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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 2003

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 2003**

<b>REVENUE</b>	<b>Note</b>	<b>2003</b> \$	<b>2002</b> \$
<b>Operating revenue</b>			
Revenue from line/access charges		24,562,129	22,358,249
Revenue from "Other" business for services carried out by the line business		0	0
Interest on cash, bank balances and short term investments		555,291	510,286
AC loss-rental rebates		732,398	1,317,296
Other revenue not listed above			
Capital Contributions	1,285,892	1,206,038	
Other	9,029	2,802	
		<u>1,294,921</u>	<u>1,208,840</u>
<b>Total operating revenue</b>		<u>27,144,739</u>	<u>25,394,671</u>
<b>EXPENDITURE</b>		<b>2003</b> \$	<b>2002</b> \$
<b>Operating expenditure</b>			
Payment for transmission charges		7,566,123	6,756,751
Transfer payments to the "Other" business for			
Asset maintenance	8	2,059,671	2,291,806
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	1,452,660	1,745,874
<b>Total transfer payment to the "Other" business</b>		<u>3,512,331</u>	<u>4,037,680</u>
Expense to entities that are not related parties for			
Asset maintenance		158,608	140,763
Consumer disconnection/reconnection services		0	0
Meter data		0	0
Consumer-based load control services		0	0
Royalty and patent expenses		0	0
<b>Total of specified expenses to non-related parties</b>		<u>158,608</u>	<u>140,763</u>
Employee salaries, wages and redundancies		0	0
Consumer billing and information system expense		0	0
Depreciation on			
System fixed assets		3,134,228	3,027,314
Other assets		1,237	1,237
<b>Total depreciation</b>		<u>3,135,465</u>	<u>3,028,551</u>
Amortisation of			
Goodwill		0	0
Other intangibles		0	0
<b>Total amortisation of intangibles</b>		<u>0</u>	<u>0</u>
Corporate and administration		401,476	81,482
Human resource expenses		541	1,828
Marketing/advertising		12,785	10,309
Merger and acquisition expenses		0	0
Takeover defence expenses		0	0
Research and development expenses		0	0
Consultancy and legal expenses		90,130	99,887
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 2003 - Continued**

	Note	2003 \$	2002 \$
Directors' fees		102,851	107,856
Auditors' fees			
Audit fees paid to principal auditors	25,482		18,000
Audit fees paid to other auditors	0		0
Fees paid for other services provided by principal and other auditors	5,322		3,239
<b>Total auditors' fees</b>		<u>30,804</u>	<u>21,239</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		54,902	2,858
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		116,205	56,561
<b>Total operating expenditure</b>		<u>15,182,221</u>	<u>14,345,765</u>
<b>Operating surplus before interest and income tax</b>		<u><b>11,962,518</b></u>	<u><b>11,048,906</b></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><b>11,962,518</b></u>	<u><b>11,048,906</b></u>
<b>Income tax</b>	2	3,523,286	3,248,146
<b>Net surplus after tax</b>		<u><b>8,439,232</b></u>	<u><b>7,800,760</b></u>

**Statement of Movements in Equity for the Year Ended 31 March 2003**

	2003 \$	2002 \$
<b>Equity at the Beginning of the Year</b>	<u>78,021,556</u>	<u>76,211,383</u>
Net Surplus (Deficit) for the Period	8,439,232	7,800,760
Revaluation	0	(173,000)
Total Recognised Revenue and Expenses	8,439,232	7,627,760
Dividends Paid	(6,702,578)	(5,817,587)
Transfer on Disposal of Assets	0	0
<b>Equity at the End of the Year</b>	<u><b>79,758,210</b></u>	<u><b>78,021,556</b></u>

**Alpine Energy Limited (Lines)****Financial Statements Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Statement of Financial Position as at 31 March 2003**

