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## ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986

# ALPINE ENERGY LIMITED

## LINES BUSINESS

### FINANCIAL STATEMENTS

For the Year Ended 31 March 2005

Prepared for the Purposes of the Electricity Information  
Disclosure Requirements 2004

#### INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2005 Information Disclosure package issued by Alpine Energy Limited has been prepared in accordance with, and for the specific use intended under, the Electricity Information Disclosure Requirements 2004.

The Requirements require the information to be disclosed in the manner it is presented. The information should not be used for any other purpose than that intended under the requirements.


The financial information presented is for the line business as described within the Electricity Information Disclosure Requirements 2004. There are also additional activities of the Company that are not required to be reported under the Requirements.

#### APPROVAL BY DIRECTORS

The Directors have approved the Consolidated Financial Statements of Alpine Energy Limited Line Business for the period ended 31 March 2005 on pages 1 to 14.

For and on behalf of the Board of Directors

  
\_\_\_\_\_  
Ian James Bowan

  
\_\_\_\_\_  
Donald Murray Douglas Cleverley

22 August, 2005

## Alpine Energy Limited Lines Business

## Statement of Financial Performance for the Year Ended 31 March 2005

| REVENUE   | Note | 2005              | 2004              |
|---|------|-------------------|-------------------|
|   |      | \$                | \$                |
| <b>Operating revenue</b>  |      |                   |                   |
| Revenue from line/access charges  |      | 24,814,466        | 25,217,612        |
| Revenue from "Other" business for services carried out by the line business |      | 0                 | 0                 |
| Interest on cash, bank balances and short term investments                  |      | 368,353           | 493,433           |
| AC loss-rental rebates  |      | 674,140           | 984,267           |
| Other revenue not listed above  |      |                   |                   |
| Capital Contributions   |      | 1,305,259         | 1,438,034         |
| Other   |      | <u>442</u>        | <u>8,444</u>      |
|   |      | 1,305,701         | 1,446,478         |
| <b>Total operating revenue</b>  |      | <u>27,162,660</u> | <u>28,141,790</u> |
| <b>EXPENDITURE</b>  |      | <b>2005</b>       | <b>2004</b>       |
| <b>Operating expenditure</b>  |      |                   |                   |
| Payment for transmission charges  |      | 8,533,892         | 7,546,649         |
| Transfer payments to the "Other" business for                               |      |                   |                   |
| Asset maintenance   | 8    | 1,900,370         | 2,307,220         |
| 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>1,818,125</u>  | <u>1,702,741</u>  |
| <b>Total transfer payment to the "Other" business</b>                       |      | 3,718,495         | 4,009,961         |
| Expense to entities that are not related parties for                        |      |                   |                   |
| Asset maintenance   | 8    | 30,209            | 280,905           |
| 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>          |
| <b>Total of specified expenses to non-related parties</b>                   |      | 30,209            | 280,905           |
| Employee salaries, wages and redundancies                                   |      |                   |                   |
| Consumer billing and information system expense                             |      |                   |                   |
| Depreciation on   |      |                   |                   |
| System property, plant and equipment  |      | 3,610,155         | 3,227,882         |
| Other property, plant and equipment   |      | <u>1,292</u>      | <u>1,292</u>      |
| <b>Total depreciation</b>   |      | 3,611,447         | 3,229,174         |
| Amortisation of   |      |                   |                   |
| Goodwill  |      | 0                 | 0                 |
| Other intangibles   |      | <u>0</u>          | <u>0</u>          |
| <b>Total amortisation of intangibles</b>                                    |      | 0                 | 0                 |
| Corporate and administration  |      | 120,437           | 96,332            |
| Human resource expenses   |      |                   |                   |
| Marketing/advertising   |      | 22,128            | 30,206            |
| Merger and acquisition expenses   |      | 0                 | 0                 |
| Takeover defence expenses   |      | 0                 | 0                 |
| Research and development expenses   |      | 0                 | 0                 |
| Consultancy and legal expenses  |      | 416,827           | 214,640           |
| Donations   |      | 0                 | 0                 |

## Alpine Energy Limited Line Business

## Statement of Financial Performance for the Year Ended 31 March 2005 - Continued

|   | Note   | 2005<br>\$        | 2004<br>\$        |
|---|--------|-------------------|-------------------|
| Directors' fees   |        | 90,460            | 101,133           |
| Auditors' fees  |        |                   |                   |
| Audit fees paid to principal auditors                                 | 18,000 |                   | 23,900            |
| Audit fees paid to other auditors                                     | 0      |                   | 0                 |
| Fees paid for other services provided by principal and other auditors | 28,704 |                   | 19,123            |
| <b>Total auditors' fees</b>   |        | <u>46,704</u>     | <u>43,023</u>     |
| Costs of offering credit  |        |                   |                   |
| Bad debts written off   | 0      |                   | 0                 |
| Increase in estimated doubtful debts                                  | 0      |                   | 0                 |
| <b>Total cost of offering credit</b>                                  |        | <u>0</u>          | <u>0</u>          |
| Local authority rates expense   |        | 66,884            | 67,869            |
| 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                                    |        | 125,891           | 102,016           |
| <b>Total operating expenditure</b>                                    |        | <u>16,783,374</u> | <u>15,721,908</u> |
| <b>Operating surplus before interest and income tax</b>               |        | <u>10,379,286</u> | <u>12,419,882</u> |
| <b>Interest expense</b>   |        |                   |                   |
| Interest expense on borrowings  |        | 0                 | 0                 |
| Financing charges related to finance leases                           |        | 0                 | 0                 |
| Other interest expense  |        | 0                 | 0                 |
| <b>Total interest expense</b>   |        | <u>0</u>          | <u>0</u>          |
| <b>Operating surplus before income tax</b>                            |        | <u>10,379,286</u> | <u>12,419,882</u> |
| <b>Income tax</b>   | 2      | 4,186,206         | 4,689,637         |
| <b>Net surplus after tax</b>  |        | <u>6,193,080</u>  | <u>7,730,245</u>  |

