan, Directors of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) the attached valuation report of Alpine Energy Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- (b) the replacement cost of the line business system fixed assets of Alpine Energy is \$151,646,008; and
- (c) The depreciated replacement cost of the line business system fixed assets of Alpine Energy is \$71,009,798; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Alpine Energy is \$68,366,685; and
- (e) The optimised deprival valuation of the line business system fixed assets of Alpine Energy is \$68,366,685; and
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2000.


John Hubert Stubbs


Ian James Bowan

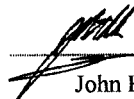
16th August 2000

**Certificate of Financial Statements, Performance Measures, and
Statistics Disclosed by Line Owners other than Transpower**


We, John Hubert Stubbs and Ian James Bowan, Directors of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) the attached audited financial statements of Alpine Energy Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) the attached information, being the derivation table, financial performance measures, efficiency performance measures, statistics, and reliability performance measures in relation to Alpine Energy Limited, and having been prepared for the purpose of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2000.



John Hubert Stubbs



Ian James Bowan

16th August 2000



PricewaterhouseCoopers
119 Armagh Street
PO Box 13244
Christchurch, New Zealand
Telephone +64 3 374 3000
Facsimile +64 3 374 3001

Auditors' Report

To the readers of the financial statements of Alpine Energy Limited – Lines Business

We have audited the accompanying financial statements of Alpine Energy Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of Alpine Energy Limited – Lines Business and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Alpine Energy Limited – Lines Business as at 31 March 2000, and the results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing –

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Alpine Energy Limited – Lines Business' circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacities as auditors we have no relationship with or interests in Alpine Energy Limited.

**Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by Alpine Energy Limited as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of Alpine Energy Limited – Lines Business as at 31 March 2000 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 16 August 2000 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'MG Noone', written over a diagonal line.

MG Noone

Partner

PricewaterhouseCoopers

On behalf of the Controller and Auditor General

Christchurch

16 August 2000



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Auditors' Opinion of Performance Measures

Alpine Energy Limited – Lines Business

We have examined the attached information, being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, -

that were prepared by Alpine Energy Limited – Lines Business and dated 16 August 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A handwritten signature in black ink, appearing to read 'MG Noone'.

MG Noone
Partner

PricewaterhouseCoopers
On behalf of the Controller and Auditor General
Christchurch
16 August 2000