

FORM OF CERTIFICATION OF THRESHOLD COMPLIANCE STATEMENT

We, Diane Reed and Robert Alloway, being directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached threshold compliance statement of Waipa Networks Limited, and related information, prepared for the purposes of the Commerce Act (Electricity Lines Thresholds) Notice 2003 complies with the requirements of that notice.



Director

23 October 2003



Director

23 October 2003

Waipa Networks Limited

Threshold Compliance Statement

Price Path Threshold Assessment as at 6 September 2003

The following is prepared for the purpose of complying with the requirements of the Commerce Act (Electricity Lines Thresholds) Notice 2003 pursuant to section 57G and 57T of the commerce Act 1986 as published in the New Zealand Gazette on the 6 June 2003.

The following is required to be complied with for the first assessment of the price path threshold on the 6 September 2003:

- the notional revenue as at 6 September 2003 must be no greater than the minimum notional revenue between the 8 August 2001 and the 6 June 2003.
- the notional revenue between the 6 June 2003 and the 6 September 2003 must be no greater than the notional revenue as at 6 June 2003.

Notional revenue is calculated as revenue of specified services less transmission charges and local authority rates.

In relation to Waipa Networks Limited Specified Services are all goods and services that are directly related to provision of electricity distribution, this includes the provision, operation and maintenance of electricity works that facilitate the conveyance of electricity from embedded generators and Transpower substations to customers.

The following services are excluded from the above as there is effective competition for the provision of these services.

Connection, disconnection and reconnection services.
Transformers supplied to 11kV customers.

The lowest notional revenue between the 8 August 2001 and the 6 June 2003 using quantities for the year ended 3 March 2003 occurred using the published tariffs effective from the 1 April 2001. The transmission charges and local authority rates are actuals except for the tariffs effective from 1 April 2003 when budgeted expenditure is used.

Tariffs effective from	Notional Revenue
8 August 2001	\$8,505,263
1 October 2001	\$8,941,700
1 April 2002	\$8,490,622
1 September 2002	\$8,503,142
1 April 2003	\$8,495,613

Therefore to comply with the price path threshold the notional revenue as at 6 September 2003 must be less than \$8,490,622. The notional revenue as at 6 September 2003 of \$8,495,613 was calculated using the tariffs effective from the 1 April 2003 and budgeted transmission charges and local authority rates for the year ended 31 March 2004.

Waipa Networks Limited has therefore not complied with the price path threshold that notional revenue as at 6 September 2003 must be no greater than the minimum notional revenue between the 8 August 2001 and the 6 June 2003 by \$4,991.

Notional revenue between the 6 June 2003 and the 6 September 2003 has not changed.

Waipa Networks Limited has therefore complied with the price path threshold that notional revenue between the 6 June 2003 and the 6 September 2003 must be no greater than the notional revenue as at 6 June 2003.

Detailed information on prices and revenue are included in appendix I.

