Regulatory Financial Audit

Western Power

2 July 2009

[Public Version]

BDO Kendalls

WESTERN POWER

REGULATORY FINANCIAL AUDIT

TABLE OF CONTENTS

BDO Kendalls

BDO Kendalls Corporate Finance (WA) Pty Ltd
Level 8, 256 St George's Tce
Perth WA 6000
PO Box 7426 Cloisters Square WA 6850
Phone 61 8 9360 4200
Fax 61 8 9481 2524
cf.perth@bdo.com.au
www.bdo.com.au

ABN 27 124 031 045
AFS License No 316158.

2 July 2009

Robert Pullella
Executive Director, Competition, Markets & Electricity
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St Georges Terrace
Perth Western Australia 6000

Dear Mr Pullella

WESTERN POWER – REGULATORY FINANCIAL AUDIT

1. INTRODUCTION

BDO Kendalls Corporate Finance (WA) Pty Ltd ("**BDO Kendalls**") has been engaged by the Economic Regulation Authority (**"the Authority"** or **"the ERA"**)) to provide an opinion on the matters addressed in the scope as defined in section 2 in regards to Western Power's regulatory financial statements. The regulatory financial statements have been provided by Western Power (**"WP"**) as a part of its proposed access arrangement revisions submission.

2. SCOPE AND FINDINGS

The scope of the work performed in this engagement has been defined in the table below, which details both the Authority's scope to BDO Kendalls and the audit work specifications which we have performed. The table below also sets out our finding and conclusions for each element of the scope of work.

Scope	Methodology	Findings	Conclusion

Scope

1. The regulatory accounts have been prepared in accordance with the Authority's *Guidelines for Access Arrangement Information* and in accordance with the Authority's *Draft Guidelines for Access Arrangement Information* which contains additional appendices (“**Guidelines**”).

Methodology

- Review the regulatory accounts against the Guidelines prepared by the Authority.

Findings

- We performed an assessment of the Regulatory Financial Statements (“**RFS**”) compliance against the Section 1, 2 and 3 of the Guidelines and noted no discrepancy except for Section 3.8.1.

- Section 3.8.1 requires the service provider's business as a whole to reconcile to the relevant entries in the service provider's balance sheet. We noted from our review that the capital expenditure (“**CapEx**”) additions disclosure under note 7 of the RFS did not contain sufficient information to directly reconcile the CapEx additions during the financial year against the statutory accounts PP&E and Intangible Assets disclosure on capital additions observed under note 4.

- The table below outlines the reconciliation variances provided by WPnoted around CaPeX additions disclosure.

	Note	2008 $000s	Note	2007 $000s
PP&E Additions as per Statutory Accounts		780,954		706,653
Intangible Additions as per Statutory Accounts		31,077		21,626
Total Additions		**$812,031**		**728,284**
PP&E Additions as per RFS		**$810,700**		**$756,965**
Variance	**(A)**	**$1,331**	**(B)**	**$(28,681)**

Note:

A. In 2008, the difference noted was due to a late recognition of accruals recorded in the general ledger which was not posted to individual projects and hence was not picked up in the project listing.

B. In 2007, the CapEx figure of $757M includes $28.7M of money spent in the year but accrued financially in 2005/06, excluding this amount brings the expenditure in line with the 2007 additions of $728.3M.

Conclusion

- Based on our findings, all sections of the RFS appear to be in compliance with the Guideline except for the reconciliation of the CapEx additions disclosure noted in the RFS against the statutory accounts.

- WP stated that the difference is due to time constraints involved in fully analysing and segregating CaPeX in the RFS.

Recommendation

- The RFS disclosure on CaPex additions should contain sufficient information to reconcile directly with the statutory accounts PP&E additions disclosure.