## Statement of Movements in Equity for the Year Ended 31 March 2005

|   | 2005<br>\$        | 2004<br>\$        |
|---|-------------------|-------------------|
| <b>Equity at the Beginning of the Year</b>            | <u>73,639,929</u> | <u>79,758,210</u> |
| Net Surplus (Deficit) for the Period                  | 6,193,080         | 7,730,245         |
| Revaluation   | 0                 | (6,021,000)       |
| Total Recognised Revenue and Expenses                 | 6,193,080         | 1,709,245         |
| Dividends Paid  | (6,393,000)       | (7,827,526)       |
| Transfer on Disposal of Plant, Property and Equipment | 0                 | 0                 |
| <b>Equity at the End of the Year</b>                  | <u>73,440,009</u> | <u>73,639,929</u> |

## Alpine Energy Limited Lines Business

## Statement of Financial Position as at 31 March 2005

|  | Note | 2005<br>\$        | 2004<br>\$        |
|--|------|-------------------|-------------------|
| <b>Current assets</b>                                  |      |                   |                   |
| Cash and bank balances                                 |      | 94,555            | 59,169            |
| Short-term investments                                 |      | 3,000,000         | 9,600,000         |
| Inventories  |      | 0                 | 0                 |
| Accounts receivable                                    |      | 1,107,699         | 1,125,885         |
| Other current assets                                   |      | 4,199             | 4,873             |
| <b>Total current assets</b>                            |      | <b>4,206,453</b>  | <b>10,789,927</b> |
| <b>Fixed assets</b>                                    |      |                   |                   |
| System property, plant and equipment                   |      | 83,077,000        | 79,194,000        |
| Consumer billing and information system assets         |      | 0                 | 0                 |
| Motor vehicles   |      | 0                 | 0                 |
| Office equipment                                       |      | 0                 | 0                 |
| Land and buildings                                     |      | 0                 | 0                 |
| Capital works under construction (system fixed assets) |      | 4,193,656         | 1,480,714         |
| Other property, plant and equipment                    |      | 0                 | 0                 |
| <b>Total fixed assets</b>                              |      | <b>87,270,656</b> | <b>80,674,714</b> |
| <b>Other tangible assets not listed above</b>          |      |                   |                   |
| Deferred tax   |      | 0                 | 0                 |
| <b>Total tangible assets</b>                           |      | <b>91,477,109</b> | <b>91,464,641</b> |
| <b>Intangible assets</b>                               |      |                   |                   |
| Goodwill   |      | 0                 | 0                 |
| Other intangibles                                      |      | 0                 | 0                 |
| <b>Total intangible assets</b>                         |      | <b>0</b>          | <b>0</b>          |
| <b>Total assets</b>                                    |      | <b>91,477,109</b> | <b>91,464,641</b> |
| <b>Current liabilities</b>                             |      |                   |                   |
| Bank overdraft   |      | 0                 | 0                 |
| Short-term borrowings                                  |      | 0                 | 0                 |
| Payables and accruals                                  |      | 2,211,489         | 1,844,431         |
| Provision for dividends payable                        |      | 0                 | 1,322,497         |
| Provision for income tax                               |      | 939,729           | 918,939           |
| Other current liabilities                              |      | 0                 | 0                 |
| <b>Total current liabilities</b>                       |      | <b>3,151,218</b>  | <b>4,085,867</b>  |
| <b>Non-current liabilities</b>                         |      |                   |                   |
| Payables and accruals                                  |      | 0                 | 0                 |
| Borrowings   |      | 0                 | 0                 |
| Deferred tax   | 2    | 14,885,882        | 13,738,845        |
| Other non-current liabilities                          |      | 0                 | 0                 |
| <b>Total non-current liabilities</b>                   |      | <b>14,885,882</b> | <b>13,738,845</b> |
| <b>Equity</b>  |      |                   |                   |
| Shareholders' equity                                   |      |                   |                   |
| Share capital  |      | 26,596,000        | 26,596,000        |
| Retained earnings                                      |      | 11,937,009        | 12,136,929        |
| Reserves   | 3    | 34,907,000        | 34,907,000        |
| <b>Total Shareholders' equity</b>                      |      | <b>73,440,009</b> | <b>73,639,929</b> |
| Minority interests in subsidiaries                     |      | 0                 | 0                 |
| <b>Total equity</b>                                    |      | <b>73,440,009</b> | <b>73,639,929</b> |
| Capital notes  |      | 0                 | 0                 |
| <b>Total capital funds</b>                             |      | <b>73,440,009</b> | <b>73,639,929</b> |
| <b>Total equity and liabilities</b>                    |      | <b>91,477,109</b> | <b>91,464,641</b> |

