FN-POL-0003 – Capital Contributions Policy

Finance – Customer and Metering

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Version Change Table

VERSION	PAGE	PARAGRAPH	DESCRIPTION OF CHANGE
6.0	1	Title	Removed New and Altered
	3	Group ICP's	Changed 20kVA to 15kVA
	-	Various	Added OtagoNet
	6	5.2	Various Changes
	10	5.8	Various
	All	All	Reformatted and re numbered.
7.0	All	All	Significant rewrite of the policy to incorporate new part 6B requirements of the Code around connection pricing.

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1. Background

The Electricity Authority has made changes to the Electricity Industry Participation Code (the Code) by regulating mandatory connection charging arrangements, with the aim of better outcomes for connection applicants and more standardised connection policy and implementation arrangements across Electricity Distribution Business (EDBs).

The previous PowerNet connections policy has been updated to reflect these Code changes and to provide for the following outcomes:

- Deliver customer requests for network connection
- Compliance with pioneer scheme regulations in Part 6B of the Code
- Compliance with PowerNet connection standards and operating procedures

This document states the commercial terms PowerNet Limited ("PowerNet") applies for changes to its Networks, for both new connections and for alterations to existing connections.

2. Principles / Approach

To ensure all connections are treated in an equitable manner, and that a consistent process is applied for all, PowerNet subscribes to the following principles:

1. Connection application requests are managed on a first-come, first-served basis.
2. Agreements to connect must meet technical standards and use existing capacity and infrastructure before proposing customer connection augmentation.
3. All connections must comply with safety and network standards.
4. Connections policies should use consistent definitions and standards where appropriate

3. Connections Policy

3.1. Management

PowerNet manages the electricity Networks owned by Electricity Invercargill Limited, the OtagoNet Joint Venture, Lakeland Network Limited and The Power Company Limited and this policy applies to new and altered connections on all these Networks.
This policy sets out the basis on which the Network owner will contribute towards Network extensions and upgrades of which it subsequently takes full ownership and control.

3.2. Policy Statement

PowerNet's Networks are constantly growing, due to demand for new connections and increased loads at existing connections. To be equitable to both new and existing customers, it is important that the resulting reinforcement and Network extensions are funded appropriately. This document outlines the economic considerations behind the Network Contribution and the related process used to calculate any Connection Charge.

PowerNet endeavours to facilitate new connections and increased capacity whenever requested. However, there may be situations where it is imprudent, environmentally unsound, or physically impracticable to provide supply or increased capacity. PowerNet reserves the right to decline, new connections or increased capacity in these situations. If an application is declined on these grounds, the reasons will be advised in writing.

In addition to providing the Network owner a return on its investment, line charges recover the costs of owning, operating, and maintaining the electricity Networks.

PowerNet provides network connections or alterations to existing connections in accordance with our technical standards and commercial requirements, which are available on our website. PowerNet does not publish standard connection charges, we meet the connection charging requirements of the Code Part 6B.

This policy has been developed to meet both the requirements of S6B.3 to S6B.11 of the Code, as well as the policies and practices that guide PowerNet connections arrangements.

3.3. Effective period

This policy applies to connection services described in section 3.5, from 1 April 2026.

3.4. Definitions

See Appendix A.

3.5. Chargeable connection services

When PowerNet receives an application for a new connection, or increased capacity on an existing connection, PowerNet follows the mandatory requirements of Part 6B.3 of the Code.

Where a new connection, or increased capacity on an existing connection, requires an extension or upgrade to the Network, PowerNet will determine the Minimum Scheme cost for the new connection or upgrade. This will establish a Network cost assigned to the customer to go into the Economic Calculation. If the customer requests enhancements to the Minimum Scheme in writing, then these enhancement costs will be added to the Minimum Scheme costs and the Economic Calculation. If PowerNet decides to make enhancements to the network in conjunction with the customers connection, then these network-selected enhancement costs will not be allocated to the customer. Further information on the requirements of part 6B of the Code is given in Appendix B.

An Application Fee is payable before commencement of for all Group ICP applications, for Individual ICP's the level of Application Fee will be based on PowerNet, Transpower and external consultant costs.

The cost of any Network extension within the customer's private property solely for the supply of the customer is fully chargeable to the customer and will not be offset by any Network Contribution.

An example is the 11kV line/cable from the roadside to the location of the transformer within the customer's property.

