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ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 (AS AMENDED)

ALPINE ENERGY LIMITED

LINES BUSINESS

FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

Prepared for the Purposes of the Electricity (Information Disclosure) Regulations 1999 (as amended).

IMPORTANT NOTE

The financial information presented is for the 'line business' activity of Alpine Energy Limited as described within the Electricity (Information Disclosure) Regulations. Additional activities of the Company, that are not required to be reported under the Regulations, have been excluded.

This information should not be used for any other purposes than that intended under the Regulations. The Regulations require the information to be disclosed in the manner it is presented.

Alpine Energy Limited (Lines)**Financial Statements Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Statement of Financial Performance for the Year Ended 31 March 2002**

REVENUE	Note	2002 \$	2001 \$
Operating revenue			
Revenue from line/access charges		22,358,249	22,579,817
Revenue from "Other" business for services carried out by the line business		0	376
Interest on cash, bank balances and short term investments		510,286	396,110
AC loss-rental rebates		1,317,296	1,671,656
Other revenue not listed above			0
Capital Contributions	1,206,038		518,957
Other	<u>2,802</u>		<u>13,250</u>
		<u>1,208,840</u>	<u>532,207</u>
Total operating revenue		<u><u>25,394,671</u></u>	<u><u>25,180,166</u></u>
EXPENDITURE			
Operating expenditure			
Payment for transmission charges		6,756,751	8,433,341
Transfer payments to the "Other" business for			
Asset maintenance	8	2,291,806	1,659,149
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	8	<u>158,576</u>	<u>1,020,297</u>
Total transfer payment to the "Other" business		2,450,382	2,679,446
Expense to entities that are not related parties for			
Asset maintenance		140,763	86,870
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		140,763	86,870
Employee salaries, wages and redundancies		0	128,108
Consumer billing and information system expense		0	7,536
Depreciation on			
System fixed assets		3,027,314	2,873,373
Other assets		<u>1,237</u>	<u>34,276</u>
Total depreciation		3,028,551	2,907,649
Amortisation of			
Goodwill		0	0
Other intangibles		<u>0</u>	<u>0</u>
Total amortisation of intangibles		0	0
Corporate and administration		1,668,780	886,616
Human resource expenses		1,828	11,267
Marketing/advertising		10,309	21,829
Merger and acquisition expenses		0	0
Takeover defence expenses		0	0
Research and development expenses		0	0
Consultancy and legal expenses		99,887	5,521
Donations		0	0

Alpine Energy Limited (Lines)**Financial Statements Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Statement of Financial Performance for the Year Ended 31 March 2002 - Continued**

	Note	2002 \$	2001 \$
Directors' fees		107,856	126,511
Auditors' fees			
Audit fees paid to principal auditors	18,000		29,000
Audit fees paid to other auditors	0		0
Fees paid for other services provided by principal and other auditors	<u>3,239</u>		<u>3,239</u>
Total auditors' fees		21,239	32,239
Costs of offering credit			
Bad debts written off	0		0
Increase in estimated doubtful debts	<u>0</u>		<u>0</u>
Total cost of offering credit		0	0
Local authority rates expense		2,858	9,981
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		<u>56,561</u>	<u>87,078</u>
Total operating expenditure		<u>14,345,765</u>	<u>15,423,992</u>
Operating surplus before interest and income tax		<u>11,048,906</u>	<u>9,756,174</u>
Interest expense			
Interest expense on borrowings		0	0
Financing charges related to finance leases		0	0
Other interest expense		<u>0</u>	<u>0</u>
Total interest expense		<u>0</u>	<u>0</u>
Operating surplus before income tax		<u>11,048,906</u>	<u>9,756,174</u>
Income tax	2	3,248,146	3,589,887
Net surplus after tax		<u>7,800,760</u>	<u>6,166,287</u>

Statement of Movements in Equity for the Year Ended 31 March 2002

	2002 \$	2001 \$
Equity at the Beginning of the Year	<u>76,211,383</u>	<u>74,512,785</u>
Net Surplus (Deficit) for the Period	7,800,760	6,166,287
Revaluation	(173,000)	(3,014,000)
Total Recognised Revenue and Expenses	<u>7,627,760</u>	<u>3,152,287</u>
Dividends Paid	(5,817,587)	(4,703,689)
Transfer on Disposal of Assets	0	3,250,000
Equity at the End of the Year	<u>78,021,556</u>	<u>76,211,383</u>