Scope	Methodology	Findings	Conclusion
2. The regulatory financial accounts reconcile with the statutory, financial and taxation, accounts of the company for the 2006/07 and 2007/08 financial years, identifying and describing the reasons for any discrepancies (The final year of the current access arrangement, 2008/2009, will also require review to ensure the appropriate treatment of actual and forecast expenditure).	♦ Review the Regulatory Financial Statements ("**RFS**") for the 2006/07 and 2007/08 financial years for consistency against the statutory accounts and ensure that all variances between the Regulatory Financial Statement and the statutory accounts are identified with reasons for discrepancies provided. ♦ Review the actual and forecast expenditure detailed within the management accounts for the period ended 31 December 2008 for appropriate treatment according to the access arrangement guidelines.	♦ All sections of the RFS appear to reconcile against the statutory accounts except for the reconciliation of CaPex in the RFS against the statutory accounts. ♦ All variances between the RFS and statutory accounts are identified and explained under note 11 of the RFS as well as under the Summary of Significant Accounting Policies section. ♦ We analysed a copy of the management report that reflects the company's CapEx and operating expenditure ("**OpEx**") position for the half year ended 31 December 2008. We noted that the report was prepared in accordance with the Guidelines which showed proper segregation of CapEx and OpEx into the various business segments and asset/expenditure categories.	♦ The same conclusion in regards to capital as described under the conclusion of Scope 1 applies under Scope 2. ♦ Based on work performed around the final year of current access arrangement, 2008/09, we note that appropriate treatment was applied on actual and forecast expenditures according to the access arrangement guidelines.

Scope	Methodology	Findings	Conclusion
Specific tasks: • Review the Dollar Value of Cash Contributions by Asset Category (i.e. Distribution & Transmission) as detailed in the Regulated Financial Statements.	**Specific tasks:** ♦ Obtain a reconciliation of the cash contribution numbers noted in the RFS statements against the statutory accounts and system records. Check for any discrepancies. Where discrepancies are observed, provide explanations for differences noted.	♦ No reconciling differences were noted between the cash contributions balance in the RFS with the statutory accounts. However, discrepancies were noted between the cash contributions detailed under note 10 of the RFS and the system records. ♦ Below is a reconciliation for the differences noted: (see table below)	♦ Based on our findings, the cash contribution disclosure in the RFS reconciles with the statutory accounts, however discrepancies were noted between the cash contributions and system records. ♦ WP stated that the difference is due to time constraints involved in fully analysing and segregating the total capital expenditures in the RFS. **Recommendation** ♦ The RFS disclosure of Contributions should reconcile directly with system records.

	2008		2007	
	Transmission $000s	Distribution $000s	Transmission $000s	Distribution $000s
Total Contributions per supports	19,164	130,836	15,826	128,124
Total Contributions as per RFS	19,549	135,809	19,386	128,124
Variance	**(385)**	**(4,973)**	**(3,560)**	**-**
<u>Reasons for differences</u>				
Customer Driven	(46)	(4,819)	-	-
Generation Driven	(181)	-	-	-
Construction Customer Access	(110)	(154)	(2,110)	-
Asset Replacement	(26)	-	-	-
Underground Cables	-	-	(5,866)	-
System Reinforcement	2	-	2,110	-
Tran Line Relocation - Customer Fun	-	-	2,306	-
Total	(361)	(4,973)	(3,560)	-

Scope	Methodology	Findings	Conclusion
		Note: ♦ Per discussion with WP, the General Ledger includes all transactions but given the short notice provided (i.e. the Authority's Guidelines were released on 26 June 2008); insufficient time was available to amend Western Power's systems to allow retrospective analysis of 2007 and 2008 data.	
Specific tasks: • Review the book value and sale value of assets disposed.	**Specific tasks:** ♦ Obtain a detailed breakdown of the book value and proceeds from the sale of assets. Ensure that the numbers reconcile with the asset register, the regulated financial statement and the statutory financial statement.	♦ The breakdown of asset disposals and book value was provided by WP. We did not note any discrepancies. Asset breakdown reconciles with the RFS and Statutory financial statement. Per discussion with WP, a copy of the asset register is not available because the asset reporting system cannot be backdated to an earlier date due to the live nature of the system. A hard copy of the register was not kept by WP.	♦ No issues were observed. **Recommendation** ♦ A hard copy of the Asset Register showing the closing position of property, plant and equipment at the end of each financial period should be kept.
3. Adjustments made to reconcile the regulatory financial accounts with the relevant base accounts are clearly and adequately explained by the company and are in accordance with	♦ The Regulatory Adjustments noted are checked against Australian Accounting Standards ("**AAS**") for appropriateness and the Guidelines for Access Arrangement Information 2008.	♦ All variances between the RFS and statutory accounts are identified and explained within the RFS under section 11 and the Summary of Significant Accounting Policies. We noted that regulatory adjustments are made in accordance with the Authority's Guidelines and do not adhere directly with selected relevant financial accounting principles. These differences are specifically outlined under the Summary of Significant Accounting Policies Note of the	♦ No issues were observed.