A customer is entitled to engage an independent contractor to construct a Network extension within their private property. The details of this process are contained in - AM-STD-0014 - Network Constructed by Independent Contractors Standard .

The Network Contribution towards any Network extension/upgrade for a new or upgraded connection is conditional on the customer meeting their obligations for retention of the supply capacity.

If an extension/upgrade will also provide material and demonstrable benefits to PowerNet's existing Networks, PowerNet may assess on a case-by-case basis whether we will fund an appropriate portion of such extension/upgrade. For subsequent connections that will benefit from the works, this will be managed by localised historical cost recovery under S6B of the Code.

Where a new connection is initially taken as a builders supply at a Contract Supply Capacity lower than that for the final connection and a firm application is lodged for the final connection Contract Supply Capacity. The Economic Calculation will be based the construction costs and the Network Contribution will be calculated based on the final connection capacity.

All work relating to changing from the initial to the final connection arrangements and Contract Supply Capacity will be at the customers cost.

A connection that is taken for less than 12 months then ceased, e.g. temporary construction supply will not attract any Network Contribution. The customer will be charged the full cost of establishing the connection and removing it. Recoverable and reusable materials will be charged at a portion of their value.

All Connection Charges and any other charges will be invoiced and must be paid as follows:

For costs less than $5,000 (excluding GST):

- 100% on acceptance of quote, prior to commencement of construction of any Network assets.

For costs greater than $5,000 (excluding GST)

- 50% or $5,000 (whichever is greater) deposit with acceptance of quote, prior to commencement of construction of any network assets;
- The remaining 50% or remaining balance on completion of construction and prior to livening.

3.6 Group ICPs

To standardise and simplify the application of line charges, they are generally applied equivalently to groups of connections according to their Contract Supply Capacity. Therefore, the Network Contributions are also standardised for Group ICPs.

Transmission and sub-transmission charges are averaged across the Network and are not taken into account with respect to any Network Contribution.

For new connections and upgrades, the Network Contribution relates to the future income from the 22kV, 11kV, 400V lines and distribution transformers component of the line charges.

The cost of all Network extensions on road reserve and transformer capacity required to provide the new or increased supply are included in the Economic Calculation.

If an existing transformer is to be removed for replacement with another, a credit value equal to the replacement (new) cost of the out-going transformer will be allowed. If the out-going transformer is a non-standard size the credit value will be for the next largest standard size; e.g. if removing a 10kVA transformer the credit will be based on a new 15kVA.

Network Contributions for new capacities for Group ICPs are reviewed each year.

The customer must remain on the Contract Supply Capacity for at least 12 months.

If any change is requested within that period, the original Economic Calculation will be reviewed as follows:

- For a downgrade the Network Contribution for the new Contract Supply Capacity will be used and is likely to result in a Connection Charge. If the downgrade results in under-utilised Network equipment such that it is appropriate to remove or replace it, this work will generate another Economic Calculation, but with no further Network Contribution;
- For an upgrade, a specific Economic Calculation will be used to determine any new Connection Charge. The Network Contribution applied will be the difference between that for the original application and that for the newly requested Contract Supply Capacity.

The schedule of Network Contributions is available from PowerNet on request.

3.7 Individual ICPs

Customers with Individual line charges have separate components covering transmission, sub-transmission and distribution.

- The Transmission Component is based on the Transpower charges to PowerNet. A Connection Charge may be required if extra capital investment by Transpower is required.
- The sub-transmission component of the line charge is based on the costs associated with PowerNet's zone substation normally supplying the connection and the sub-transmission Network costs relating to supply to that zone substation.

If the projected coincident demand of the new connection is more than 10% of the available sub-transmission capacity at the zone substation and the existing demand at the zone substation prior to the connection of the new load is in excess of 80% of the firm capacity at that zone substation, then a Connection Charge may be required towards the expansion of the sub-transmission Network

- The sub transmission and distribution component of line charges provides a return for the Network's maintenance and capital costs. The Network Contribution is based on only the capital cost portion of the line charge component that the customer enhancement is affecting (i.e. distribution).

  All Network distribution line or cable extensions on road reserve are included in the Economics Calculation, but the distribution transformer is excluded. The transformer is fully recovered within the distribution component of the line charges or if the supply is discontinued the transformer is recoverable.