**Alpine Energy Limited Lines Business****Statement of Cash Flows for the Year Ended 31 March 2005**

|  | Note     | 2005<br>\$          | 2004<br>\$         |
|--|----------|---------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |          |                     |                    |
| <i>Cash was provided from:</i>                       |          |                     |                    |
| Receipts from Customers                              |          | 27,179,424          | 28,188,154         |
| GST  |          | 42,880              | (34,915)           |
| <i>Cash was disbursed to:</i>                        |          |                     |                    |
| Payments to Suppliers and Employees                  |          | (12,845,653)        | (12,818,418)       |
| Income Tax   |          | (3,018,379)         | (1,819,014)        |
| GST  |          | 0                   | 0                  |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>      | <b>7</b> | <u>11,358,272</u>   | <u>13,515,807</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |          |                     |                    |
| <i>Cash was provided from:</i>                       |          |                     |                    |
| Proceeds from sales of property, plant and equipment |          | 0                   | 0                  |
| <i>Cash was applied to:</i>                          |          |                     |                    |
| Purchase of Property, Plant and Equipment            |          | (10,207,389)        | (1,334,523)        |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>      |          | <u>(10,207,389)</u> | <u>(1,334,523)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |          |                     |                    |
| <i>Cash was applied to:</i>                          |          |                     |                    |
| Dividend paid  |          | (7,715,497)         | (6,505,029)        |
| Loan repaid  |          | 0                   | 0                  |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>      |          | <u>(7,715,497)</u>  | <u>(6,505,029)</u> |
| <b>NET INCREASE (DECREASE) IN CASH HELD</b>          |          | (6,564,614)         | 5,676,255          |
| Add Opening Cash Brought Forward                     |          | 9,659,169           | 3,982,914          |
| <b>ENDING CASH CARRIED FORWARD</b>                   |          | <u>3,094,555</u>    | <u>9,659,169</u>   |

## Alpine Energy Limited Lines Business

### Notes to and Forming Part of the Financial Statements

for the Year Ending 31 March 2005

#### 1. Statement of Accounting Policies

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity Information Disclosure Requirements 2004.

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 Requirements.

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) Revenue

###### *Goods and services*

Revenue comprised the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

###### *Investment Income*

Dividend income is recognised in the period the dividend is declared.  
Interest and rental income are accounted for as earned.

##### b) 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.

##### c) 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.

##### d) Depreciation

Depreciation is charged as follows:

|   |                               |
|---|-------------------------------|
| System Property, Plant and Equipment - 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.

##### e) 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.

##### f) 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.

##### g) Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost. System Property, Plant and Equipment are subsequently revalued to net current value as determined by an independent valuer using the depreciated replacement cost valuation method. Other Property, Plant and Equipment are stated at cost less an allowance for depreciation.

## Alpine Energy Limited Lines Business

### Notes to and Forming Part of the Financial Statements - Continued

for the Year Ending 31 March 2005

#### 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.

#### 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

|  | 2005<br>\$        | 2004<br>\$        |
|--|-------------------|-------------------|
| <b>Income Tax Expense</b>                    |                   |                   |
| Operating Surplus before Income Tax          | 10,379,286        | 12,419,882        |
| Add/(Deduct):                                |                   |                   |
| Non Deductible Costs                         | 3,611,447         | 3,229,174         |
| Non Assessable Income                        | (1,305,259)       | (1,438,034)       |
| Timing Differences                           | 0                 | 0                 |
| Taxable Income                               | <u>12,685,474</u> | <u>14,211,022</u> |
| Taxation Charge @ 33%                        | 4,186,206         | 4,689,637         |
| Prior Year Over (Under) Provisions           | 0                 | 0                 |
| <b>Income Tax Expense</b>                    | <u>4,186,206</u>  | <u>4,689,637</u>  |
| The income tax expense is represented by:    |                   |                   |
| Current Taxation                             | 3,039,169         | 3,686,733         |
| Deferred Taxation                            | 1,147,037         | 1,002,904         |
|  | <u>4,186,206</u>  | <u>4,689,637</u>  |
| <b>Deferred Income Tax Liability (Asset)</b> |                   |                   |
| Balance at Beginning of Year                 | 13,738,845        | (913,059)         |
| Current Year Timing Differences              | 1,147,037         | 14,651,904        |
| Adjustment on Disposal of Business           | 0                 | 0                 |
| Balance at End of Year                       | <u>14,885,882</u> | <u>13,738,845</u> |
| <b>Taxation Liability (Asset)</b>            |                   |                   |
| Income Tax Expense                           | 4,186,206         | 4,689,637         |
| Add/(Deduct):                                |                   |                   |
| Deferred Tax                                 | (1,147,037)       | (1,002,904)       |
| Income Tax Paid                              | (3,018,379)       | (2,794,796)       |
| Income Tax Liability at Beginning of Year    | 918,939           | 27,002            |
| Provision for Tax                            | <u>939,729</u>    | <u>918,939</u>    |

## 3. Reserves

|   | 2005<br>\$        | 2004<br>\$        |
|---|-------------------|-------------------|
| <b>Asset Revaluation Reserve</b>                    |                   |                   |
| Balance at Beginning of the Year                    | 34,907,000        | 40,928,000        |
| Net Revaluations                                    | 0                 | (6,021,000)       |
| Transfer on Disposal of Property, Plant & Equipment | 0                 | 0                 |
| Balance at End of the Year                          | <u>34,907,000</u> | <u>34,907,000</u> |



## Alpine Energy Limited Lines Business

### Notes to and Forming Part of the Financial Statements - Continued

for the Year Ending 31 March 2005

#### 4. Contingent Liabilities

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 2005 (2004 nil).

