



INDEPENDENT ASSURANCE PRACTITIONER'S REPORT

Ausgrid

To the Chief Executive Officer and Management of Ausgrid

Scope

I have audited the accompanying actual historical financial information within the Category Analysis Reset Regulatory Information Notice Templates (the Actual Templates) for the Regulatory Years 2008-09 to 2012-13 titled:

- Template 2.1 Expenditure summary
- Template 2.3 AUGEX project data
- Template 2.4 AUGEX model
- Template 2.5 Connections
- Template 2.7 Vegetation management
- Template 2.8 Maintenance
- Template 2.9 Emergency response
- Template 2.11 Labour
- Template 2.12 Input tables
- Template 2.13 Provisions
- Template 2.15 Commercial insurance and self-insurance
- Template 4.1 Public lighting
- Template 4.2 Metering
- Template 4.3 Ancillary services - Fee-based services
- Template 4.4 Ancillary services - Quoted services
- Template 7.4 Shared assets
- Template 7.5 EBSS.

I have reviewed the accompanying estimated historical financial information within the Category Analysis Reset Regulatory Information Notice Templates (the Estimated Templates) for the Regulatory Years 2008-09 to 2012-13 about which Ausgrid certifies it is not possible to provide actual historical financial information:

- Template 2.1 Expenditure summary
- Template 2.2 REPEX
- Template 2.3 AUGEX project data
- Template 2.4 AUGEX model
- Template 2.5 Connections
- Template 2.6 Non-network expenditure
- Template 2.7 Vegetation management
- Template 2.8 Maintenance

- Template 2.9 Emergency response
- Template 2.10 Overheads
- Template 2.11 Labour
- Template 2.12 Input tables
- Template 2.13 Provisions
- Template 4.1 Public lighting
- Template 4.2 Metering
- Template 4.3 Ancillary services - Fee-based services
- Template 4.4 Ancillary services - Quoted services
- Template 7.5 EBSS.

I have also audited Ausgrid's Basis of Preparation document as relevant to the Actual and Estimated Templates to determine whether the Basis of Preparation document is in accordance with the requirements of the Category Analysis Reset Regulatory Information Notice and the instructions and definitions document attached to the Category Analysis Reset Regulatory Information Notice.

Ausgrid prepared the Actual and Estimated Templates and Basis of Preparation document to comply with the Regulatory Information Notice (the Notice) the Australian Energy Regulator (AER) issued under section Division 4 of Part 3 of the National Electricity (New South Wales) Law on 7 March 2014.

Scope Exclusion

All other sections within the Actual and Estimated Templates and all other sections within the Basis of Preparation document are excluded from the scope of this report.

Opinion and Conclusion

In accordance with Australian Auditing Standards, I have performed:

- audit procedures in relation to the actual historical financial information in the Actual Templates for the initial Regulatory Years 2008-09 to 2012-13
- review procedures in relation to the estimated historical financial information in the Estimated Templates for the initial Regulatory Years 2008-09 to 2012-13
- audit procedures in relation to the accompanying Basis of Preparation document.

Opinion

In my opinion:

- the actual historical financial information within the Actual Templates 2.1; 2.3 to 2.5; 2.7 to 2.9; 2.11 to 2.13; 2.15; 4.1 to 4.4; 7.4 and 7.5 for the Regulatory Years 2008-09 to 2012-13, in all material respects, is presented fairly in accordance with the requirements of the Notice and Ausgrid's Basis of Preparation document
- the sections within Ausgrid's Basis of Preparation document relevant to the Templates, in all material respects, have been prepared in accordance with the requirements of the Notice and the instructions and definitions in the 'Category Analysis Reset RIN for distribution network service providers – Instructions and Definitions'.

Conclusion

Based on my limited assurance review, nothing has come to my attention that causes me to believe the estimated historical financial information within the Estimated Templates 2.1 to 2.13; 4.1 to 4.4 and 7.5 for the Regulatory Years 2008-09 to 2012-13 is not, in all material respects, presented fairly in accordance with the requirements of the Notice and Ausgrid's Basis of Preparation document.

My opinion and conclusion should be read in conjunction with the rest of this report.

Basis of Accounting and Restriction on Distribution or Use

Without modifying my opinion and conclusion, I draw attention to the basis of accounting upon which the information in the Actual and Estimate Templates has been prepared. The information has been prepared in accordance with the requirements in the Notice and Ausgrid's Basis of Preparation document, for the purpose of fulfilling Ausgrid's reporting obligations to the AER. As a result, the information in the Templates may not be suitable for any other purpose.

My report is intended solely for Ausgrid and the AER and should not be distributed to or used by any other parties.

Management's Responsibility for the Information

The management of Ausgrid is responsible for the preparation and presentation of the Actual and Estimated Templates and the Basis of Preparation document. Management has determined that the basis of preparation is appropriate to meet the requirements of the AER.

Management's responsibilities also includes responsibility for such internal control as management determines is necessary to enable the preparation of the Actual and Estimated Templates and Basis of Preparation document that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an audit opinion and a review conclusion on the financial information presented in the Actual and Estimated Templates and Basis of Preparation document. The Standards require that I comply with relevant ethical requirements relating to audit and review engagements.

I conducted my audit of actual historical financial information and Ausgrid's Basis of Preparation document in accordance with Australian Auditing Standards and in particular ASA 805 'Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement'. The Standards require that I plan and perform the audit to obtain reasonable assurance whether the actual historical financial information in the Actual Templates is, in all material respects, presented fairly in accordance with the requirements of the Notice and Ausgrid's Basis of Preparation document and whether the sections within Ausgrid's Basis of Preparation document relevant to the Actual Templates are, in all material respects, prepared in accordance with the requirements of the Notice and the instructions and definitions in the 'Category Analysis Reset RIN for distribution network service providers – Instructions and Definitions'.

I conducted my review of estimated historical financial information in the Estimated Templates in accordance with Australian Auditing Standards and in particular ASRE 2405 'Review of Historical Financial Information Other than a Financial Report'. The Standards require that I plan and perform the review to obtain limited assurance whether anything has come to my attention to believe the estimated historical financial information in the Estimated Templates is not, in all material respects, presented fairly in accordance with the requirements of the Notice and Ausgrid's Basis of Preparation document.

An engagement involves performing procedures to obtain evidence to support the financial information presented in the Actual and Estimated Templates and Basis of Preparation document. The procedures selected depend on the auditor's judgment and assessment of the risks of material misstatement of the Actual and Estimated Templates and the Basis of Preparation document, whether due to fraud or error. In making risk assessments, I consider internal controls relevant to Ausgrid's preparation and fair presentation of the Actual and Estimated Templates and the Basis of Preparation document. This informs my design of appropriate engagement procedures, but is not for the purpose of expressing an opinion on the effectiveness of Ausgrid's internal controls.

Where statements made in my report refer to review rather than audit procedures, my procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review provides less assurance than an audit. I have not performed an audit and I do not express an audit opinion on matters subject to review.

I believe the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion and conclusion.

My opinion and conclusion does not provide assurance:

- about the future viability of Ausgrid
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control.

Independence

I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical pronouncements. The *Public Finance and Audit Act 1983* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Grant Hehir
Auditor-General

27 May 2014
SYDNEY