  Each component will have its own Economic Calculation and a Network Contribution relating to the Network costs for any extensions/upgrades of that component.

Customers are also required to enter into a Capacity Guarantee Agreement which provides some assurance to PowerNet that it will recover its investment and costs for at least ten years.

Further explanation of Capacity Guarantee Agreements is contained in Appendix D.

3.8 Altered Connections and Downgrades

When a customer initiates an alteration to a connection arrangement or downgrade for their own reasons, e.g. relocation or change of mains, at the same or downgraded Contract Supply Capacity, the work will be fully at the customer's cost covering labour, materials plus the administration fee.

3.9 Subdivisions

A standard Economic Calculation will be used to determine any Connection Charge payable by the developer relating to Network extensions/upgrades for providing connection points for a Subdivision.

Network design costs relating to reticulating the Subdivision will be included in the Economic Calculation.

3.9.1 Residential Subdivisions

The Network Contribution per section will be 50% of the standard residential Network Contribution per section.

3.9.2 Commercial Subdivisions

The Network Contribution per section will be 50% of the Network Contribution for a non-domestic Contract Supply Capacity, as agreed with the developer.

Final ICP connections to infrastructure installed by the developer:

Connection of ICP mains for a Contract Supply Capacity consistent with the original design level for the Subdivision will be carried out with no further Economic Calculation.

- Any alteration to the Network already installed required for a specific connection at, or below, original design level Contract Supply Capacity will be fully at the customer's cost.
- For a connection at a Contract Supply Capacity greater than the original design level, where extension or enhancement to the Network already installed is required, a specific Economic Calculation will be used to determine any Connection Charge. The Network Contribution applied will be the difference between that for the original design level and that for the requested Contract Supply Capacity.

4.0 Embedded Networks

- In general, all conditions and arrangements for embedded Networks will be similar to Individual ICPs.

This includes:

- Contract Supply Capacity in steps equivalent to the PowerNet standard transformer sizing.
- Requirement for a Capacity Guarantee.

5.0 Pioneer Scheme charging arrangements

Where a new customer funds a significant network extension, we set up a Pioneer Scheme to ensure that subsequent pioneers of that extension reimburse an equitable share of that cost to the first pioneer. We administer the Pioneer Schemes by collecting a contribution from the new connection and providing a refund to the existing connection. The pioneer scheme arrangements are described in detail in "PowerNet's Pioneer Scheme Policy" available on our website.

6.0 Commercial arrangements

Where PowerNet determines, at its sole discretion, that a new connection or capacity upgrade presents a risk of uneconomic bypass or is of particular commercial significance, PowerNet reserves the right to apply an alternative Capital Contribution methodology.

7.0. Distributed generation charges

Where a new distributed generator connects to the network, we are limited under the Code to only charging the incremental cost of connecting the distributed generator. This means a generator can use existing capacity in the network at no cost, but once that capacity is utilised and more capacity is required, the next connection will pay all of the incremental costs.

As such, there is no network capacity cost for existing infrastructure. However, all incremental costs to extend the network to a distributed generator, or to build capacity for a distributed generator, will be charged to the distributed generator. This includes the costs of procuring and installing transformers and any network upgrades.

Allocation of costs for connection of distributed generation is in accordance with pricing principles stated in the EIPC 2010, Schedule 6.4. PowerNet's Distributed Generation Standard contains more details regarding this, find a copy here: NE-STD-0001-Distributed-Generation-Standard.pdf

8.0 Connection charge reconciliation arrangements

PowerNet is required under clause S6B.10 of the Code to prepare a Connection Charge Reconciliation, which provides a standardised breakdown of connection charges into incremental and network cost components.

The Connection Charge Reconciliation provides connecting customers with information that shows what proportion of connection costs are covered by connection charges, what proportion of total network charges are accounted for by connection charges, and what proportion of total revenue from a connection will be used to cover the costs of the existing network and operations as well as Transpower's transmission charges.

We will make a Connection Charge reconciliation available to the connection applicant if requested during the connection process. When providing a quote for connection charges in respect of any connection works, we will either provide a written Connection Charge reconciliation or notify the connection applicant of their right to request a written Connection Charge Reconciliation.

We will also provide information on reconciliation amount and supporting information to the Electricity Authority, when requested.