#### 5. Capital Commitments

In respect of the business activities being reported on, the Company has capital commitments amounting to \$1,578,344 as at 31 March 2005 (2004 \$6,508,807).

#### 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

|  | 2005<br>\$               | 2004<br>\$               |
|--|--------------------------|--------------------------|
| <b>Operating Surplus After Income Tax</b>                                    | <b>6,193,080</b>         | <b>7,730,245</b>         |
| Add/ (Deduct) Non Cash Items   |                          |                          |
| Depreciation   | 3,611,447                | 3,229,174                |
| Deferred Tax   | 1,147,037                | 1,978,686                |
|  | <u>10,951,564</u>        | <u>12,938,105</u>        |
| Add/ (Deduct) Movements in Working Capital<br>(Increase)/Decrease in Debtors | 18,860                   | 52,160                   |
| Increase/(Decrease) in Creditors   | 367,058                  | (366,395)                |
| Increase/(Decrease) in Provision for Tax                                     | 20,790                   | 891,937                  |
|  | <u>406,708</u>           | <u>577,702</u>           |
|  | <u><b>11,358,272</b></u> | <u><b>13,515,807</b></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 2003 to 31 March 2005. These services are charged on a fixed contract basis.

During the period, this charge totalled \$3,671,601(2004 \$3,254,518). The outstanding amount as at 31 March 2005 was \$185,774 (2004 \$85,304) 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 \$1,848,334 in 2005 (2004 \$1,923,805).

## Alpine Energy Limited Lines Business

### Notes to and Forming Part of the Financial Statements - Continued

for the Year Ending 31 March 2005

#### **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 2003 to 31 March 2005. Services were charged on both a fixed price basis or 'time and materials' basis.

During the period, this charge totalled \$5,231,436 (2004 \$4,770,601). The outstanding amount as at 31 March 2005 was \$860,476 (2004 \$859,996) 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:

|   | <b>2005</b> | <b>2004</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Asset Construction:                                 |             |             |
| Subtransmission assets                              | 0           | 0           |
| Zone Substations                                    | 385,089     | 236,802     |
| Distribution Lines                                  | 1,826,500   | 1,516,944   |
| Medium Voltage Switchgear                           | 0           | 0           |
| Distribution Transformers                           | 42,787      | 38,215      |
| Distribution Substations                            | 72,790      | 28,738      |
| Low Voltage lines                                   | 897,958     | 893,689     |
| Other System Fixed Assets (as per the ODV Handbook) | 0           | 0           |
| Maintenance of Assets                               | 1,848,334   | 1,923,805   |
| Customer Connections and Disconnections             | 0           | 0           |
| Other Goods and Services                            | 157,978     | 132,408     |

## Alpine Energy Limited Lines Business

### Financial Performance Measures - 31 March 2005

|                                  | 2005  | 2004  | 2003  | 2002  |
|----------------------------------|-------|-------|-------|-------|
| Accounting return on funds       | 12.1% | 16.0% | 17.5% | 16.0% |
| Accounting return on equity      | 8.4%  | 10.3% | 11.7% | 10.6% |
| Accounting return on investments | 7.2%  | 36.7% | 12.1% | 10.8% |

### Efficiency Performance Measures - 31 March 2005

|   | 2005         | 2004           | 2003         | 2002           |
|---|--------------|----------------|--------------|----------------|
| <b>Direct line costs per kilometre</b>  | <b>\$993</b> | <b>\$1,150</b> | <b>\$992</b> | <b>\$1,061</b> |
| Direct expenditure                      | 3,748,704    | 4,290,866      | 3,670,939    | 3,913,444      |
| System length (km)                      | 3,775        | 3,730          | 3,701        | 3,687          |
| <b>Indirect line costs per consumer</b> | <b>\$31</b>  | <b>\$23</b>    | <b>\$29</b>  | <b>\$23</b>    |
| Indirect expenditure                    | 889,331      | 655,219        | 809,694      | 647,019        |
| Total consumers                         | 28,697       | 28,409         | 28,248       | 28,376         |

### Energy Delivery Efficiency Performance Measures - 31 March 2005

|  | 2005         | 2004         | 2003         | 2002         |
|--|--------------|--------------|--------------|--------------|
| <b>Load Factor (= a/b/c x 100)</b>                             | <b>71.0%</b> | <b>69.5%</b> | <b>72.7%</b> | <b>68.4%</b> |
| a = kWh of electricity entering system                         | 640,636,632  | 629,964,387  | 624,177,487  | 565,290,378  |
| b = Maximum Demand (kW)  | 103,062      | 103,502      | 98,018       | 94,358       |
| c = Total number of hours                                      | 8,760        | 8,760        | 8,760        | 8,760        |
| <b>Loss Ratio* (= a/b x 100)</b>                               | <b>10.2%</b> | <b>6.4%</b>  | <b>6.0%</b>  | <b>7.6%</b>  |
| a = Total Electricity lost in the Network (kWh)                | 64,179,267   | 40,280,103   | 37,625,216   | 42,831,221   |
| b = Total Electricity entering the Network before losses (kWh) | 629,964,387  | 629,964,387  | 624,177,487  | 565,290,378  |
| <b>Capacity Utilisation (= a/b x 100)</b>                      | <b>33.8%</b> | <b>35.1%</b> | <b>34.6%</b> | <b>34.4%</b> |
| a = Maximum Demand (kW)  | 103,062      | 103,502      | 98,018       | 94,358       |
| b = Transformer Capacity (kVA)                                 | 304,932      | 295,055      | 283,188      | 274,510      |