	Note	2003 \$	2002 \$
<b>Current assets</b>			
Cash and bank balances		82,914	97,170
Short-term investments		3,900,000	7,380,469
Inventories		0	0
Accounts receivable		1,178,536	887,062
Other current assets		4,382	429,273
<b>Total current assets</b>		<u>5,165,832</u>	<u>8,793,974</u>
<b>Fixed assets</b>			
System fixed assets		72,656,859	67,628,831
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)		3,260,288	2,327,978
Other fixed assets		0	0
<b>Total fixed assets</b>		<u>75,917,147</u>	<u>69,956,809</u>
<b>Other tangible assets not listed above</b>			
Deferred tax	2	913,059	842,081
<b>Total tangible assets</b>		<u>81,996,038</u>	<u>79,592,864</u>
<b>Intangible assets</b>			
Goodwill		0	0
Other intangibles		0	0
<b>Total intangible assets</b>		<u>0</u>	<u>0</u>
<b>Total assets</b>		<u>81,996,038</u>	<u>79,592,864</u>
<b>Current liabilities</b>			
Bank overdraft		0	0
Short-term borrowings		0	0
Payables and accruals		2,210,826	1,571,308
Provision for dividends payable		0	0
Provision for income tax		27,002	0
Other current liabilities		0	0
<b>Total current liabilities</b>		<u>2,237,828</u>	<u>1,571,308</u>
<b>Non-current liabilities</b>			
Payables and accruals		0	0
Borrowings		0	0
Deferred tax		0	0
Other non-current liabilities		0	0
<b>Total non-current liabilities</b>		<u>0</u>	<u>0</u>
<b>Equity</b>			
Shareholders' equity			
Share capital		26,596,000	26,596,000
Retained earnings		12,234,210	10,497,556
Reserves	3	40,928,000	40,928,000
<b>Total Shareholders' equity</b>		<u>79,758,210</u>	<u>78,021,556</u>
Minority interests in subsidiaries		0	0
<b>Total equity</b>		<u>79,758,210</u>	<u>78,021,556</u>
Capital notes		0	0
<b>Total capital funds</b>		<u>79,758,210</u>	<u>78,021,556</u>
<b>Total equity and liabilities</b>		<u>81,996,038</u>	<u>79,592,864</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 2003**

	Note	2003 \$	2002 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Receipts from Customers		27,337,544	26,049,454
GST		35,837	82,082
<i>Cash was disbursed to:</i>			
Payments to Suppliers and Employees		(11,475,461)	(11,720,174)
Income Tax		(3,594,264)	(3,384,227)
GST		0	0
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7</b>	<u>12,303,656</u>	<u>11,027,135</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Proceeds from sales of Fixed Assets		0	0
<i>Cash was applied to:</i>			
Purchase of Fixed Assets		(9,095,803)	(4,288,949)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(9,095,803)</u>	<u>(4,288,949)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash was applied to:</i>			
Dividend paid		(6,702,578)	(7,124,026)
Loan repaid		0	0
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>(6,702,578)</u>	<u>(7,124,026)</u>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		(3,494,725)	(385,840)
Add Opening Cash Brought Forward		7,477,639	7,863,479
<b>ENDING CASH CARRIED FORWARD</b>		<u>3,982,914</u>	<u>7,477,639</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 2003