Alpine Energy Limited (Lines)**Financial Statements Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Statement of Financial Position as at 31 March 2002**

	Note	2002 \$	2001 \$
Current assets			
Cash and bank balances		97,170	63,479
Short-term investments		7,380,469	7,800,000
Inventories		0	0
Accounts receivable		887,062	2,065,000
Other current assets		429,273	37,000
Total current assets		<u>8,793,974</u>	<u>9,965,479</u>
Fixed assets			
System fixed assets		67,628,831	66,956,424
Consumer billing and information system assets		0	0
Motor vehicles		0	0
Office equipment		0	0
Land and buildings		0	381,485
Capital works under construction (system fixed assets)		2,303,711	1,531,502
Other fixed assets		24,267	0
Total fixed assets		<u>69,956,809</u>	<u>68,869,411</u>
Other tangible assets not listed above			
Deferred tax	2	842,081	706,000
Total tangible assets		<u>79,592,864</u>	<u>79,540,890</u>
Intangible assets			
Goodwill		0	0
Other intangibles		0	0
Total intangible assets		<u>0</u>	<u>0</u>
Total assets		<u>79,592,864</u>	<u>79,540,890</u>
Current liabilities			
Bank overdraft		0	0
Short-term borrowings		0	0
Payables and accruals		1,570,747	2,022,507
Provision for dividends payable		561	1,307,000
Provision for income tax		0	0
Other current liabilities		0	0
Total current liabilities		<u>1,571,308</u>	<u>3,329,507</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		26,596,000	26,596,000
Retained earnings		10,497,556	8,514,383
Reserves	3	40,928,000	41,101,000
Total Shareholders' equity		<u>78,021,556</u>	<u>76,211,383</u>
Minority interests in subsidiaries		0	0
Total equity		<u>78,021,556</u>	<u>76,211,383</u>
Capital notes		0	0
Total capital funds		<u>78,021,556</u>	<u>76,211,383</u>
Total equity and liabilities		<u>79,592,864</u>	<u>79,540,890</u>

Alpine Energy Limited (Lines)**Financial Statements Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Statement of Cash Flows for the Year Ended 31 March 2002**

	Note	2002 \$	2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from Customers		26,049,454	24,507,000
GST		82,082	0
<i>Cash was disbursed to:</i>			
Payments to Suppliers and Employees		(11,720,174)	(12,381,000)
Income Tax		(3,384,227)	(4,419,000)
GST		0	(135,000)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	<u>11,027,135</u>	<u>7,572,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from sales of Fixed Assets		0	83,000
<i>Cash was applied to:</i>			
Purchase of Fixed Assets		(4,288,949)	(1,317,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(4,288,949)</u>	<u>(1,234,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividend paid		(7,124,026)	(4,721,000)
Loan repaid		0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(7,124,026)</u>	<u>(4,721,000)</u>
NET INCREASE (DECREASE) IN CASH HELD		(385,840)	1,617,000
Add Opening Cash Brought Forward		7,863,479	6,246,479
ENDING CASH CARRIED FORWARD		<u>7,477,639</u>	<u>7,863,479</u>

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

Notes to and Forming Part of the Financial Statements

for the Year Ending 31 March 2002

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 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000, and the Electricity (Information Disclosure) Amendment Regulations 2001.

The financial information presented is for the line business activities of Alpine Energy Limited. 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 network.

c) Depreciation

Depreciation is charged as follows:

System Fixed Assets	straight line over useful life (from 10 to 80 years)
Buildings	1 to 2.5% of cost
Plant and Office Equipment	8 to 60% on diminishing value

Depreciation for taxation purposes recognises that:

- Additions to the network 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) Fixed Assets

All fixed assets are initially recorded at cost. System Fixed 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.

g) 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.

h) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis except for Accounts Receivable and Accounts Payable.