WAIPA NETWORKS LIMITED

		Tariffs	Revenue	Tariffs	Revenue	Tariffs	Revenue
		01-Apr-02	01-Apr-02	06-Jun-03	06-Jun-03	06-Sep-03	06-Sep-03
DOMESTIC							
COMBINED	68,106,844	4.37	2,976,269	4.37	2,976,269	4.37	2,976,269
CONTINUOUS	40,954,699	4.87	1,994,494	4.87	1,994,494	4.87	1,994,494
CONTROLLED	20,761,646	1.00	207,616	1.00	207,616	1.00	207,616
CONTROLLED - 8	1,684,355	0.32	5,390	0.32	5,390	0.32	5,390
DAY	22,601	7.15	1,616	7.15	1,616	7.15	1,616
NIGHT	132,420	0.32	424	0.32	424	0.32	424
FIXED DAILY CHARGE	15,173	0.15	830,722	0.15	830,722	0.15	830,722
NON DOMESTIC							
CONTINUOUS	60,432,284	4.87	2,943,052	4.87	2,943,052	4.87	2,943,052
CONTROLLED	17,671,096	1.00	176,711	1.00	176,711	1.00	176,711
CONTROLLED - 8	607,929	0.32	1,945	0.32	1,945	0.32	1,945
DAY	2,880,410	7.15	205,949	7.15	205,949	7.15	205,949
NIGHT	3,029,205	0.32	9,693	0.32	9,693	0.32	9,693
STREET LIGHTS	1,974,669	3.50	69,113	3.50	69,113	3.50	69,113
FIXED DAILY CHARGE	5,294	0.30	579,693	0.30	579,693	0.30	579,693
UNMETERED DAILY CHARGE	13	1.00	4,745	1.00	4,745	1.00	4,745
KVA CAPACITY CONTRACT							
KVA ANYTIME	3,051,396	2.56	78,116	2.56	78,116	2.56	78,116
KVA DAY	4,883,413	3.24	158,223	3.24	158,223	3.24	158,223
KVA NIGHT	1,842,095	0.32	5,895	0.32	5,895	0.32	5,895
CAPACITY CHARGES	3,772	2.00	90,528	2.00	90,528	2.00	90,528
11kv CONTRACT							
DAY	9,140,851	2.50	228,521	2.50	228,521	2.50	228,521
NIGHT	3,205,048	0.50	16,025	0.50	16,025	0.50	16,025
SERVICE CHARGE	6	38.00	2,736	38.00	2,736	38.00	2,736
DEMAND CHARGE	3,823	2.30	105,515	2.30	105,515	2.30	105,515
MAJOR CUSTOMERS							
FIXED CHARGE	-	31,143.88	373,727	34,477.06	413,725	34,477.06	413,725
DEMAND CHARGE	14,400	3.76	649,728	3.79	654,912	3.79	654,912
DIVERSITY	3,813	(3.76)	(172,043)	(3.79)	(173,415)	(3.79)	(173,415)
CONSUMPTION	62,506,113	0.147	91,884	0.077	48,130	0.077	48,130
	<u>302,887,074</u>		<u>11,636,287</u>		<u>11,636,343</u>		<u>11,636,343</u>
TRANSMISSION CHARGES			3,082,563		3,060,730		3,060,730
LOCAL AUTHORITY RATES			63,102		80,000		80,000
NOTIONAL REVENUE	<u>302,887,074</u>		<u>8,490,622</u>		<u>8,495,613</u>		<u>8,495,613</u>



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE THRESHOLD COMPLIANCE STATEMENT DATED 23 OCTOBER 2003 OF WAIPA NETWORKS LIMITED

We have examined the attached threshold compliance statement (the "Statement") in respect of a price path threshold that was prepared by Waipa Networks Limited for assessment on 6 September 2003 and dated 23 October 2003 for the purposes of information requirements set out in clause 7 of the Commerce Act (Electricity Lines Thresholds) Notice 2003 ("the Notice").

Directors' Responsibilities

Clause 7(1)(a) of the Notice requires the Directors of Waipa Networks Limited to prepare a Statement that reports Waipa Networks Limited's compliance, or otherwise, with the thresholds set out in clauses 4 and 5 of that Notice.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and clause 7(1)(b) of the Notice require the Auditor-General to examine the Statement. It is the responsibility of the Auditor-General to express an independent opinion on the Statement prepared by the Directors and report that opinion to you.

The Auditor-General has appointed B H Halford of Audit New Zealand to undertake the examination.

Basis of Opinion

Our examination included reviewing, on a test basis, evidence relevant to the amounts and disclosures in the attached Statement. It also included assessment of the significant estimates and judgments, if any, made in the preparation of the Statement and assessment of whether the basis of preparation had been adequately disclosed.

We planned and performed our examination so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the Statement is free from material misstatements, whether caused by fraud or error or otherwise. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Statement.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Waipa Networks Limited.

Unqualified Opinion

We have obtained all the information and explanations we have required. In our opinion, having made all reasonable enquiry, to the best of our knowledge, the attached threshold compliance statement of Waipa Networks Limited, and related information has been prepared in accordance with the Notice, and gives a true and fair view of the performance of Waipa Networks Limited as required by the Notice against the thresholds set out in the Notice for assessment on 6 September 2003.

Our examination was completed on 23 October 2003 and our opinion is expressed as at that date.

B H Halford
Audit New Zealand
On behalf of the Auditor-General
Hamilton, New Zealand
23 October 2003