**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 2003

**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**

	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
<b>Income Tax Expense</b>		
Operating Surplus before Income Tax	11,962,517	11,048,906
Add/(Deduct):		
Non Deductible Costs	0	0
Non Assessable Income	(1,285,892)	(1,206,038)
Timing Differences	0	0
Taxable Income	<u>10,676,625</u>	<u>9,842,868</u>
 Taxation Charge @ 33%	 3,523,286	 3,248,146
Prior Year Over (Under) Provisions	0	0
<b>Income Tax Expense</b>	<u><b>3,523,286</b></u>	<u><b>3,248,146</b></u>
 The income tax expense is represented by:		
Current Taxation	3,594,264	3,384,227
Deferred Taxation	(70,978)	(136,081)
	<u><b>3,523,286</b></u>	<u><b>3,248,146</b></u>
 <b>Deferred Income Tax Liability (Asset)</b>		
Balance at Beginning of Year	(842,081)	(706,000)
Current Year Timing Differences	(70,978)	(136,081)
Adjustment on Disposal of Business	0	0
Balance at End of Year	<u><b>(913,059)</b></u>	<u><b>(842,081)</b></u>
 <b>Taxation Liability (Asset)</b>		
Income Tax Expense	3,523,286	3,248,146
Add/(Deduct):		
Deferred Tax	70,978	136,081
Income Tax Paid	(3,137,989)	(3,776,500)
Income Tax Liability at Beginning of Year	(429,273)	(37,000)
Provision for Tax	<u><b>27,002</b></u>	<u><b>(429,273)</b></u>

**3. Reserves**

	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
<b>Asset Revaluation Reserve</b>		
Balance at Beginning of the Year	40,928,000	41,101,000
Net Revaluations	0	(173,000)
Transfer on Disposal of Assets	0	0
Balance at End of the Year	<u><b>40,928,000</b></u>	<u><b>40,928,000</b></u>

**4. Contingent Liabilities**

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 2003 (2002 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 2003

**5. Capital Commitments**

In respect of the business activities being reported on, the Company has capital commitments amounting to \$2,689,573 as at 31 March 2003 (2002 \$1,489,318).

**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**

	2003 \$	2002 \$
<b>Operating Surplus After Income Tax</b>	<b>8,439,232</b>	<b>7,800,760</b>
Add/ (Deduct) Non Cash Items		
Depreciation	3,135,465	3,028,551
	<u>11,574,697</u>	<u>10,829,311</u>
Add/ (Deduct) Movements in Working Capital		
(Increase)/Decrease in Debtors	(291,474)	1,177,938
(Increase)/Decrease in Deferred Tax	(70,978)	(136,081)
Increase/(Decrease) in Creditors	639,518	(451,760)
Increase/(Decrease) in Provision for Tax	451,893	(392,273)
	<u>728,959</u>	<u>197,824</u>
	<u><b>12,303,656</b></u>	<u><b>11,027,135</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 2002 to 31 March 2003. These services are charged on a fixed contract basis.

During the period, this charge totalled \$2,882,534 (2002 \$2,743,061). The outstanding amount as at 31 March 2003 was \$90,106 (2002 \$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 \$811,182 in 2003 (2002 \$713,829).

**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 2003

**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 2002 to 31 March 2003. Services were charged on both a fixed price basis or 'time and materials' basis.

During the period, this charge totalled \$5,636,515 (2002 \$4,336,209). The outstanding amount as at 31 March 2003 was \$878,839 (2002 \$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:

	2003 \$	2002 \$
Asset Construction:		
Subtransmission assets	0	0
Zone Substations	391,713	384,645
Distribution Lines	2,773,185	1,387,217
Medium Voltage Switchgear	17,208	25,005
Distribution Transformers	43,364	28,982
Distribution Substations	24,844	52,516
Low Voltage lines	1,004,398	721,291
Other System Fixed Assets (as per the ODV Handbook)	0	0
Maintenance of Assets	1,248,489	1,577,977
Customer Connections and Disconnections	0	0
Other Goods and Services	133,314	158,576

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

	2003 \$	2002 \$
<b>System Fixed Assets at ODV (start of period)</b>	<b>65,995,961</b>	<b>66,956,424</b>
Adjustment following Commerce Commission Comprehensive Audit Process (under Commerce Act 1986)	0	(173,000)
<b>Restated System Fixed Assets at ODV (start of period)</b>	<b>65,995,961</b>	<b>66,783,424</b>
Add System Fixed Assets acquired during the period at ODV	3,329,561	2,345,411
Less System Fixed Assets disposed of during the period at ODV	(233,300)	(191,604)
Less depreciation on System Fixed Assets at ODV	(3,134,228)	(2,941,270)
Add revaluations of System Fixed Assets	0	0
<b>Gives System Fixed Assets at ODV (end of period)</b>	<b>65,957,994</b>	<b>65,995,961</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 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.