8.1 Network capacity costs

Network capacity costs are required as part of the Connection Charge Reconciliation, as network demand grows over time, the capacity built into a network when it was first established is consumed and, eventually, capacity upgrades are needed to maintain security or avoid congestion. New and upgraded connections are a driver of demand growth, alongside growth in demand from existing connections. Under S6B.5 of the Code, we must calculate and publish posted capacity rates that represent the average cost of adding network capacity at each of the network tiers (subtransmission line, zone substation, high voltage feeder, distribution substation and low voltage mains) and costing zones. The total network capacity cost essentially represents the cost of capacity of the shared upstream network that the connection is connected to. Please refer to the Posted Capacity Rate Schedule on our website for details of the current rates. PowerNet does not currently charge customers for network capacity costs.

Guidance regarding the components in the Connection Charge Reconciliation is provided in Appendix C of this policy.

9.0 Compliance

9.1 Information Disclosure

This document describes PowerNet's policy for determining capital contributions and meets the requirements of clause 2.4.6 of the Electricity Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024.

9.2 Adherence to pricing principles

PowerNet's approach to determining capital contributions outlined in this policy is consistent with the managed networks pricing objectives and principles. These are contained in each networks line pricing methodology disclosure available on PowerNet's website www.powernet.co.nz. They are consistent with Electricity Authority's and Commerce Commission's pricing principles and are subject to oversight by these industry regulators.

Our capital contribution prices are designed to signal the cost of providing additional capacity on our network. They are subsidy-free, as they are less than or equal to the standalone costs of building new capacity, and greater than the avoidable cost.

Appendix A - Definitions

Where relevant, the definitions used in this policy document are consistent with definitions in the Code, in particular:

- **Contract Supply Capacity** means the maximum electrical capacity in kVA chosen by the customer to be delivered from the Network to the ICP. Line charges are based on this capacity.
- **connection works** means an extension or a network capacity upgrade
- **connection charge** means—

  (a) any price, fee, tariff, charge or other similar monetary impost or cost, or any part of any price, fee, tariff, charge, or other similar monetary impost or cost and that is, either directly or indirectly, imposed or required, or agreed by a distributor in relation to connection works for a connection applicant or is otherwise applied for the purposes of, or has the effect of, recovering connection works costs directly or indirectly from a connection applicant;

  (b) excludes any connection fees or pioneer scheme contributions

- **connection charge reconciliation** means a standardised breakdown of Connection Charge components in accordance with clause 6B.11
- **connection charge reconciliation methodology requirements** means the requirements set out in clauses 6B.10 and 6B.11
- **connection works** means an extension or a network capacity upgrade
- **customer-selected enhancement** means any improvement to the relevant minimum scheme requested, and agreed to in writing, by a connection applicant
- **Economic Calculation** means the financial calculation to determine any Connection Charge, relating to a new connection, or increased capacity on an existing connection. It involves evaluating the estimated costs of Network extensions or upgrades specific to the connection against the Network Contribution for the new Contract Supply Capacity. If the estimated cost exceeds the Network Contribution the customer will be asked to pay the excess, or uneconomic investment – the Connection Charge.

- **Group ICPs** means the majority of connections for domestic and smaller commercial customers are classified according to standard Contract Supply Capacity steps, or groups:
  - 1 phase up to 15kVA
  - 3 phase up to 100kVA.
  - The Contract Supply Capacity is controlled by the service (ICP) fuse size.
- **ICP** means Installation Control Point – A formal term in the New Zealand electricity industry for an electrical connection to provide electricity to a customer's premises from the Network.
  Every ICP in New Zealand is allocated a nationally unique identifier called the ICP Number.
  ICP is the point at which a consumer is supplied with electricity and at which the supply of electricity may flow between the Local Network and an Installation, where the

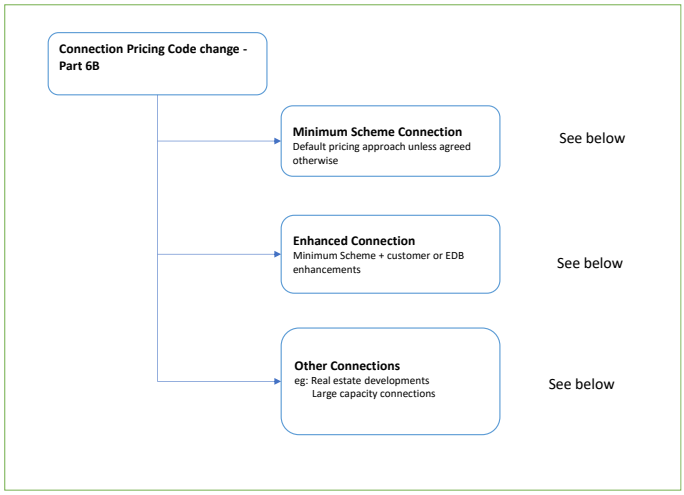
Installation interconnects with an isolation device owned or controlled by the Distributor.