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

Notes to and Forming Part of the Financial Statements - Continued
for the Year Ending 31 March 2002

i) 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

	2002	2001
	\$	\$
Income Tax Expense		
Operating Surplus before Income Tax	11,048,906	9,753,568
Add/(Deduct):		
Non Deductible Costs	0	0
Non Assessable Income	(1,206,038)	(518,957)
Timing Differences	0	1,122,622
Taxable Income	<u>9,842,868</u>	<u>10,357,233</u>
Taxation Charge @ 33%	3,248,146	3,417,887
Prior Year Over (Under) Provisions	0	172,000
Income Tax Expense	<u>3,248,146</u>	<u>3,589,887</u>
The income tax expense is represented by:		
Current Taxation	3,384,227	3,960,352
Deferred Taxation	(136,081)	(370,465)
	<u>3,248,146</u>	<u>3,589,887</u>
Deferred Income Tax Liability (Asset)		
Balance at Beginning of Year	(706,000)	(86,178)
Current Year Timing Differences	(136,081)	(370,465)
Adjustment on Disposal of Business	0	(249,357)
Balance at End of Year	<u>(842,081)</u>	<u>(706,000)</u>
Taxation Liability (Asset)		
Income Tax Expense	3,248,146	3,589,887
Add/(Deduct):		
Deferred Tax	136,081	370,465
Income Tax Paid	(3,776,500)	(4,169,352)
Income Tax Liability at Beginning of Year	(37,000)	172,000
Provision for Tax	<u>(429,273)</u>	<u>(37,000)</u>

3. Reserves

	2002	2001
	\$	\$
Asset Revaluation Reserve		
Balance at Beginning of the Year	41,101,000	40,865,000
Net Revaluations	(173,000)	(3,014,000)
Transfer on Disposal of Assets	0	3,250,000
Balance at End of the Year	<u>40,928,000</u>	<u>41,101,000</u>

4. Contingent Liabilities

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 2002 (2001 nil).

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

Notes to and Forming Part of the Financial Statements - Continued
for the Year Ending 31 March 2002

5. Capital Commitments

In respect of the business activities being reported on, the Company has capital commitments amounting to \$1,489,318 as at 31 March 2002 (2001 \$2,184,460).

6. 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.

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

	2002 \$	2001 \$
Operating Surplus After Income Tax	7,800,760	6,166,287
Add/ (Deduct) Non Cash Items		
Depreciation	3,028,551	2,907,649
	<u>10,829,311</u>	<u>9,073,936</u>
Add/ (Deduct) Movements in Working Capital		
(Increase)/Decrease in Debtors	1,177,938	(759,000)
(Increase)/Decrease in Deferred Tax	(136,081)	(619,936)
Increase/(Decrease) in Creditors	(451,760)	86,000
Increase/(Decrease) in Provision for Tax	(392,273)	(209,000)
	<u>197,824</u>	<u>(1,501,936)</u>
	<u>11,027,135</u>	<u>7,572,000</u>

8. Related Party Transactions

Associated Entity: Networks South Limited (excl GST)

Networks South Limited is 50% owned by Alpine Energy Limited and provided administrative, engineering and planning functions for the network from 1 April 2001 to 31 March 2002. These services are charged on a fixed contract basis.

During the period, this charge totalled \$2,743,061. The outstanding amount as at 31 March 2002 was \$53,157 payable on normal commercial terms.

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

Transactions do not relate to the categories specified in the Regulations except 'Maintenance of Assets' which totalled \$713,829 in 2002 (\$0 in 2001).

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

Notes to and Forming Part of the Financial Statements - Continued
for the Year Ending 31 March 2002

Associated Entity: NetCon Limited (excl GST)

NetCon is wholly owned by Networks South Limited and provided asset maintenance and construction services for the network from 1 April 2001 to 31 March 2002. Services were charged on both a fixed price basis or 'time and materials' basis.

During the period, this charge totalled \$4,336,209. The outstanding amount as at 31 March 2002 was \$337,167 payable on normal commercial terms.

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

During the period capital construction transactions totalled the following:

	2002 \$	2001 \$
Asset Construction:		
Subtransmission assets	0	0
Zone Substations	384,645	16,235
Distribution Lines	1,387,217	474,044
Medium Voltage Switchgear	25,005	7,478
Distribution Transformers	28,982	0
Distribution Substations	52,516	0
Low Voltage lines	721,291	507,747
Other System Fixed Assets (as per the ODV Handbook)	0	0
Maintenance of Assets	1,577,977	1,374,164
Customer Connections and Disconnections	0	0
Other Goods and Services	158,576	0

Subsidiary Entity: Alpine Energy PowerCom Limited (excl GST)

PowerCom was 100% owned by Alpine Energy Limited and provided asset maintenance and construction services for the period to 30 June 2000 and it ceased trading on this date. Services were charged on both a fixed price basis or "time and materials" basis.