**Alpine Energy Limited (Lines)****Financial Statements Prepared in Accordance with the Electricity (Information Disclosure) Regulations****Financial Performance Measures - 31 March 2003**

	2003	2002	2001	2000
Accounting return on funds	17.5%	16.0%	13.8%	9.4%
Accounting return on equity	11.7%	10.6%	8.3%	6.5%
Accounting return on investments	12.1%	10.8%	7.9%	6.5%

**Efficiency Performance Measures - 31 March 2003**

	2003	2002	2001	2000
Direct line costs per kilometre	\$992	\$1,061	\$890	\$661
Direct expenditure	3,670,939	3,913,444	3,331,000	2,397,000
System length (km)	3,701	3,687	3,741	3,627

	2003	2002	2001	2000
Indirect line costs per consumer	\$29	\$23	\$41	\$67
Indirect expenditure	809,694	647,019	1,150,000	1,876,000
Total consumers	28,248	28,376	27,806	27,829

**Energy Delivery Efficiency Performance Measures - 31 March 2003**

	2003	2002	2001	2000
Load Factor (= a/b/c x 100)	72.7%	68.4%	72.0%	71.5%
a = kWh of electricity entering system	624,177,487	565,290,378	563,554,516	523,753,480
b = Maximum Demand (kW)	98,018	94,358	89,346	83,446
c = Total number of hours	8,760	8,760	8,760	8,784

	2003	2002	2001	2000
Loss Ratio* (= a/b x 100)	6.0%	7.6%	-0.9%	10.7%
a = Total Electricity lost in the Network (kWh)	37,625,216	42,831,221	-5,262,659	55,862,836
b = Total Electricity entering the Network before losses (kWh)	624,177,487	565,290,378	563,554,516	523,753,480

	2003	2002	2001	2000
Capacity Utilisation (= a/b x 100)	34.6%	34.4%	34.2%	32.2%
a = Maximum Demand (kW)	98,018	94,358	89,346	83,446
b = Transformer Capacity (kVA)	283,188	274,510	261,555	259,181

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

**Alpine Energy Limited (Lines)**

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

**Network Statistics - 31 March 2003**

		2003	2002	2001	2000
<b>Total System Length (kms)</b>	33kV	189	188	189	189
	22kV	146	145	147	146
	11kV	2,788	2,761	2,725	2,709
	6.6kV	8	8	8	8
	230/400 V	570	585	672	575
	<b>Total</b>	<b>3,701</b>	<b>3,687</b>	<b>3,741</b>	<b>3,627</b>
<b>Overhead Circuit Length (kms)</b>	33kV	183	182	183	183
	22kV	145	145	147	146
	11kV	2,585	2,568	2,543	2,528
	6.6kV	0	0	0	0
	230/400 V	333	349	374	339
	<b>Total</b>	<b>3,246</b>	<b>3,244</b>	<b>3,247</b>	<b>3,196</b>
<b>Underground Circuit Length (kms)</b>	33kV	6	5.6	6	6
	22kV	0.5	0.5	0	0
	11kV	203	193	182	181
	6.6kV	8	8	8	8
	230/400 V	237	235.7	298	236
	<b>Total</b>	<b>455</b>	<b>443</b>	<b>494</b>	<b>431</b>

<b>Transformer Capacity (kVA)</b>		283,188	274,510	261,555	259,181
<b>Maximum Demand (kW)</b>		98,018	94,358	89,346	83,446