<table>
<tr><th>Scope</th><th>Methodology</th><th>Findings</th><th>Conclusion</th></tr>
<tr>
<td>relevant accounting practices.</td>
<td></td>
<td>
Regulatory Financial Statements. These are:

Any interest (or like allowance) incurred during construction is expensed;
Asset revaluations or adjustments for impairment are only recognised in accordance with the provisions for redundant capital under sections 6.61 to 6.32 of the Access Code;
Goodwill and any related impairments are not recognised; and
Disaggregated financial information has been provided in accordance with the business segments outlined in the Guidelines for Access Arrangement Information 2008.

We checked the Regulatory Adjustments noted under Note 11 of the RFS against the relevant AAS. The results are as below:
<table>
<tr><th>Discrepancies Noted</th><th>AIFRS Reference</th><th>Guideline Reference</th><th>Comment</th></tr>
<tr><td>Capitalisation of Construction Work Interest</td><td>AASB 123 para 1</td><td>s 3.8.1</td><td>AIFRS allows interest incurred to be capitalised. The guideline adopts a conservative approach by excluding interest incurred during construction as an asset.</td></tr>
<tr><td>Accrual Adjustment to Developer Contribution</td><td>UIG 1017 para 7

UIG 1017</td><td>s 3.8.1</td><td>The notes to the RFS states that all contributions are recognised when received. This approach differs from the AAS where contributions are only recognised when control</td></tr>
</table>
</td>
<td></td>
</tr>
</table>

<table>
<tr><th>Scope</th><th>Methodology</th><th>Findings</th><th>Conclusion</th></tr>
<tr><td></td><td></td><td><table><tr><td></td><td>para 8</td><td></td><td>passes on to the recipient.</td></tr></table></td><td></td></tr>
<tr><td>Specific tasks:

♦ Assess the accuracy of the budgeted asset allocation percentage by category as detailed in the Investment Adjustment Mechanism.</td><td>Specific tasks:

♦ Obtain supporting documents that will assist in verifying the reliability of the budgeted asset allocation percentage.</td><td>Specific tasks:

♦ We noted from discussions with WP that the budgeted asset allocation is based on "best estimates" prepared by the respective subject matter experts in each expenditure category. This is performed on both an individual project and generic project basis, as applicable.

♦ The asset allocation percentages are formulated based on an average of 3 financial years of forecasted expenditure beginning from the financial year 2007 to 2009.

♦ We noted that the same estimated allocations in the current access arrangement have been used in the proposed access arrangement. We reviewed and noted that the derived asset allocation percentages have been applied across the board to historic CapEx and forecast CapEx, including the derivation of the asset figures presented in the Pro-forma Forecast Cost statements (Appendix 9 to the AAI) and the Revenue Model (Appendix 7 to the AAI). From the work performed, there were no issues with internal consistency noted.</td><td>♦ No issues were observed.</td></tr>
<tr><td>4. The mapping of accounts and the cost allocation methods are reasonable and consistent with the financial treatment.

5. To identify whether Western Power has appropriately accounted for regulatory and non-regulatory (unregulated) functions, and whether</td><td>♦ Same methodology adopted for scoping points 4 and 5 as noted below.

♦ Review the reasonableness of the mapping document checking the consistency of the document against the trial balance. The mapping document links the trial balance to the Regulatory Financial Statement and statutory accounts.

♦ Document our understanding of the</td><td>♦ Our review of the mapping worksheet for the RFS indicates that the mapping document links accurately to the statutory accounts.

Our review of the mapping document against the trial balance did not highlight any significant discrepancies. All discrepancies observed were due to rounding effects or classification differences that net off appropriately.