During the period, this charge totalled \$0. There was no outstanding amount as at 31 March 2002.

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

	2002 \$	2001 \$
Asset Construction:		
Subtransmission	0	0
Zone Substations	0	5,411
Distribution Lines and Cables	0	158,014
Medium Voltage Switchgear	0	2,493
Distribution Transformers	0	0
Distribution Substations	0	0
Low Voltage reticulation	0	169,249
Other	0	0
Maintenance of assets	0	284,985
Consumer Connections and Disconnections	0	0

Alpine Energy Limited (Lines)**Financial Statements Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Financial Performance Measures - 31 March**

	2002	2001	2000	1999
Accounting return on funds	16.0%	13.8%	9.4%	9.9%
Accounting return on equity	10.6%	8.3%	6.5%	7.2%
Accounting return on investments	10.8%	7.9%	6.5%	10.9%

Efficiency Performance Measures - 31 March

	2002	2001	2000	1999
Direct line costs per kilometre	\$1,061	\$890	\$661	\$886
Direct expenditure	3,913,444	3,331,000	2,397,000	3,223,268
System length (km)	3,687	3,741	3,627	3,638

	2002	2001	2000	1999
Indirect line costs per consumer	\$23	\$41	\$67	\$47
Indirect expenditure	647,019	1,150,000	1,876,000	1,291,842
Total consumers	28,376	27,806	27,829	27,486

Energy Delivery Efficiency Performance Measures - 31 March

	2002	2001	2000	1999
Load Factor (= a/b/c x 100)	68.4%	72.0%	71.5%	70.7%
a = kWh of electricity entering system	565,290,378	563,554,516	523,753,480	507,679,341
b = Maximum Demand (kW)	94,358	89,346**	83,446**	81,958**
c = Total number of hours	8,760	8,760	8,784	8,760

	2002	2001	2000	1999
Loss Ratio* (= a/b x 100)	7.6%	-0.9%	10.7%	5.3%
a = Total Electricity lost in the Network (kWh)	42,831,221	-5,262,659	55,862,836	27,112,229
b = Total Electricity entering the Network before losses (kWh)	565,290,378	563,554,516**	523,753,480**	507,679,341**

	2002	2001	2000	1999
Capacity Utilisation (= a/b x 100)	34.4%	34.2%	32.2%	31.7%
a = Maximum Demand (kW)	94,358**	89,346**	83,446**	81,958**
b = Transformer Capacity (kVA)	274,510	261,555	259,181	258,621

* Alpine Energy relies on the sales information reported by electricity retailers to calculate these amounts.

** Figures have been restated based on actual metered demands.

Alpine Energy Limited (Lines)**Disclosure Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Network Statistics - 31 March**

		2002	2001	2000	1999
Total System Length (kms)	33kV	188	189	189	189
	22kV	145	147	146	146
	11kV	2,761	2,725	2,709	2,721
	6.6kV	8	8	8	8
	230/400 V	585	672	575	574
	Total	3,687	3,741	3,627	3,638
Overhead Circuit Length (kms)	33kV	182	183	183	183
	22kV	145	147	146	146
	11kV	2,568	2,543	2,528	2,553
	6.6kV	0	0	0	0
	230/400 V	349	374	339	341
	Total	3,244	3,247	3,196	3,223
Underground Circuit Length (kms)	33kV	5.6	6	6	6
	22kV	0.5	0	0	0
	11kV	193	182	181	168
	6.6kV	8	8	8	8
	230/400 V	235.7	298	236	233
	Total	443	494	431	415

Transformer Capacity (kVA)		274,510	261,555	259,181	258,621
Maximum Demand (kW)		94,358	89,346**	83,446**	81,958**