- **Individual ICPs** means Electricity connections, generally with a Contract Supply Capacity in excess of 100kVA, where line charges are individually calculated based on the specific location of the connection and its actual electricity usage.
  The Contract Supply Capacity is monitored through metering information indicating the loading actually taken at the ICP.
- **mandatory connection pricing methodologies** means the pricing methodologies set out in Part 6B that each distributor must use for determining connection charges and pioneer scheme contributions and mandatory connection pricing methodology have corresponding meanings.
- **minimum scheme** means the least-cost solution for any connection works provided by a distributor, including for security and firmness of capacity, in accordance with the distributor's connection and operation standards or a lower standard if agreed to in writing between the connection applicant and the distributor
- **network** means **t**he system for the conveyance of electricity including all fittings comprising that system owned by Electricity Invercargill Limited (EIL), The Power Company Limited (TPCL), OtagoNet Joint Venture (OtagoNet) or Lakeland Network Limited (LNL) and managed by PowerNet.
- **Network contribution** means the dollar figure the Network has determined as being the maximum amount that would give an economic return from future line charges for the given Contract Supply Capacity.
- **network capacity cost** means the cost of consuming or adding capacity in the shared network (other than extension-like upgrade costs)
- **network capacity upgrade** means—
  (a) works or operating arrangements to provide a connection of, or to increase the security or capacity of or at, a point of connection or of any assets owned or operated by a distributor that increase the capacity of the shared network; and
  (b) for the avoidance of doubt, includes:
    (i) operational changes made by the distributor that are required to provide the connection or to increase security or capacity:
    (ii) allocation of additional network security or capacity to the connection, even where this does not involve physical works or a change to a person's right to capacity on a distributor's distribution network; but
  (c) does not include:
    (i) extension-like upgrades; or
    (ii) works or operating arrangements associated with customer-owned assets or work covered by a connection fee
- **posted connection charge** means a Connection Charge that is published by a distributor that applies to any connection of a type that meet requirements specified by the distributor
- **Subdivision** means an existing land parcel being split into two or more new land parcels.
- **Note that definitions regarding Pioneer Schemes are included in the pioneer Scheme Policy on our website.**

Appendix B - Connection Definition Guidance

This guidance should be read in conjunction with PowerNet's installation connection standard AM-STD-0002 for the supply of connections. The guidance on connection services definitions is substantially influenced by the Electricity Authority Code amendment decision regarding EDB connection pricing (published July 2025). To provide a clear understanding of the regulatory requirements in Part 6B of the Code, the following schematics offer a high-level view of connection definitions included in the new regulations. The Code identifies three types of connections (Fig 1), two of which are specified under Part 6B of the Code:

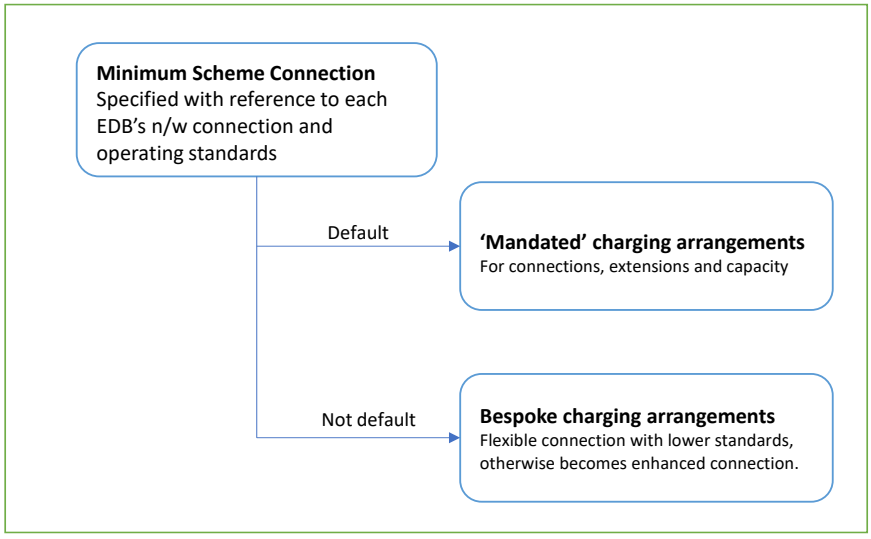
Fig 1



A. Minimum Scheme Connections

A Minimum Scheme Connection is set with reference to the network connection and operating standards that are individual to each EDB. The Code requires the minimum scheme to be costed and priced to a common standard (Fig 2). EDB's can publish 'posted' charges for standard connections and extensions, but it must use posted charges from 1 April 2027 if capacity costs are included. Currently EDBs do not share costing and allocation approaches, while some are regulated some are not so there are standardisation challenges.

Fig 2



B. Enhanced Connections

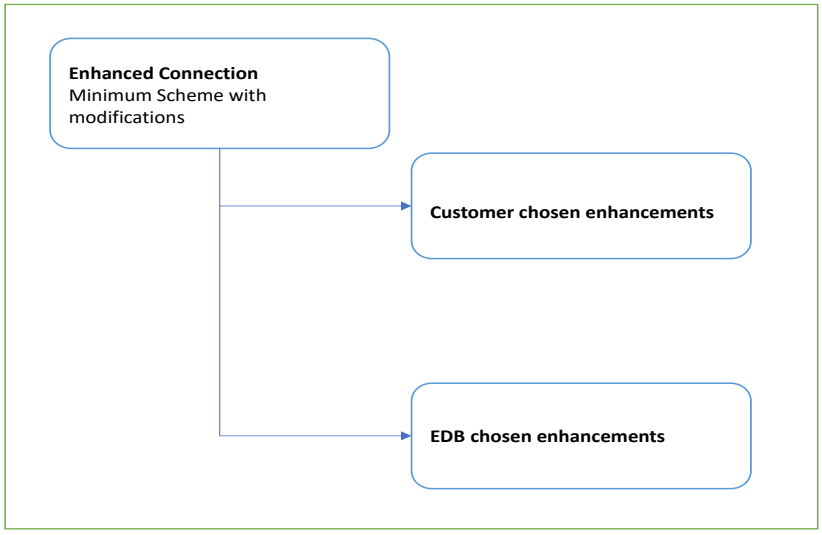
Enhancements to the minimum scheme (Fig 3) are described in terms of a:

- connection extension
- capacity increase
- security enhancement
- locational impact (eg; rural).?

Enhancement costs are identified and allocated to the customers connection. The enhanced connection may use an existing connection/extension in which case Part 6B Pioneer scheme rules apply (refer pioneer scheme policy).

All connection types are subject to the requirement in the Code that the EDB provide the customer with a reconciliation of the Connection Charge if requested to do so.

Fig 3



C. Other Connections

The Code includes provisions concerning connections that do not fit minimum scheme or enhanced definitions described above, eg:

- Real estate developments
- Large capacity connections
- Incremental transmission works
- Hybrid connections import/export
- Secondary networks

Appendix C – Connection Charge Reconciliation Guidance

While the technical information about the way the Connection Charge Reconciliation should be calculated is described in the Code, this Appendix provides stakeholders with guidance on how PowerNet meets those Code 6B.10 Connection Charge reconciliation requirements.

A. Overall Connection Charge

The Connection Charges on the left-hand-side of the reconciliation are calculated according to the methodology set out in this policy, excluding connection fees and pioneer scheme fees.

On the right-hand-side of the reconciliation are the additional costs that the new connection causes minus the extra revenue that the new connection will provide, plus a contribution to the costs of the existing network and operations.

Connection Charge	=	Connection Costs	-	Connection Revenues	+	Network Cost Contribution

The calculation components are described below.

B. Connections Costs

The Connection Costs component is made up of 6 sub-components, though some of these may not be relevant for an individual connection. These components are the extra costs that the new connections cause, rather than costs that already exist in the network. They are the -

a) Extension costs of providing the minimum connection scheme
b) Customer-selected enhancement costs, if any
c) Network capacity costs of the relevant minimum scheme (clause 6B.5 of the Code)
d) Incremental transmission costs, if any
e) Share of localised historical cost recovery (LHCR), if any
f) For non-standard customers, the incremental operating costs that result from the non-standard customers' connection.

