

MediaSearch
Porirua News
13 August 2003
Wellington, NZ
Weekly, Wednesday
Circulation: 17,593

Pg 2, 6.

Power retailers recoup rates and then some

By Jim Chipp

In October, Wellington region residents' electricity line charges are to increase by \$25 a year per household to cover utility rates.

Regionally that represents a total increase of \$3.2 million, despite utility rates only increasing \$273,000 this financial year.

Power retailer Genesis announced an average electricity price increase of \$77 for Wellington customers, saying \$25 of it was just passing on city council rates increases to lines company Vector.

Porirua City Council introduced utility rates in July last year, and this year for the electricity network they rose \$127,000 to \$305,000.

The city's 14,748 households will pay a total of \$368,700 more, but Wellingtonians are even worse off.

They will pay more than \$1.5m extra in line charges, despite the city's rates

on the line network actually reducing by \$80,000 this financial year.

Vector bought the lines network is from United Networks Limited in February this year.

Genesis public relations manager Donna Baker says the whole \$25 was Vector's increased charge, but Vector commercial and pricing manager John van Brink says their increase is only \$16.50 per household.

"I don't know here the other \$8.50 comes from."

The \$16.50 increase covers not just this year, but earlier cost increases since the introduction of utility rates last July, he says.

"We are contractually committed to change our prices once a year, when TransPower change theirs. We made a price adjustment to recover those rates."

The cost increase from the introduction of utility rates (and the implicit future price increase) would have been factored into the purchase deal from United Networks back in January, Mr van Brink says.

Vector will pay a total of \$2.2 million this year to the four Wellington local authorities, while the 127,000 households will pay a total of \$3.2m in increased charges to retailers.

Of that \$2.2m, \$1.96m is for existing rates charges at the time Vector took ownership of the Wellington network.

Porirua Mayor Jenny Brash says she would be very concerned if the lines companies or electricity retailers blamed utility rates for increases over and above actual rating cost increases.

- continued page 6

What the rising levies mean

- From page 2

At press time the Commerce Commission was unable to comment on the practice of companies increasing prices to offset cost increases prior to takeovers.

Figures at a glance

Greater Wellington has made no change, Porirua, Lower Hutt and Upper Hutt have all increased utility rates totalling \$273,000 net.

The 127,000 households in the four cities will pay \$3.2 million more.

The rating changes are:

- Wellington City Council levied United Networks \$1.4m last year, next year Vector will pay \$1.3m
- Hutt City Council levied United Networks \$360,000, this year Vector will pay \$527,000
- Upper Hutt City Council levied United Networks \$60,000 last year, this year Vector will pay \$120,000
- Porirua City Council levied United Networks \$177,000, this year Vector will pay \$305,000
- Greater Wellington Regional Council has not changed its rates on utilities.

This press clipping was produced under licence and a copyright fee paid. If you intend to copy this clipping (including digital conversion or storage) you must obtain a licence from the Print Media Copyright Agency Ph: (04) 498 4488 or email: info@pmca.co.nz

MediaSearch[®]

THE INTELLIGENT NEWS MONITORING SERVICE

Supplied under our Standard Terms and Conditions

Media Search Limited, PO Box 3558, Wellington, New Zealand.

Phone: (04) 384-3609 Fax (04) 385-7940
Email: services@media-search.co.nz