Total Electricity entering the Network - before losses (kWh)	Embed Generation	18,823,608	36,226,840**	31,620,768	10,322,618**
	Import	546,466,770	527,327,676**	492,132,712**	497,356,723**
	Total	565,290,378	563,554,516	523,753,480	507,679,341
Amount of electricity supplied from the Network - after losses (kWh)*	Retailer A	200,749,602*	276,611,511*	319,642,328*	384,929,000*
	Retailer B	102,021,616*	99,166,180*	62,663,963*	9,952,000*
	Retailer C	0	0	0	52,629,000*
	Retailer D	0	0	0	7,197,000*
	Retailer E	0	0	0	8,606,000*
	Retailer F	21,479,320*	22,139,820*	471,120*	493,000*
	Retailer G	0	0	0	4,341,000*
	Retailer H	86,951,354*	23,111,782*	13,227,342*	1,060,000*
	Retailer I	30,610,485*	87,741,765*	41,684,174*	5,103,000*
	Retailer J	67,847,566*	35,047,796*	8,682,999*	0
	Retailer K	144,195*	570,978*	0	0
	Export	12,655,019	24,427,343**	21,518,718**	6,257,112**
	Total	522,459,157	568,817,175	467,890,644	480,567,112

Total number of Consumers		28,376	27,806	27,829	27,486
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*Alpine Energy relies on the sales information reported by electricity retailers to calculate these amounts. Comparative figures have been restated to exclude losses.

** Figures have been restated based on actual metered demands/usage.

Alpine Energy Limited (Lines)

Disclosure Prepared in Accordance with the Electricity (Information Disclosure) Regulations

Reliability and Performance Measures - Interruptions and Faults - 31 March

<u>Interruptions</u>	Class	2003/07 (Target)	2003 (Target)	2002	2001	2000	1999
Number of Interruptions							
<i>Planned Interruptions - Transpower</i>	Class A	2	2	2	0	1	2
<i>Planned Interruptions - Alpine</i>	Class B	35	40	64	25	55	18
<i>Unplanned Interruptions - Alpine</i>	Class C	95	100	97	163	94	110
<i>Unplanned Interruptions - Transpower</i>	Class D	2	3	1	8	3	6
	Class E - I			0	0	0	0
	Total	134	145	164	196	153	136

Proportion of Total Class C Interruptions not restored:							
	Within 3 Hours			7%	16%	18%	16%
	Within 24 Hours			0%	0%	0%	0%

<u>Faults</u>	Voltage	2003/07 (Target)	2003 (Target)	2002	2001	2000	1999
Overall System							
Faults per 100 circuit kilometres of prescribed voltage electric line		3.1	3.3	3.1	5.3	3.0	3.6
Faults per 100 circuit kilometres	33kV	1.1	1.1	1.1	0.0	0.0	3.7
	22kV	0.7	0.7	0.0	2.7	0.0	1.4
	11kV	3.3	3.5	3.4	5.8	3.4	3.7
	6.6kV	0.0	0.0	0.0	0.0	0.0	0.0
Overhead							
Faults per 100 circuit kilometres of prescribed voltage electric line				3.3	5.6	3.3	3.6
Faults per 100 circuit kilometres	33kV			1.1	0.0	0.0	3.8
	22kV			0.0	2.7	0.0	1.4
	11kV			3.7	6.1	3.7	3.8
	6.6kV			0.0	0.0	0.0	0.0
Underground							
Faults per 100 circuit kilometres of prescribed voltage electric line				0.5	1.5	0.0	2.7
Faults per 100 circuit kilometres	33kV			0.0	0.0	0.0	0.0
	22kV			0.0	0.0	0.0	0.0
	11kV			0.5	1.6	0.0	3.0
	6.6kV			0.0	0.0	0.0	0.0

Alpine Energy Limited (Lines)**Disclosure Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Reliability and Performance Measures****System Average Interruption Duration Index (SAIDI) - 31 March**

	Class	2003/07 (Target)	2003 (Target)	2002	2001	2000	1999
SAIDI for total number of interruptions	Overall	77	82	81	113	82	106
SAIDI for total number of interruptions within each interruption class (= a/b)	Class A	7	7	0	0	8	23
	Class B	12	12	19	8	15	10
	Class C	45	49	50	68	32	57
	Class D	13	14	12	38	27	16
	Class E - I	0	0	0	0	0	0
a = sum of interruption duration factors for all interruptions within the particular interruption class	Class A	200,000	200,000	9,805	0	226,440	633,360
	Class B	350,000	350,000	525,896	210,305	407,340	265,267
	Class C	1,300,000	1,400,000	1,411,304	1,881,474	882,758	1,568,765
	Class D	375,000	400,000	339,660	1,060,175	763,880	447,629
	Class E - I	0	0	0	0	0	0
b = Total Consumers		28,800	28,500	28,376	27,806	27,829	27,486