<b>Total Electricity entering the Network before losses (kWh)</b>	Embed Generation	20,513,352	18,823,608	36,226,840	31,620,768
	Import	603,664,135	546,466,770	527,327,676	492,132,712
	<b>Total</b>	<b>624,177,487</b>	<b>565,290,378</b>	<b>563,554,516</b>	<b>523,753,480</b>
<b>Amount of electricity supplied from the Network - after losses (kWh)*</b>	Retailer A	234,456,051	200,749,602	276,611,511	319,642,328
	Retailer B	39,832,655	102,021,616	99,166,180	62,663,963
	Retailer C	45,698,409	21,479,320	22,139,820	471,120
	Retailer D	89,440,542	86,951,354	23,111,782	13,227,342
	Retailer E	0	30,610,485	87,741,765	41,684,174
	Retailer F	164,352,449	67,847,566	35,047,796	8,682,999
	Retailer G	0	144,195	570,978	0
	Export	12,772,164	12,655,019	24,427,343	21,518,718
	<b>Total</b>	<b>586,552,271</b>	<b>522,459,157</b>	<b>568,817,175</b>	<b>467,890,644</b>

<b>Total number of Consumers</b>	28,248	28,376	27,806	27,829
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\*Alpine Energy relies on the sales information reported by electricity retailers to calculate these amounts.

**Alpine Energy Limited (Lines)**

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

**Reliability and Performance Measures - Interruptions and Faults - 31 March 2003**

<u>Interruptions</u>	<u>Class</u>	<u>2004/08</u> <u>(Target)</u>	<u>2004</u> <u>(Target)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Number of Interruptions</b>							
<i>Planned Interruptions - Transpower</i>	Class A	2	2	2	2	0	1
<i>Planned Interruptions - Alpine</i>	Class B	35	40	46	64	25	55
<i>Unplanned Interruptions - Alpine</i>	Class C	95	100	65	97	163	94
<i>Unplanned Interruptions - Transpower</i>	Class D	2	3	0	1	8	3
	Class E - I			0	0	0	0
	<b>Total</b>	<b>134</b>	<b>145</b>	<b>113</b>	<b>164</b>	<b>196</b>	<b>153</b>

<b>Proportion of Total Class C Interruptions not restored:</b>							
	Within 3 Hours			37%	7%	16%	18%
	Within 24 Hours			12%	0%	0%	0%

<u>Faults</u>	<u>Voltage</u>	<u>2004/08</u> <u>(Target)</u>	<u>2004</u> <u>(Target)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Overall System</b>							
Faults per 100 circuit kilometres of prescribed voltage electric line		3.1	3.3	2.08	3.1	5.3	3.0
Faults per 100 circuit kilometres	33kV	1.1	1.1	0.53	1.1	0.0	0.0
	22kV	0.7	0.7	0.00	0.0	2.7	0.0
	11kV	3.3	3.5	2.30	3.4	5.8	3.4
	6.6kV	0.0	0.0	0.00	0.0	0.0	0.0
<b>Overhead</b>							
Faults per 100 circuit kilometres of prescribed voltage electric line				2.13	3.3	5.6	3.3
Faults per 100 circuit kilometres	33kV			0.55	1.1	0.0	0.0
	22kV			0.00	0.0	2.7	0.0
	11kV			2.36	3.7	6.1	3.7
	6.6kV			0.00	0.0	0.0	0.0
<b>Underground</b>							
Faults per 100 circuit kilometres of prescribed voltage electric line				1.38	0.5	1.5	0.0
Faults per 100 circuit kilometres	33kV			0.00	0.0	0.0	0.0
	22kV			0.00	0.0	0.0	0.0
	11kV			1.48	0.5	1.6	0.0
	6.6kV			0.00	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 2003**