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

## Alpine Energy Limited Lines Business

## Network Statistics - 31 March 2005

|   |              | 2005         | 2004         | 2003         | 2002         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Total System Length (kms)</b>        | 33kV         | 203          | 189          | 189          | 188          |
|   | 22kV         | 146          | 146          | 146          | 145          |
|   | 11kV         | 2,841        | 2,815        | 2,788        | 2,761        |
|   | 6.6kV        | 8            | 8            | 8            | 8            |
|   | 230/400 V    | 577          | 572          | 570          | 585          |
|   | <b>Total</b> | <b>3,775</b> | <b>3,730</b> | <b>3,701</b> | <b>3,687</b> |
| <b>Overhead Circuit Length (kms)</b>    | 33kV         | 183          | 183          | 183          | 182          |
|   | 22kV         | 145          | 145          | 145          | 145          |
|   | 11kV         | 2,624        | 2,603        | 2,585        | 2,568        |
|   | 6.6kV        | 0            | 0            | 0            | 0            |
|   | 230/400 V    | 330          | 332          | 333          | 349          |
|   | <b>Total</b> | <b>3,282</b> | <b>3,263</b> | <b>3,246</b> | <b>3,244</b> |
| <b>Underground Circuit Length (kms)</b> | 33kV         | 20           | 6            | 6            | 5.6          |
|   | 22kV         | 0.5          | 0.5          | 0.5          | 0.5          |
|   | 11kV         | 217          | 212          | 203          | 193          |
|   | 6.6kV        | 8            | 8            | 8            | 8            |
|   | 230/400 V    | 246.5        | 240          | 237          | 235.7        |
|   | <b>Total</b> | <b>492</b>   | <b>467</b>   | <b>455</b>   | <b>443</b>   |

|                                   |  |         |         |         |         |
|-----------------------------------|--|---------|---------|---------|---------|
| <b>Transformer Capacity (kVA)</b> |  | 304,932 | 295,055 | 283,188 | 274,510 |
| <b>Maximum Demand (kW)</b>        |  | 103,062 | 103,502 | 98,018  | 94,358  |

|  |                  |                    |                    |                    |                    |
|--|------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total Electricity entering the Network - before losses (kWh)</b>          | Embed Generation | 24,432,331         | 27,996,408         | 20,513,352         | 18,823,608         |
|  | Import           | 616,204,301        | 601,967,979        | 603,664,135        | 546,466,770        |
|  | <b>Total</b>     | <b>640,636,632</b> | <b>629,964,387</b> | <b>624,177,487</b> | <b>565,290,378</b> |
| <b>Amount of electricity supplied from the Network - after losses (kWh)*</b> | Retailer A       | 234,972,890        | 261,319,111        | 234,456,051        | 200,749,602        |
|  | Retailer B       | 10,602,475         | 8,952,864          | 39,832,655         | 102,021,616        |
|  | Retailer C       | 24,495,613         | 22,172,818         | 45,698,409         | 21,479,320         |
|  | Retailer D       | 74,784,595         | 77,633,665         | 89,440,542         | 86,951,354         |
|  | Retailer E       | 0                  | 0                  | 0                  | 30,610,485         |
|  | Retailer F       | 216,007,050        | 201,537,690        | 164,352,449        | 67,847,566         |
|  | Retailer G       | 0                  | 0                  | 0                  | 144,195            |
|  | Export           | 15,594,742         | 18,068,136         | 12,772,164         | 12,655,019         |
|  | <b>Total</b>     | <b>576,457,365</b> | <b>589,684,284</b> | <b>586,552,271</b> | <b>522,459,157</b> |

|                                  |  |        |        |        |        |
|----------------------------------|--|--------|--------|--------|--------|
| <b>Total number of Consumers</b> |  | 28,697 | 28,409 | 28,248 | 28,376 |
|----------------------------------|--|--------|--------|--------|--------|

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

## Alpine Energy Limited Lines Business

## Reliability and Performance Measures - Interruptions and Faults - 31 March 2005

| <u>Interruptions</u>                        | Class        | 2006/09<br>(Target) | 2006<br>(Target) | 2005       | 2004       | 2003       | 2002       |
|---|--------------|---------------------|------------------|------------|------------|------------|------------|
| <b>Number of Interruptions</b>              |              |                     |                  |            |            |            |            |
| <i>Planned Interruptions - Transpower</i>   | Class A      | 2                   | 2                | 1          | 0          | 2          | 2          |
| <i>Planned Interruptions - Alpine</i>       | Class B      | 35                  | 40               | 43         | 42         | 46         | 64         |
| <i>Unplanned Interruptions - Alpine</i>     | Class C      | 95                  | 100              | 81         | 90         | 65         | 97         |
| <i>Unplanned Interruptions - Transpower</i> | Class D      | 2                   | 3                | 1          | 0          | 0          | 1          |
|   | Class E - I  |                     |                  | 0          | 0          | 0          | 0          |
|   | <b>Total</b> | <b>134</b>          | <b>145</b>       | <b>126</b> | <b>132</b> | <b>113</b> | <b>164</b> |