System Average Interruption Frequency Index (SAIFI) - 31 March

	Class	2003/07 (Target)	2003 (Target)	2002	2001	2000	1999
SAIFI for total number of interruptions	Overall	1.2	1.3	1.2	1.7	1.4	2.4
SAIFI for total number of interruptions within each interruption class (= a/b)	Class A	0.1	0.1	0.1	0.0	0.0	0.1
	Class B	0.1	0.1	0.2	0.1	0.1	0.1
	Class C	0.9	1.0	0.8	1.3	0.7	1.2
	Class D	0.1	0.1	0.0	0.3	0.7	1.1
	Class E - I	0.0	0.0	0.0	0.0	0.0	0.0
a = sum of electricity consumers affected by all interruptions	Class A	4,000	4,000	3,922	0	629	3,016
	Class B	3,000	3,500	5,700	1,859	2,963	1,598
	Class C	26,500	27,500	23,455	36,765	18,252	32,346
	Class D	1,750	2,000	629	9,587	18,476	30,235
	Class E - I	0	0	0	0	0	0
b = Total Consumers		28,800	28,500	28,376	27,806	27,829	27,486

Connection Average Interruption Duration Index (CAIDI) - 31 March

	Class	2003/07 (Target)	2003 (Target)	2002	2001	2000	1999
CAIDI for total number of interruptions	Overall	63	64	68	65	57	43
CAIDI for total number of interruptions within each interruption class (= a/b)	Class A	50	50	3	0	360	210
	Class B	117	100	92	113	137	166
	Class C	49	51	60	51	48	48
	Class D	214	200	540	111	41	15
	Class E - I	0	0	0	0	0	0

**Alpine Energy Limited (Lines)
Form for the Derivation of Financial Performance Measures from Financial Statements**

	Symbol	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements		11,046,906		
Operating surplus before interest and income tax adjusted pursuant to regulation 18		11,046,906		
Interest on cash, bank balances, and short-term investments (ISTI)		510,266		
OSBIT minus ISTI	a	10,538,620		10,538,620
Net surplus after tax from financial statements		7,800,760	7,800,760	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	n	7,800,760	7,800,760	7,800,760
Amortisation of goodwill and amortisation of other intangibles		0	add	add
Subvention payment		0	add	add
Depreciation of SFA at BV (x)		3,027,314		
Depreciation of SFA at ODV (y)		2,941,270		
ODV depreciation adjustment	d	86,044	86,044	86,044
Subvention payment tax adjustment		0	deduct	deduct
Interest tax shield	s¹	0		0
Revaluations	q	-173,000		-173,000
Income tax	r	3,248,146		3,248,146
Numerator		10,624,664	7,886,804	7,203,518
		OSBIT^{ADJ} = a + g + s + d	NSAT^{ADJ} = n + g + s + t + d	OSBIT^{ADJ} = a + g - q + r + s + d - p - s¹
Fixed assets at end of previous financial year (FA ₀)		68,869,411		
Fixed assets at end of current financial year (FA ₁)		69,956,809		
Adjusted net working capital at end of previous financial year (ANWC ₀)		42,493		
Adjusted net working capital at end of current financial year (ANWC ₁)		-696,242		
Average total funds employed (ATFE)	c	69,086,236	69,086,236	69,086,236
Total equity at end of previous financial year (TE ₀)		78,211,383		
Total equity at end of current financial year (TE ₁)		78,021,556		
Average total equity	k	77,116,470	77,116,470	77,116,470
WUC at end of previous financial year (WUC ₀)		1,531,502		
WUC at end of current financial year (WUC ₁)		2,303,711		
Average total works under construction	e	1,917,607	1,917,607	1,917,607
Revaluations	f	-173,000		
Half of revaluations	r/2	-86,500		-86,500
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	m	0	0	0
Subvention payment at end of previous financial year (S ₀)		0		
Subvention payment at end of current financial year (S ₁)		0		
Average subvention payment & related tax adjustment	v	0	0	0
System fixed assets at end of previous financial year at book value (SFA _{book,0})		66,956,424		
System fixed assets at end of previous financial year at book value (SFA _{book,1})		67,628,831		
Average value of system fixed assets at book value	f	67,292,628	67,292,628	67,292,628
System Fixed assets at year beginning at ODV value (SFA _{odv,0})		66,956,424		
System Fixed assets at end of current financial year at ODV value (SFA _{odv,1})		65,995,961		
Average value of system fixed assets at ODV value	h	66,476,193	66,476,193	66,476,193
Denominator		66,352,194	74,362,428	66,438,694
		ATFE^{ADJ} = c - e - f + h	Ave TE^{ADJ} = k - e - m + v - f + h	ATFE^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:		16.01	10.60	10.84
		ROF = OSBIT^{ADJ}/ATFE^{ADJ} x 100	ROE = NSAT^{ADJ}/ATE^{ADJ} x 100	ROI = OSBIT^{ADJ}/ATFE^{ADJ} x 100