	Class	2004/08 (Target)	2004 (Target)	2003	2002	2001	2000
<b>SAIDI for total number of interruptions</b>	<b>Overall</b>	<b>77</b>	<b>82</b>	<b>204</b>	<b>81</b>	<b>113</b>	<b>82</b>
SAIDI for total number of interruptions within each interruption class (= a/b)	Class A	7	7	22	0	0	8
	Class B	12	12	20	19	8	15
	Class C	45	49	162	50	68	32
	Class D	13	14	0	12	38	27
	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	609,600	9,805	0	226,440
	Class B	350,000	350,000	570,856	525,896	210,305	407,340
	Class C	1,300,000	1,400,000	4,580,897	1,411,304	1,881,474	882,758
	Class D	375,000	400,000	0	339,660	1,060,175	763,880
	Class E - I	0	0	0	0	0	0
b = Total Consumers		28,800	28,500	28,248	28,376	27,806	27,829

**System Average Interruption Frequency Index (SAIFI) - 31 March 2003**

	Class	2004/08 (Target)	2004 (Target)	2003	2002	2001	2000
<b>SAIFI for total number of interruptions</b>	<b>Overall</b>	<b>1.2</b>	<b>1.3</b>	<b>1.1</b>	<b>1.2</b>	<b>1.7</b>	<b>1.4</b>
SAIFI for total number of interruptions within each interruption class (= a/b)	Class A	0.1	0.1	0.1	0.1	0.0	0.0
	Class B	0.1	0.1	0.1	0.2	0.1	0.1
	Class C	0.9	1.0	0.9	0.8	1.3	0.7
	Class D	0.1	0.1	0.0	0.0	0.3	0.7
	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	1,977	3,922	0	629
	Class B	3,000	3,500	3,390	5,700	1,859	2,963
	Class C	26,500	27,500	25,988	23,455	36,765	18,252
	Class D	1,750	2,000	0	629	9,587	18,476
	Class E - I	0	0	0	0	0	0
b = Total Consumers		28,800	28,500	28,248	28,376	27,806	27,829