| <b>Proportion of Total Class C Interruptions not restored:</b> |                 |  |  |     |     |     |    |
|--|-----------------|--|--|-----|-----|-----|----|
|  | Within 3 Hours  |  |  | 21% | 27% | 37% | 7% |
|  | Within 24 Hours |  |  | 2%  | 9%  | 12% | 0% |

| <u>Faults</u>  | Voltage | 2006/09<br>(Target) | 2006<br>(Target) | 2005       | 2004       | 2003        | 2002       |
|--|---------|---------------------|------------------|------------|------------|-------------|------------|
| <b>Overall System</b>  |         |                     |                  |            |            |             |            |
| <b>Faults per 100 circuit kilometres of prescribed voltage electric line</b> |         | <b>3.1</b>          | <b>3.3</b>       | <b>3.0</b> | <b>3.2</b> | <b>2.08</b> | <b>3.1</b> |
| Faults per 100 circuit kilometres  | 33kV    | 1.1                 | 1.1              | 1.0        | 1.1        | 0.53        | 1.1        |
|  | 22kV    | 0.7                 | 0.7              | 0.7        | 0.7        | 0.00        | 0.0        |
|  | 11kV    | 3.3                 | 3.5              | 3.2        | 3.4        | 2.30        | 3.4        |
|  | 6.6kV   | 0.0                 | 0.0              | 0.0        | 0.0        | 0.00        | 0.0        |
| <b>Overhead</b>  |         |                     |                  |            |            |             |            |
| <b>Faults per 100 circuit kilometres of prescribed voltage electric line</b> |         |                     |                  | <b>3.2</b> | <b>3.3</b> | <b>2.13</b> | <b>3.3</b> |
| Faults per 100 circuit kilometres  | 33kV    |                     |                  | 1.1        | 1.1        | 0.55        | 1.1        |
|  | 22kV    |                     |                  | 0.7        | 0.7        | 0.00        | 0.0        |
|  | 11kV    |                     |                  | 3.4        | 3.6        | 2.36        | 3.7        |
|  | 6.6kV   |                     |                  | 0.0        | 0.0        | 0.00        | 0.0        |
| <b>Underground</b>   |         |                     |                  |            |            |             |            |
| <b>Faults per 100 circuit kilometres of prescribed voltage electric line</b> |         |                     |                  | <b>0.8</b> | <b>1.3</b> | <b>1.38</b> | <b>0.5</b> |
| Faults per 100 circuit kilometres  | 33kV    |                     |                  | 0.0        | 0.0        | 0.00        | 0.0        |
|  | 22kV    |                     |                  | 0.0        | 0.0        | 0.00        | 0.0        |
|  | 11kV    |                     |                  | 0.9        | 1.4        | 1.48        | 0.5        |
|  | 6.6kV   |                     |                  | 0.0        | 0.0        | 0.00        | 0.0        |

## Alpine Energy Limited Lines Business

## Reliability and Performance Measures

## System Average Interruption Duration Index (SAIDI) - 31 March 2005

|   | Class          | 2006/09<br>(Target) | 2006<br>(Target) | 2005      | 2004       | 2003       | 2002      |
|---|----------------|---------------------|------------------|-----------|------------|------------|-----------|
| <b>SAIDI for total number of interruptions</b>  | <b>Overall</b> | <b>87</b>           | <b>90</b>        | <b>79</b> | <b>115</b> | <b>204</b> | <b>81</b> |
| SAIDI for total number of interruptions within each interruption class (= a/b)                          | Class A        | 9                   | 9                | 9         | 0          | 22         | 0         |
|   | Class B        | 11                  | 11               | 12        | 12         | 20         | 19        |
|   | Class C        | 57                  | 57               | 57        | 103        | 162        | 50        |
|   | Class D        | 10                  | 12               | 2         | 0          | 0          | 12        |
|   | 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        | 262,560             | 262,560          | 262,560   | 0          | 609,600    | 9,805     |
|   | Class B        | 307,024             | 307,024          | 339,577   | 350,995    | 570,856    | 525,896   |
|   | Class C        | 1,635,872           | 1,635,872        | 1,630,077 | 2,935,049  | 4,580,897  | 1,411,304 |
|   | Class D        | 300,000             | 350,000          | 51,508    | 0          | 0          | 339,660   |
|   | Class E - I    | 0                   | 0                | 0         | 0          | 0          | 0         |
| b = Total Consumers   |                | 28,800              | 28,500           | 28,697    | 28,409     | 28,248     | 28,376    |

