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ELECTRICITY DISTRIBUTION SYSTEM EXTENSION: APPROVAL OF OWNER CONTRIBUTIONS

The Commission hereby approves use of the schedule of financial contributions set out in the Power and Water Corporation's Distribution System Extension Policy as complying with the provisions of section 86(7) of the *Electricity Reform Act* provided the financial contribution payable by the owner of each parcel of land in an area declared by the Minister to be an electricity supply distribution system extension area is demonstrably between 50% and 100% of the estimated average capital contribution determined in accordance with the Capital Contributions Principles and Methods Statement approved by the Commission on 26 May 2004.

In these circumstances, the financial contribution payable will be considered by the Commission to be the "reasonable share" of the capital contribution required by the electricity entity licensed to operate the electricity network in the area that is payable by the owner of each parcel of land in that electricity supply distribution system extension area.

As part of its annual licence return for the year in question, Power and Water must provide the Commission with documentation that the above requirements have been met with regard to each area declared by the Minister to be an electricity supply distribution system extension area during that year.

Where any extension area financial contribution proposed by Power and Water is demonstrably below 50% of the estimated average capital contribution required by the electricity entity licensed to operate the electricity network, the Commission will consider the levying of such a financial contribution as being in contravention of the provisions of section 86(7) of the *Electricity Reform Act* unless Power and Water beforehand applies in writing for an exemption on the grounds that specific (and stated) circumstances that exist in the extension area in question justify the owner's "reasonable share" under section 86(7) being less than 50% and the Commission agrees and grants a specific exemption.

Utilities Commission
1 July 2006