**Connection Average Interruption Duration Index (CAIDI) - 31 March 2003**

	Class	2004/08 (Target)	2004 (Target)	2003	2002	2001	2000
<b>CAIDI for total number of interruptions</b>	<b>Overall</b>	<b>63</b>	<b>64</b>	<b>184</b>	<b>68</b>	<b>65</b>	<b>57</b>
CAIDI for total number of interruptions within each interruption class (= a/b)	Class A	50	50	308	3	0	360
	Class B	117	100	168	92	113	137
	Class C	49	51	176	60	51	48
	Class D	214	200	0	540	111	41
	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		11,962,518		
Operating surplus before interest and income tax adjusted pursuant to regulation 18		11,962,518		
Interest on cash, bank balances, and short-term investments (ISTI)		555,291		
<b>OSBIT minus ISTI</b>	<b>a</b>	<b>11,407,227</b>		<b>11,407,227</b>
Net surplus after tax from financial statements				
<b>Net surplus after tax adjusted pursuant to regulation 18 (NSAT)</b>	<b>n</b>	<b>8,439,232</b>	<b>8,439,232</b>	
<b>Amortisation of goodwill and amortisation of other intangibles</b>	<b>g</b>	<b>0</b>	<b>add</b>	<b>0</b>
<b>Subvention payment</b>	<b>s</b>	<b>0</b>	<b>add</b>	<b>0</b>
Depreciation of SFA at BV (x)				
Depreciation of SFA at ODV (y)		3,134,228		
<b>ODV depreciation adjustment</b>	<b>d</b>	<b>0</b>	<b>add</b>	<b>0</b>
<b>Subvention payment tax adjustment</b>	<b>s<sup>t</sup></b>	<b>0</b>	<b>deduct</b>	<b>0</b>
<b>Interest tax shield</b>	<b>q</b>	<b>0</b>	<b>deduct</b>	<b>0</b>
Revaluations				
<b>Income tax</b>	<b>r</b>	<b>0</b>	<b>add</b>	<b>0</b>
<b>Numerator</b>	<b>p</b>	<b>3,523,286</b>	<b>deduct</b>	<b>3,523,286</b>
				<b>7,883,941</b>
Fixed assets at end of previous financial year (FA <sub>0</sub> )		69,956,809		
Fixed assets at end of current financial year (FA <sub>1</sub> )		75,917,147		
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )		(254,973)		
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )		(1,081,912)		
<b>Average total funds employed (ATFE)</b>	<b>c</b>	<b>72,268,536</b>	<b>72,268,536</b>	<b>72,268,536</b>
Total equity at end of previous financial year (TE <sub>0</sub> )		78,021,556		
Total equity at end of current financial year (TE <sub>1</sub> )		79,758,210		
<b>Average total equity</b>	<b>k</b>	<b>78,889,883</b>	<b>78,889,883</b>	
WUC at end of previous financial year (WUC <sub>0</sub> )		2,327,978		
WUC at end of current financial year (WUC <sub>1</sub> )		3,260,288		
<b>Average total works under construction</b>	<b>e</b>	<b>2,794,133</b>	<b>2,794,133</b>	<b>2,794,133</b>
Revaluations				
<b>Half of revaluations</b>	<b>r</b>	<b>0</b>	<b>deduct</b>	<b>0</b>
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>	<b>m</b>	<b>0</b>	<b>add</b>	<b>0</b>
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>	<b>v</b>	<b>0</b>	<b>add</b>	<b>0</b>
System fixed assets at end of previous financial year at book value (SFA <sub>book</sub> )		67,628,831		
System fixed assets at end of current financial year at book value (SFA <sub>book</sub> )		72,656,859		
<b>Average value of system fixed assets at book value</b>	<b>f</b>	<b>70,142,845</b>	<b>70,142,845</b>	<b>70,142,845</b>
System Fixed assets at year beginning at ODV value (SFA <sub>odv</sub> )		65,995,961		
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv</sub> )		65,857,994		
<b>Average value of system fixed assets at ODV value</b>	<b>h</b>	<b>65,976,978</b>	<b>65,976,978</b>	<b>65,976,978</b>
<b>Denominator</b>				
				<b>65,308,535</b>
				<b>ATFE<sup>ADJ</sup> = c - e - f + h</b>
<b>Financial Performance Measure:</b>		<b>17.47</b>	<b>11.73</b>	<b>12.07</b>
		<b>ROF = OSBIT<sup>ADJ</sup>/ATFE<sup>ADJ</sup> x 100</b>	<b>ROE = NSAT<sup>ADJ</sup>/ATE<sup>ADJ</sup> x 100</b>	<b>ROI = OSBIT<sup>ADJ</sup>/ATFE<sup>ADJ</sup> x 100</b>

t = maximum statutory income tax rate applying to corporate entities

subscript '1' = end of the current financial year

ROF = return on funds

ave = average

bv = book value

ocv = optimised deprival valuation

ROI = return on investment

ROE = return on equity

subscript '0' = end of the previous financial year



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

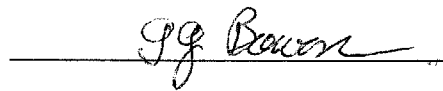
We, Stephen Richard Thompson and Ian James Bowan, Directors of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) the attached audited financial statements of Alpine Energy Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) the attached information, being the derivation table, financial performance measures, efficiency performance measures, 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



Ian James Bowan

25 July 2003

**Certification of Valuation Report of Line Owners  
(Adjusted following the Ministry of Economic Development  
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



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

## Auditors' Report

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

We have audited the accompanying financial statements of Alpine Energy Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of Alpine Energy Limited – Lines Business and its financial position as at 31 March 2003. 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 2003, 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 2003 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 25 July 2003 and our unqualified opinion is expressed as at that date.

  
MG Noone  
Partner

PricewaterhouseCoopers  
On behalf of the Controller and Auditor General  
Christchurch  
25 July 2003



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## Auditors' Opinion of Performance Measures

### Alpine Energy Limited – Lines Business

We have examined the attached information, being –

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

that were prepared by Alpine Energy Limited – Lines Business and dated 25 July 2003 or 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