## System Average Interruption Frequency Index (SAIFI) - 31 March 2005

|  | Class          | 2006/09<br>(Target) | 2006<br>(Target) | 2005       | 2004       | 2003       | 2002       |
|--|----------------|---------------------|------------------|------------|------------|------------|------------|
| <b>SAIFI for total number of interruptions</b>                                 | <b>Overall</b> | <b>1.1</b>          | <b>1.1</b>       | <b>1.0</b> | <b>1.6</b> | <b>1.1</b> | <b>1.2</b> |
| SAIFI for total number of interruptions within each interruption class (= a/b) | Class A        | 0.0                 | 0.0              | 0.0        | 0.0        | 0.1        | 0.1        |
|  | Class B        | 0.1                 | 0.1              | 0.1        | 0.1        | 0.1        | 0.2        |
|  | Class C        | 0.9                 | 0.9              | 0.9        | 1.5        | 0.9        | 0.8        |
|  | Class D        | 0.1                 | 0.1              | 0.0        | 0.0        | 0.0        | 0.0        |
|  | Class E - I    | 0.0                 | 0.0              | 0.00       | 0.0        | 0.0        | 0.0        |
| a = sum of electricity consumers affected by all interruptions                 | Class A        | 700                 | 700              | 450        | 0          | 1,977      | 3,922      |
|  | Class B        | 2,250               | 2,250            | 2,640      | 3,930      | 3,390      | 5,700      |
|  | Class C        | 27,000              | 27,000           | 24,700     | 41,406     | 25,988     | 23,455     |
|  | Class D        | 1,800               | 1,800            | 907        | 0          | 0          | 629        |
|  | Class E - I    | 0                   | 0                | 0          | 0          | 0          | 0          |
| b = Total Consumers  |                | 28,800              | 28,500           | 28,697     | 28,409     | 28,248     | 28,376     |

## Connection Average Interruption Duration Index (CAIDI) - 31 March 2005

|  | Class          | 2006/09<br>(Target) | 2006<br>(Target) | 2005      | 2004      | 2003       | 2002      |
|--|----------------|---------------------|------------------|-----------|-----------|------------|-----------|
| <b>CAIDI for total number of interruptions</b>                                 | <b>Overall</b> | <b>79</b>           | <b>80</b>        | <b>80</b> | <b>72</b> | <b>184</b> | <b>68</b> |
| CAIDI for total number of interruptions within each interruption class (= a/b) | Class A        | 375                 | 375              | 583       | 0         | 308        | 3         |
|  | Class B        | 136                 | 136              | 129       | 89        | 168        | 92        |
|  | Class C        | 61                  | 61               | 66        | 71        | 176        | 60        |
|  | Class D        | 167                 | 194              | 57        | 0         | 0          | 540       |
|  | 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                   |                | 10,379,286                                |   |   |
| Operating surplus before interest and income tax adjusted pursuant to regulation 18          |                | 10,379,286                                |   |   |
| Interest on cash, bank balances, and short-term investments (ISTI)                           |                | 368,353                                   |   |   |
| OSBIT minus ISTI   | a              | 10,010,933                                | 6,193,080                               | 10,010,933                                      |
| Net surplus after tax from financial statements  |                | 0   | 0                                       | 0   |
| <b>Net surplus after tax adjusted pursuant to regulation 18 (NSAT)</b>                       | n              | 6,193,080                                 | 6,193,080                               | 6,193,080                                       |
| Amortisation of goodwill and amortisation of other intangibles                               |                | 0   | 0                                       | 0   |
| Subvention payment   | g              | 0   | add                                     | add   |
| Depreciation of SFA at BV (x)  | s              | 0   | add                                     | 0   |
| Depreciation of SFA at ODV (y)   |                | 3,610,155                                 | 0                                       | 0   |
| ODV depreciation adjustment  | d              | 0   | add                                     | 0   |
| Subvention payment tax adjustment  | s <sup>t</sup> | 0   | deduct                                  | 0   |
| Interest tax shield  | q              | -121,556                                  | 0                                       | -121,556  |
| Revaluations   | r              | 0   | 0                                       | 0   |
| Income tax   | p              | 4,186,206                                 | 0                                       | 4,186,206                                       |
| <b>Numerator</b>   |                | 10,010,933                                | 6,193,080                               | 5,946,283                                       |
|  |                | $OSBIT^{ADJ} = a + g + s + d$             | $NSAT^{ADJ} = n + g + s - s^t + d$      | $OSBIT^{ADJ} = a + g + q + r + s + d - p - s^t$ |
| Fixed assets at end of previous financial year (FA <sub>0</sub> )                            |                | 80,674,714                                |   |   |
| Fixed assets at end of current financial year (FA <sub>1</sub> )                             |                | 87,270,656                                |   |   |
| Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )          |                | -713,673                                  |   |   |
| Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )           |                | -1,099,591                                |   |   |
| <b>Average total funds employed (ATFE)</b>   | c              | 83,066,053                                | 83,066,053                              | 83,066,053                                      |
| Total equity at end of previous financial year (TE <sub>0</sub> )                            |                | 73,639,929                                |   |   |
| Total equity at end of current financial year (TE <sub>1</sub> )                             |                | 73,440,009                                |   |   |
| <b>Average total equity</b>  | k              | 73,539,969                                | 73,539,969                              | 73,539,969                                      |
| WUC at end of previous financial year (WUC <sub>0</sub> )                                    |                | 1,480,714                                 |   |   |
| WUC at end of current financial year (WUC <sub>1</sub> )                                     |                | 4,193,656                                 |   |   |
| <b>Average total works under construction</b>  | e              | 2,837,185                                 | 2,837,185                               | 2,837,185                                       |
| Revaluations   | r              | 0   | deduct                                  | deduct  |
| Half of revaluations   | r/2            | 0   | 0                                       | 0   |
| Intangible assets at end of previous financial year (IA <sub>0</sub> )                       |                | 0   |   |   |
| Intangible assets at end of current financial year (IA <sub>1</sub> )                        |                | 0   |   |   |
| <b>Average total intangible asset</b>  | m              | 0   | 0                                       | 0   |
| Subvention payment at end of previous financial year (S <sub>0</sub> )                       |                | 0   |   |   |
| Subvention payment at end of current financial year (S <sub>1</sub> )                        |                | 0   |   |   |
| Subvention payment tax adjustment at end of previous financial year                          |                | 0   |   |   |
| Subvention payment tax adjustment at end of current financial year                           |                | 0   |   |   |
| <b>Average subvention payment &amp; related tax adjustment</b>                               | v              | 0   | 0                                       | 0   |
| System fixed assets at end of previous financial year at book value (SFA <sub>book,0</sub> ) |                | 79,194,000                                |   |   |
| System fixed assets at end of previous financial year at book value (SFA <sub>book,1</sub> ) |                | 83,077,000                                |   |   |
| <b>Average value of system fixed assets at book value</b>                                    | f              | 81,135,500                                | 81,135,500                              | 81,135,500                                      |
| System Fixed assets at end of previous financial year at ODV value (SFA <sub>odv,0</sub> )   |                | 81,784,000                                |   |   |
| System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,1</sub> )    |                | 85,666,845                                |   |   |
| <b>Average value of system fixed assets at ODV value</b>                                     | h              | 83,725,423                                | 83,725,423                              | 83,725,423                                      |
| <b>Denominator</b>   |                | 82,818,791                                | 73,292,707                              | 82,818,791                                      |
|  |                | $ATFE^{ADJ} = c - e - f + h$              | $Ave TE^{ADJ} = k - e - m + v - f + h$  | $ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$     |
| <b>Financial Performance Measure:</b>  |                | 12.09                                     | 8.45                                    | 7.18  |
|  |                | $ROF = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$ | $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$ | $ROI = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$       |

