

We will be billing you directly for line charges

As from October 1, we will be billing you direct for your line charges. This means you will get separate bills from The Lines Company and your energy retailer.

Up until now, our line charges have been billed by your energy retailer. For some customers this has made it hard to work out how much they pay in line charges, because their energy retailer has "bundled" all the costs together.

That's one of the major advantages of getting separate bills - you will know exactly how much you are paying for both line charges and electricity and you will be able to easily compare prices between the energy retailers who offer electricity over our network.

Doing our own billing means we can also offer a variety of tariffs to suit local circumstances. Under the present arrangement there has been pressure to adopt a "one size fits all" approach and this would have meant increasing subsidies to some customers.

One of the new billing options we can

offer is a fixed payment opportunity (see story below). We also now have the flexibility to offer localised tariffs where communities want something different from the rest of the region, like undergrounding, for example.

Another advantage is that it makes it easier for energy retailers to trade on our network. Only some of the companies currently selling electricity in New Zealand service TLC customers, and the billing change means there could be increased competition created, thereby giving our customers a chance to save more on their power accounts.

And, direct billing will not cost us any more, in spite of having to send a separate bill, stamp and envelope to each of our customers. In fact we expect to save on the current costs of having retailers undertake this for us.

Make it easy with fixed payments

As part of direct billing, we will be offering a new fixed payment option.

As most of our costs are fixed, i.e the cost of building and maintaining our network of lines cables and transformers, many of our customers have asked us why we recover some of these costs through a charge based on energy consumed. The answer is simply that, that is the way it has always been. As this is not a good answer we have decided to introduce an option where all your line charges are represented by a monthly fixed charge.

For the average domestic customer it means paying a monthly amount of around \$53 a month. However if you apply

before November 1 to go on to the full fixed charge we can deduct your six monthly lines discount from your monthly payments, which could lower them to around \$30 for many customers.

The actual amount you pay will be determined by your past individual usage. And there will be no nasty hidden surprises. As our costs are fixed, there is no reason for us to spring any unexpected "wash ups" on you.

If you are interested in this new option call Els on (07) 878 0600.

How does direct billing work?

There are three parts to the normal line charge bill from The Lines Company - fixed charges, variable charges and meters/relays.

The fixed charge portion generally covers our direct costs of providing and maintaining our local infrastructure i.e the transformers and low voltage lines that we own.

The variable charge portion covers the cost of Transpower and our high voltage system. It also covers the levy charged by the Electricity Commission.

Most domestic customers have two variable line charges; a high charge for uncontrolled power and a low charge for controlled power such as water heating on ripple control. This is because our system has to be big enough to meet your peak load, and Transpower also charge us based on our peak load.

If we can switch off your load at peak times by ripple control, then this saves us money and, in turn, this saving is passed on to you. This saving will also be there in the fixed charge. A house

with controlled water heating will have a lower charge than a house with uncontrolled water heating.

Variable line charges are calculated on the amount of electricity you use each month. We receive meter readings from the various electricity retailers and use them to assess your variable charges as at the end of the month. This is a similar system to that used by Energy Online, however our assessed readings may differ slightly from theirs due to the different systems we will be using. Obviously switching to the fixed charge option removes any potential of us making a mistake due to poor assessments on your bill.

All bills will be sent out at the beginning of each month with a due date of the 20th of the month.

We're offering a new prompt payment discount

From October 1, we will be offering a prompt payment discount of 10 per cent for all accounts paid by the due date.

Those who set up automatic payments to us can rest easy knowing that their payment will automatically get the discount.

No discount is available on late payments or any arrears.

To ensure that providing the prompt payment discount is fiscally neutral for us, we will be raising our prices by 11 per cent overall from October 1. But,

provided you pay by the due date, you will be paying the same.

Most retailers who collect line charges give a prompt payment discount on the total bill, including line charges, before paying the line charges to the network company. This change will therefore bring us into line with the rest of the industry.

How many ways can I pay?

Any form of payment will be acceptable, other than credit cards.

This means you can pay by cash or cheque, in person at our office, by post, or by any form of electronic banking.

The easiest way will be to either go on our fixed payment plan and set up a standard automatic payment (AP) at your bank, or arrange for a variable direct debit (DD) to apply, where we instruct the bank each month how much to transfer to our account.

You can also pay your monthly account using telebanking or going online and using internet banking.

We are still exploring different cash payment options.

What happens and when

Direct billing will take effect as from October 1, 2005.

You can expect your first bill from The Lines Company at the beginning of November 2005.

Your first payment will be due on November 20.

The second instalment of your bi-annual TLC special discount will appear on the first invoice you receive from us. It will be the same amount that you received as a special discount in March.

The change to direct billing will have no impact on your special discounts in the future.

One bill only

If you have more than one installation, then our lines bill will show the charges for up to 10 installations on the same bill. This means you will only get one envelope and have to make only one payment.

What you need to do next

For queries about direct billing, or help in setting up automatic payments or direct debits, or to sign up for the full fixed charge line option ring us on 07 878 0600 or 0800 367 546.

the lines
company