♦ Per discussion with WP, all expenditures are split on a project by project basis. Items are classified as regulated if it relates to covered transmission or covered distribution. Regulated items are basically any work for which WP is required to charge regulated prices. There were no items classified as non covered transmission or distribution over the current access</td><td>♦ No issues were observed.</td></tr>
</table>

Scope	Methodology	Findings	Conclusion
the expenditures associated with these functions are appropriately allocated and reflected in the company's regulatory and statutory accounts.	cost allocation method and ensure that the allocation is reflected appropriately within the Regulated Financial Statement and Statutory Accounts. ♦ Review the activity code listing and check for appropriate segregation into regulated and non-regulated business functions. ♦ Check that the classification of figures into the regulated and the unregulated segments of the business are performed according to appropriate financial treatment, and ensure that the allocation is reflected appropriately within the Regulated Financial Statement and Statutory Accounts. ♦ Review the classification of figures into the regulated and the unregulated segments of the business by tracing the mapping document against the trial balance. ♦ Check that the operating expenditures under Note 9 of the Regulated Financial Statement are allocated and reflected appropriately in the company's regulatory and statutory accounts.	arrangement period. Other items are classified as unregulated such as high voltage transmission training, Fleet & IT services to other energy retailers (e.g. Synergy, Vegetation Work and Sale of Electrical Equipment). These are costs which WP does not charge regulated prices. ♦ Our review of the activity code listing did not reveal any overlapping of account codes. ♦ Our review of the classification of OpEx and CapEx figures into the regulated and unregulated function of the business against the Cube report revealed differences in the magnitude that are below 1% of total OpEx for OpEx figures and less than 1% of total CapEx for CapEx figures. In most cases, the differences are below $100k and are due to rounding differences.	

Scope	Methodology	Findings	Conclusion
6. To identify whether WP has appropriately accounted for ringfenced areas of the company, e.g. system management. This is to be done for the actual expenditure of the current access arrangement and forecast expenditure in the revised access arrangement.	♦ Through discussions with WP, document the various ringfenced areas of the company and obtain an understanding of the controls around expenditures under the current access arrangement and revised access arrangement. ♦ Perform a walkthrough to ensure that the controls employed are working appropriately. ♦ Ensure that System Management Budget Approvals are obtained from the IMO. ♦ Reconcile the System Management P&L for 2007 and 2008 to the RFS and Cube Report. The Cube report is a report that segregates all expenditures into the regulated and non-regulated side of the business. The Cube report is considered necessary for BDO's Regulatory Financial Audit to ascertain whether: • The mapping of accounts and the cost allocation methods are reasonable and consistent	♦ From discussion with WP, the system management business unit is the only ringfenced area of the business. A separate management report is prepared for the business unit to account for the expenditures accordingly. The controls around expenditure are well established through approval limits, segregation of duties and manager review. ♦ We selected 5 samples from a list of samples provided by WP and performed a walkthrough of the controls for the payment of system management expenses and noted no discrepancies. ♦ Every year, a proposed expenditure budget is submitted to the IMO for approval, pursuant to clause 2.23.9 of the *Wholesale Electricity Market Amending Rules (September 2006).* We observed a copy of the budget approval received by WP from the IMO for each year under the current access arrangement period. A Market Review is performed at the end of each financial year to reconcile the revenue received from the IMO against the expenditure incurred by System Management. This is performed to assist in the preparation of the System Management Budget for the following financial year. ♦ We observed the Market Review report performed for the financial year 2008 which analyses actual expenditure against approved budgeted expenditures. We reconciled the expenditures to the Cube report to check for proper segregation into the equivalent cost categories. No differences were noted from work performed. ♦ We reviewed the cost allocation methodology of actual expenditures for the system management division and noted proper explanation for the cost allocation between WP Network and WP System Management. We also noted that proper segregation of duty is in place to ensure that employees processing payment are not able to alter the allocation percentages.	♦ No issues were observed.

Scope	Methodology	Findings	Conclusion
	with the financial treatment; • Regulatory and non-regulatory functions have been appropriately accounted for; • Expenditures associated with these functions are appropriately allocated and reflected in the company's regulatory and statutory accounts; and • The allocation of expenditures into regulated and non-regulated function as reflected in the Regulated Financial Statement is accurate.	♦ We were not able to analyse the forecast expenditures for the 2009/10 access arrangement period as this were unavailable during the engagement period. This will be addressed in the future regulatory financial audit. ♦ We noted that the System Management operating expenses segregated into the regulated and non-regulated categories are included within the RFS OpEx disclosure and reconciles with the Cube report accurately. ♦ There is no statutory requirement for WP to separately disclose the ringfenced activities in the annual report. Furthermore, the Guidelines for Access Arrangement Information do not specify any requirement to explicitly report ringfenced activities in the RFS. Ringfenced costs are accordingly included in the Other category as non-regulated activity within the RFS for 2007 and 2008.	