C. Revenue estimates

Estimating the future extra revenue from the new connection is an important aspect of this calculation. The estimate considers future factors such as –

a) Changes to demand for electricity at the new connection
b) The potential for price changes over time (aside from inflation)
c) The discount rate, used to bring the revenue back to today's dollars

For standard customers, the average additional operating costs associated with serving the new connection are netted off from the future revenue forecasts. Estimating future operating costs can be difficult to do at customer level for a new connection. Instead PowerNet uses a scaling factor that takes into account the 5-year historic average value of the operational costs across the network, including vegetation management, emergencies, service interruptions and routine maintenance.

D. Network Cost Contribution

PowerNet also needs to recover the capital costs and operating costs of the existing network that are not affected by growth and that are used by all customers, as well as transmission charges. These costs are covered under the Network Cost Contribution term.

The Network Cost Contribution is the balancing term that allows both sides of the reconciliation to balance.

Appendix D – Capacity Guarantee Agreements

1. Introduction

When a consumer requests a new connection or an upgrade to an existing connection on a PowerNet Network there may be a need to invest capital on Network reinforcement or extension now or in the future. The amount of this capital investment relating to the Network Contribution towards the connection will be recovered through on-going annual line charges. The average life of the Network assets is 40 years therefore the recovery of the capital investment is also calculated to take place over a similar period.

There is a risk that if the customer ceased the connection or requests a downgrade in Contract Supply Capacity PowerNet might not recover its original investment. Therefore, PowerNet has a policy of asking the customer to provide a shareholder guarantee covering the Network investment due to the connection for a period of 10 years – called a Capacity Guarantee Agreement.

A Capacity Guarantee is a formal contractual agreement signed by PowerNet and the customer/shareholder and enables PowerNet to recover the balance of its investment if the Installation Owner wishes to reduce the Contract Supply Capacity before 10 years has elapsed.

2. Application

A Capacity Guarantee Agreement will be required in the following situations:

- A new connection requiring a Contract Supply Capacity of greater than 100kVA;
- An existing installation increasing Contract Supply Capacity by greater than 100kVA.

The Capacity Guarantee Agreement will be applied in addition to any Connection Charge if the distribution system has to be significantly extended beyond the economic value of the connection and there is an unacceptable risk to PowerNet of stranded assets.

The term of the Capacity Guarantee Agreement will be 10 years.

The customer has a choice of two options for how a Capacity Guarantee may be applied.

3. Guarantee

If a connection is disconnected or the Contract Supply Capacity is downgraded within a ten year period following the new connection or increased capacity, a lump sum payment may be requested to offset the return on the investment not yet recovered through the line charge. The agreement document will contain a table of figures which are the maximum lump sum figures that could be charged in each year of the 10-year life of the agreement.

If the agreement is invoked the actual level of charge will be calculated based on specific investment on the Network specifically relating to the particular connection. PowerNet will assess the relevant capital expenditure and determine how much remains unrecovered by the

ceased or downgraded connection. If no unrecovered expenditure had been incurred no payment will be required.

If the connection remains at its Contract Supply Capacity for at least 10 years the agreement will expire, i.e., no payments will be required.

4. Process

Once a firm application for supply is received by PowerNet the scope of the required Network extensions will be determined and costed. Any initial contribution towards the Network costs will be calculated, as well as the figures for the Capacity Guarantee, and presented to the consumer. Construction of the Network extension may begin once the consumer has given written acceptance of the initial contribution. Following the acceptance the guarantee documents are prepared and sent to the consumer for signing. Network construction may be carried out while these signatures are being finalised, but the final connection will only take place once the capacity guarantee documents have been signed.

6. Example

An example of how the guarantee works is shown in the following table. In this example, if the capacity is reduced after three years, a lump sum payment of up to a maximum of $12,024.00 may be required (to offset our lost return on any investment that would normally have been recovered through the line charges for the remaining seven years).

Years	Lump Sum Guarantee
0	$16,125
1	$14,626
2	$13,263
3	$12,024
4	$10,898
5	$9,874
6	$8,943
7	$8,097
8	$7,328
9	$6,629
10	$5,993