

Inconsistencies (non-material) between AAI Appendix 9 and the Audited Regulatory Financial Statements

2006/07 Transmission Capital Expenditure

The amounts allocated to Capacity Expansion, Generation driven and SCADA & Communications categories of the 2006/07 transmission capital expenditure differ between AAI Appendix 9 and the audited regulatory financial statements (RFS).

The differences relate to the allocation method applied to \$7.1M of costs incurred due to foreign currency transactions with foreign suppliers in 2005/06 that were then reversed in 2006/07. These amounts were correctly excluded from the 2006/07 reported spend in both the AAI submission and regulatory financial statements as they were incurred and reported in 2005/06.

The following table details the results of the allocation methodology in both AAI Appendix 9 and the audited regulatory financial statements.

Table 1 - Foreign currency supplier accruals

	Spend reported in Appendix 9		Spend reported in RFS	
	b/f accruals	reported spend	b/f accruals	reported spend
	\$m	\$m	\$m	\$m
Growth				
Capacity expansion	-3.1	118.4	0.0	121.5
Customer driven	-3.4	17.9	-3.4	17.9
Generation driven	-0.6	112.7	-3.2	110.1
Asset replacement				
Asset replacement	0.0	12.9	0.0	12.9
Improvement in service				
Reliability driven	0.0	4.8	0.0	4.8
Communications	0.0	5.5	-0.5	5.0
Compliance				
Safety, environmental & statutory	0.0	3.9	0.0	3.9
Corporate				
IT	0.0	6.0	0.0	6.0
Business support	0.0	3.0	0.0	3.0
	-7.1	285.1	-7.1	285.1

For the avoidance of doubt the full \$7.1M adjustment occurred in both the AAI Appendix 9 and the audited regulatory financial statements. The differences found are at the category level with the totals remaining consistent.

2006/07 & 2007/08 Operating Expenditure (Transmission & Distribution)

The amounts allocated to the Operations and Corporate categories differ between AAI Appendix 9 and the audited regulatory financial statements (pg 12 & 24) to the extent that all of the corporate costs are included within the operations category in the audited regulatory financial statements whereas AAI Appendix 9 has a separate line item for corporate costs.