

AUDITORS' REPORT

To the readers of the threshold compliance statement of Marlborough Lines Limited

We have examined the attached statement, being a threshold compliance statement in respect of price path and quality thresholds that were prepared by Marlborough Lines Limited for assessment on 31 March 2004 and dated 20 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 Marlborough Lines Limited to prepare certificates that confirm the compliance, or otherwise, Marlborough Lines 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 explanations 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 Marlborough Lines Limited other than in our capacities as auditors of the threshold compliance statements and in the provision of other professional advisory services. We are not aware of any relationships between our firm and Marlborough Lines 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 in relation to the price path threshold and the quality (customer communication) threshold.

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 Marlborough Lines 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 Marlborough Lines 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

Control over the completeness and accuracy of outage and ICP records prior to being recorded by the company is limited, and there are no practical audit procedures that we could adopt to confirm independently that all outages and the associated ICP numbers were 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.

Because of the potential effect of the limitations 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 Marlborough Lines 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 20 May 2004 and our unqualified and qualified opinions are expressed as at that date.



PricewaterhouseCoopers
Auckland
20 May 2004