t = maximum statutory income tax rate applying to corporate entities bw = book value ave = average odv = optimised deprivat valuation
 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**

	2002 \$	2001 \$
System Fixed Assets at ODV (start of period)	66,956,424	68,366,685
Adjustment following Commerce Commission Comprehensive Audit Process (under Commerce Act 1986)	(173,000)	0
Restated System Fixed Assets at ODV (start of period)	66,783,424	68,366,685
Add System Fixed Assets acquired during the period at ODV	2,345,411	2,021,000
Less System Fixed Assets disposed of during the period at ODV	(191,604)	(36,000)
Less depreciation on System Fixed Assets at ODV	(2,941,270)	(2,872,261)
Add revaluations of System Fixed Assets	0	(523,000)
Gives System Fixed Assets at ODV (end of period)	65,995,961	66,956,424

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 2001, and was conducted by Mr Bruce Gemmell, partner of the firm KPMG, Christchurch. The Commerce Commission has adjusted this valuation (as shown) following a comprehensive audit.

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

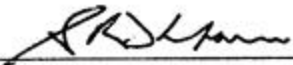
Class A	planned interruptions by Transpower.
Class B	planned interruptions by Alpine Energy.
Class C	unplanned interruptions by Alpine Energy.
Class D	unplanned interruptions by Transpower.
Class E	unplanned interruptions on 'generation' lines used by Alpine Energy.
Class F	unplanned interruptions on '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.

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

We, Stephen Richard Thompson and Arthur Oliver Turner, 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, energy delivery 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 2001.



Stephen Richard Thompson



Arthur Oliver Turner

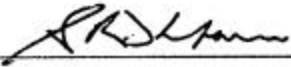
12 August 2002

**Certification of Valuation Report of Line Owners
(Adjusted following the Commerce Commission Comprehensive Audit
Process under the Commerce Act 1986)**

We, Stephen Richard Thompson and Arthur Oliver Turner, 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 \$150,206,545; and
- (c) The depreciated replacement cost of the line business system fixed assets of Alpine Energy is \$67,234,737; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Alpine Energy is \$66,782,851; and
- (e) The optimised deprival valuation of the line business system fixed assets of Alpine Energy is \$66,782,851; 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 2001.



Stephen Richard Thompson



Arthur Oliver Turner

12 August 2002



AUDITORS OPINION IN RELATION TO ODV VALUATION

ALPINE ENERGY LIMITED

I have examined the valuation report of Alpine Energy Limited prepared by KPMG and dated 31 May 2001, which contains valuations of system fixed assets as at 31 March 2001.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report, including the total valuation of system fixed assets of \$66,956,424 have been made in accordance with the ODV Handbook.



Peter Young
Partner

31 May 2001



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Christchurch, New Zealand
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Facsimile +64 3 374 3001

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 9 August 2002 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999 (as amended).

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 (as amended).


MG Noone
Partner
PricewaterhouseCoopers
On behalf of the Controller and Auditor General
Christchurch
9 August 2002



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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 2002. 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 2002, 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 2002 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 9 August 2002 and our unqualified opinion is expressed as at that date.


 MG Noone
 Partner
 PricewaterhouseCoopers
 On behalf of the Controller and Auditor General
 Christchurch
 9 August 2002