Scope	Methodology	Findings	Conclusion
7. Examine the transparency of the complementary resources in areas that are not regulated and report on the equivalent cost categories and values that fall into these areas.	♦ Through discussions with WP, obtain an understanding of the unregulated areas of the company and review the method by which the complementary resources are categorised into unregulated and regulated areas. ♦ Obtain a break down of the equivalent cost categories and values that fall under both regulated and non-regulated parts of the business. ♦ Perform a walkthrough test to ensure that the controls employed are working appropriately.	♦ Per discussion with WP, the provision of services by Western Power's Human Resources division to Synergy, Verve and Horizon should cease at the end of March, with the expiry of the SLA in place since disaggregation. For the unregulated metering services within the business, there is one shared resource that performs metering services for Horizon. This person is located in Esperance and their costs are fully recharged to Horizon, and are specifically excluded from the revised access arrangement considerations. There are no resources shared for the unregulated sale of materials to developers. This was verified with representatives from WP. IT and Fleet internal costs are fully recovered across the business; being included in the various operating and capital expenditure categories, as explained in the current access arrangement supporting documents. IT and Fleet internal costs are observed to be classified as regulated and unregulated activities under the Capital Expenditure (disaggregated) IT & Market Reform and Mobile Plant & Vehicles disclosure in the RFS for 2007 and 2008. We have performed a reconciliation as part of scope 4. ♦ We obtained a copy of a report illustrating the recharge of labour costs incurred in the unregulated business segment into the various activity cost centres for the financial year 2007 and 2008.	♦ No issues were observed.

Scope	Methodology	Findings	Conclusion
8. The revised access arrangement information provides full and detailed documentation of the regulatory accounting principles and policies adopted by Western Power.	♦ Review the revised access arrangement information for the inclusion of all the relevant regulatory accounting principles and policies identified within the Regulatory Financial Statement.	♦ The accuracy and completeness of the disclosure is assessed against the guidelines for Access Arrangement Information under Section 2.3 “Accounting principles and policies”. The guideline requires that the access arrangement information contain the following details: • Have a recognisable and rational economic basis; • Satisfy accounting concepts of relevance and reliability; • Accord with applicable Australian Accounting Standards; • Include full and detailed documentation of the regulatory accounting principles and policies adopted; and • Include descriptions of any changes to the accounting principles and policies from those previously applied by the service provider, together with the rationale for the changes and a quantitative assessment of the effect of the changes on regulatory information. ♦ We noted that the revised access arrangement includes the key accounting principles and policies noted within RFS. ♦ A list of relevant accounting policies are noted in the Revised Access Arrangement Information. Below is a list of accounting principles and policies noted under Part A and Part B of the Revised Access Arrangement Information: • Asset Valuation and Depreciation accounting policies were highlighted under Section 6; • Revenue Recognition policies are addressed under Section 8; and	♦ No issues were observed.

Scope	Methodology	Findings	Conclusion
		• Cost Allocation policies are addressed under Section 5.	
9. The costs and revenues stated by Western Power in its revised access arrangement and revised access arrangement information reconcile with the regulatory financial accounts.	♦ Reconcile all actual or forecast revenue and costs figures within the revised access arrangement and revised access arrangement information to the regulatory financial accounts.	♦ We noted no variances between the regulated financial accounts and the revised access arrangement.	♦ No issues were observed.
10. The method by which Western Power has allocated costs and revenues between regulated and unregulated businesses, and if this has been clearly explained and is appropriate to facilitate effective regulatory oversight and verification of ringfencing arrangements.	♦ Through discussions with WP, obtain an understanding of the method of costs and revenue allocation between regulated and unregulated businesses. ♦ From the information provided and discussions held, assess the methodology for clarity, appropriateness for the purpose of regulatory oversight and verification of ringfencing arrangements.	♦ Based on our review of WP's cost and revenue allocation methodology between regulated and unregulated business, sufficient explanation has been provided to understand the segregation and assist in facilitating effective regulatory oversight and verification of ringfencing arrangements. The opinion is formed based on our work performed in the scope outlined.	♦ No issues were observed.

