

## AUDITORS' REPORT

To the readers of the threshold compliance statement of WEL Networks Limited

We have examined the attached statement, being a threshold compliance statement in respect of price path and quality thresholds that were prepared by WEL Networks Limited for assessment on 31 March 2004 and dated 18 May 2004 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 of the Notice requires the Directors of WEL Networks Limited to prepare certificates that confirm the compliance, or otherwise, of WEL Networks Limited with the thresholds set out in clauses 4, 5 and 6 of that Notice.

### Auditors' Responsibilities

It is our responsibility to express an independent opinion on the threshold compliance statement certified by the Directors and report our opinion to you.

### Basis of Opinion

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the attached threshold compliance statement. It also included an assessment of the significant estimates and judgements, if any, made by the lines business in the preparation of the threshold compliance statement and an assessment of whether the basis of preparation had been adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanation which we considered necessary, except that our work was limited in respect of the quality (SAIDI and SAIFI) thresholds as explained below. We obtained sufficient evidence to give reasonable assurance that the statements are 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 statements.

We have no relationship with or interests in WEL Networks Limited other than in our capacities as auditors of the threshold compliance statements and under the Companies Act 1993, and in the provision of other professional advisory services. We are not aware of any relationships between our firm and WEL Networks Limited that, in our professional judgment, may reasonably be thought to impair our independence.

### Unqualified Opinions

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

#### *Price Path Threshold*

In our opinion, having made all reasonable enquiry, to the best of our knowledge the amounts or details set out in the threshold compliance statement relating to the price path threshold prepared pursuant to clause 5 of the Notice and related information have been prepared in accordance with the Notice, and give a true and fair view of the performance of WEL Networks Limited as required by the Notice against the thresholds set out in the Notice of Assessment on 31 March 2004.

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### *Quality (Customer Communication) Threshold*

In our opinion, having made all reasonable enquiry, to the best of our knowledge the quality (customer communication) threshold prepared pursuant to clause 6(1)(e) of the Notice and related information have been prepared in accordance with the Notice, and give a true and fair view of the performance of WEL Networks Limited as required by the Notice against the thresholds set out in the Notice of Assessment on 31 March 2004.

### **Qualified Opinion**

#### *Quality (SAIDI and SAIFI) Threshold*

The scope of our audit was subject to the following limitations:

- There is no independent evidence available for the period prior to October 2000 to support the completeness and accuracy of recorded faults; and
- Control over the completeness and accuracy of ICP data included in the SAIDI and SAIFI calculations is limited throughout the period.

Because of these limitations, there are no practical audit procedures that we could adopt to confirm independently that all outage and ICP data was properly recorded for the purposes of inclusion in the amounts or details set out in the SAIDI and SAIFI quality threshold compliance statements prepared pursuant to clauses 6(1)(a) and 6(1)(b) of the Notice.

In these respects alone we have not obtained all the information and explanations that we have required in order to form an opinion on the quality (SAIDI and SAIFI) thresholds.

Because of the potential effect of the limitation in the evidence available to us, we are unable to form an opinion as to whether the amounts or details set out in the SAIDI and SAIFI quality threshold compliance statements prepared pursuant to clauses 6(1)(a) and 6(1)(b) of the Notice, and related information has been prepared in accordance with the Notice, and gives a true and fair view of the performance of WEL Networks Limited as required by the Notice against the quality thresholds set out in the Notice of Assessment on 31 March 2004.

Our audit was completed on 18 May 2004 and our qualified and unqualified opinions are expressed as at that date.



PricewaterhouseCoopers  
Auckland  
18 May 2004