t = maximum statutory income tax rate applying to corporate entities    bv = book value    ave = average    odv = optimised deprival 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**

|  | 2005<br>\$        | 2004<br>\$        |
|--|-------------------|-------------------|
| <b>System Property, Plant &amp; Equipment at ODV (start of period)</b>       | <b>81,784,000</b> | <b>65,957,994</b> |
| Add System Property, Plant & Equipment acquired during the period at ODV     | 7,493,000         | 2,703,783         |
| Less System Property, Plant & Equipment disposed of during the period at ODV | 0                 | 0                 |
| Less depreciation on System Property, Plant & Equipment at ODV               | (3,610,155)       | (3,495,248)       |
| Add revaluations of System Property, Plant & Equipment                       | 0                 | 16,617,471        |
| <b>Gives System Property, Plant &amp; Equipment at ODV (end of period)</b>   | <b>85,666,845</b> | <b>81,784,000</b> |

**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 2004, and was conducted by 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, Ian James Bowan and Donald Murray Douglas Cleverley, 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 Commerce Commissions Electricity Information Disclosure Requirements 2004 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 14, 15, 20, and 21 of the Electricity Information Disclosure Requirements 2004 comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2004.



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Ian James Bowan



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Donald Murray Douglas Cleverley

22 August, 2005

**Certification of Valuation Report of Line Owners**


We, Ian James Bowan and Donald Murray Douglas Cleverley, 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 19 of the Commerce Commissions Electricity Information Disclosure Requirements 2004, 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 2004.

  
\_\_\_\_\_

Ian James Bowan

  
\_\_\_\_\_

Donald Murray Douglas Cleverley

22 August, 2005



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## **REPORT OF THE AUDITOR-GENERAL**

### **TO THE READERS OF THE FINANCIAL STATEMENTS OF ALPINE ENERGY LIMITED – LINES BUSINESS FOR THE YEAR ENDED 31 MARCH 2005**

We have audited the financial statements of Alpine Energy Limited – Lines Business on pages 1 to 8. The financial statements provide information about the past financial performance of Alpine Energy Limited – Lines Business and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 5 to 6.

#### **Directors' Responsibilities**

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 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 2005, and the results of its operations and cash flows for the year ended on that date.

#### **Auditor's Responsibilities**

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity Information Disclosure Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Robert Harris of PricewaterhouseCoopers to undertake the audit.

#### **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's circumstances, consistently applied and adequately disclosed.

We conducted the audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain 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.

In addition to the audit we have carried out an audit related assignment for Alpine Energy Limited. This involved issuing an audit opinion on the annual financial statements for the year ended 31 March 2005 as well as audit certificates pursuant to the Commerce Act Electricity Lines Threshold Notice 2004. Other than these assignments we have no relationship with or interest in Alpine Energy Limited.

**Unqualified Opinion**

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

In our opinion –

- proper accounting records have been maintained by Alpine Energy Limited – Lines Business as far as appears from our examination of those records; and
- the financial statements of Alpine Energy Limited – Lines Business on pages 1 to 8:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Alpine Energy Limited – Lines Business's financial position as at 31 March 2005 and the results of its operations and cash flows for the year ended on that date; and
  - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 22 August 2005 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'R. Harris'.

Robert Harris  
PricewaterhouseCoopers  
On behalf of the Auditor-General  
Christchurch, New Zealand



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**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF ALPINE ENERGY LIMITED**

We have examined the information on pages 13 to 14 being –

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (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 and dated 22 August 2005 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

Robert Harris  
PricewaterhouseCoopers  
On behalf of the Auditor-General  
Christchurch, New Zealand  
22 August 2005