3. SUMMARY OF ISSUES

Issue	Impact
The capital expenditure additions disclosure under note 7 of the regulatory financial statement did not contain sufficient information to reconcile directly with the statutory accounts Property, Plant & Equipment and Intangible Assets disclosure on capital additions observed under note 4. For the financial year 2008, a difference of \$1.3 mil was noted and for the financial year 2007, a difference of \$(28.7) mil was noted between the statutory accounts and the regulatory financial statement.	The Authority will not be able to make an accurate assessment of WP's capital expenditure requirements over the access arrangement period.
The Contribution Revenue disclosure under section 11 of the regulatory financial statement did not reconcile with system records. For the financial year 2008 a difference of \$5.3 mil was noted and for the financial year 2007, a difference of \$3.6 mil was noted between the system records and the regulatory financial statement.	The Authority will not be able to make an accurate assessment of WP's contribution revenue over the access arrangement period across the different asset categories (i.e. Covered Transmission and Covered Distributions).

4. SUMMARY OF RECOMMENDATIONS

Recommendations	Rationale
The regulatory financial accounts must reconcile accurately with the statutory accounts specifically in the area of Capital Expenditure disclosures.	A regulatory financial account that reconciles accurately with the statutory accounts will allow the Authority to make an accurate assessment of WP's financial position over the access arrangement period. A reconciliation of capital expenditure for the period to the balance sheet PP&E is recommended within the RFS. This will improve the level of transparency of the capital expenditure disclosure.
Prepare half yearly Regulated Financial Statements.	The preparation of RFS according to the Authority's Guidelines for Access Arrangement Information allows the ERA to monitor actual expenditure trends, assessing the compliance of revenue and expenditures according to the access arrangement forecasts and others.
The following supporting documents should be archived either as hard copy (or electronic copy) for the following areas: • Cube reports demonstrating the segregation for Capital Expenditures and Operating Expenditures into regulated and non-regulated	Appropriate audit trail must be prepared as support for the RFS cost segregation into the regulated and unregulated business function.

Recommendations	Rationale
business functions; and • Asset Register showing the closing position of property, plant and equipment at the end of each financial period.	
WP should formalise the ringfencing compliance procedures to demonstrate active monitoring of its compliance. Establish a formal review process around the cost allocation percentage of system management expenses.	The preparation of ringfencing compliance procedures improves WP's transparency in the monitoring and reporting of the system management business unit operations. The implementation of a formal review process for the system management expense cost allocation percentage will ensure that percentage allocations accurately capture ongoing workflow.

5. OPINION

In our opinion, based on the work specifications in section 2 and except for the issues and recommendations identified in section 3 and 4, BDO Kendalls did not identify any exceptions in Western Power's regulatory financial statements meeting the Authority's scope.

6. SOURCES OF INFORMATION

This report has been based on the following information:

- WP Financial Statements for the financial years ended 30 June 2007 and 2008;
- AAI Appendix 9 – Electricity Network Proforma Forecasts Statements
- Electricity Networks Access Code 2004 – Guidelines for Access Arrangement Information dated 26 June 2008;
- Information available from the Authority website at www.era.wa.gov.au; and
- Discussions with employees of the Authority and Western Power.

7. INDEPENDENCE

Prior to accepting this engagement BDO Kendalls Corporate Finance (WA) Pty Ltd considered its independence with respect to the Authority, Western Power and any of their respective associates. In BDO Kendalls Corporate Finance (WA) Pty Ltd's opinion it is independent of the Authority, WP and their respective associates.

8. DISCLAIMERS AND CONSENTS

This report has been prepared at the request of the Authority for it to be published with the Authority's draft decision and on the Authority's website.

BDO Kendalls Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Authority's draft decision and being published on the Authority's website. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, statement or letter without the prior written consent of BDO Kendalls Corporate Finance (WA) Pty Ltd.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Kendalls Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO KENDALLS CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes
Director

Appendix 1 – Glossary of Terms

Reference	Definition
AAI	Access Arrangement Information
BDO Kendalls	BDO Kendalls Corporate Finance (WA) Pty Ltd
CapEx	Capital Expenditures
ERA	Economic Regulations Authority
GL	General Ledger
IMO	Independent Market Operator
OpEx	Operating Expenditures
RFS	Regulatory Financial Statements
SLA	Service Level Agreement
The Authority	Economic Regulation Authority
WP	Western Power