

9 February 2004

Submission on the Regulation of Electricity Line Businesses, Draft ODV Handbook
and Disclosure Requirements
Network Performance Group
Commerce Commission
PO Box 2351
Level 6, 44-52 The Terrace
WELLINGTON

Dear Sir

SUBMISSION OF NELSON ELECTRICITY LIMITED (NEL)

- 1.1 This submission reinforces points made in our November 2003 submission.
- 1.2 NEL is also involved with the submission prepared by PriceWaterhouseCoopers on behalf of other large electricity lines businesses and supports the industry group submission.
- 1.3 Although the Draft ODV Handbook has increased Underground Cabling values, they do not reflect the true cost of installation for Nelson Electricity. The underground cabling values are still unrealistic even with the application of multipliers.
- 1.4 NEL believe there should be more consideration given to changing the "Greenfields" requirements in the current Handbook, whereby cables laid in the same area at different times (often 10-20 years apart) must have an additional trenching cost included. In most cases the trenches would have to be larger to maintain adequate separation for cable heat dissipation.
- 1.5 NEL is also concerned about the rules for selecting ODV / Historic Cost going forward. Little is known about the Historic Cost option including asset lives. NEL will not be able to make an assessment as to which asset valuation method to adopt without this.

We thank the Commission for the opportunity to comment on the Draft ODV Handbook, and would welcome further discussion with the Commission on the points raised in this letter.

Yours sincerely

Phil Goodall
Commercial Manager