

Pilbara Underground Power Project





About the Pilbara Underground Power Project (PUPP)

On 16 July 2014, the State Government announced its commitment to provide \$75 million to complete the second phase of the Pilbara Underground Project (PUPP). The project is progressing well with more than half of Karratha and Roebourne now connected to underground power.

Historically the rollout of underground power required a 50% financial contribution from property owners, however with additional support from the State Government's Royalties for Regions program, a transition to underground power in the Pilbara only requires the City to contribute 25% of the overall cost of the project.

To raise that 25% contribution, a PUPP service charge has been levied through the rates system to all those that benefit from the project including households and businesses in Karratha and Roebourne. This is calculated based on the amount of electricity that is available for the property owner to use, plus a connection fee. Properties

with underground power not provided by PUPP will not incur the flat connection fee.

While the overall costs of the project have increased slightly,

the revised billing model indicates that the likely service charge for each connection has not changed significantly since indicative costs were calculated at the beginning of the project.

Underground power brings significant benefits including:

- greater reliability
- reduction of power surges and outages
- improved street lighting
- more attractive streetscapes and
- greater resilience during extreme weather conditions

With recent events like Cyclone Christine we're reminded how quickly power can be cut to properties and how dependant we are on it.



The amount of electricity available to your property is measured in kVA. For example, a standard residential property is 10 kVA and commercial properties can be significantly higher than this.

There are three typical scenarios for residential properties:

- If you already have underground power that was not installed as a part of the Pilbara Underground Power Project e.g. Baynton West you will only pay the overall High Voltage upgrade cost of \$48.26 per kVA (typical household cost of \$482.60);
- If your property has already been undergrounded by the PUPP team (with old power poles removed in most cases). Change of connection from poles to underground \$1,022.17 + cost of changing power (low voltage) to underground \$196.38 per kVA + High Voltage upgrade \$48.26 per kVA (typical household cost \$3,468.62)
- You are receiving power from powerlines and have no underground power, but will be connected as part of the PUPP project: Change of connection from poles to underground \$1,022.17 + cost of changing power (low voltage) to underground \$196.38 per kVA + High Voltage upgrade \$48.26 per kVA (typical household cost \$3,468.62)

What about commercial properties?

- Each commercial property will have an individual bill based on the number of connections you have and the amount of power available to use at your property.

While the above circumstances cover most properties, there are unique circumstances for some property owners. If you are unsure whether your bill is correct or want clarification please contact our Customer Service Team on (08) 9186 8555 or enquiries@karratha.wa.gov.au.



When is my payment due?

Full payment is due by 25 August 2014. If you wish to pay by instalments, the first instalment is also due by 25 August 2014. You will be sent instalment notices for subsequent instalments.

How can I pay?

Payment can be made by mailing a cheque with your remittance advice, BPay, on the internet (www.karratha.wa.gov.au), on the phone (1300 276 468) or in person at the City of Karratha Administration Office. Payment details will be included on your invoice.

What if I can't afford it?

You may choose to pay by instalments to spread the cost out over a four year period. However, if you cannot make these payments you may contact Council to organise a special payment arrangement.

I am a pensioner and can't afford to pay. Am I entitled to any assistance?

If you are a senior or hold a pensioner's card you will be entitled to a rebate to alleviate some of the costs of the project. Please

contact the City of Karratha on (08) 9186 8555 to speak to our customer service team about pensioner rebates. You can also send an email to enquiries@karratha.wa.gov.au for assistance.

If I pay in full upfront, am I entitled to a discount?

Customers who pay in instalments will incur a 5.5% interest charge. Any customers who pay in full will only pay the prescribed amount, without any interest charges, resulting in a reduced rate for payment in full.

What interest will be charged on my payment plan?

If you chose to pay by instalments, there is a 5.5% instalment interest charge applied.

My bill is a lot more expensive than my neighbour's so I think I've been overcharged. Who can I speak to for clarification?

There may be variations in the fees levied from property to property. If your invoice does not align with the scenarios above or you have a query, please call our customer service team on (08) 9186 8555 or enquiries@karratha.wa.gov.au.



What if I don't want underground power?

To achieve the benefits of underground power, ALL properties must have it, otherwise the remaining above-ground service outages can affect the whole city. The City of Karratha makes decisions on the infrastructure we provide in consultation with our community. All properties will receive the benefits of underground power through enhanced safety and improved service reliability therefore Council has decided to distribute the charges between all households. As such, it is not possible to opt out of the upgrade or the charges.

If we don't have a choice about the underground power, how can you make us pay?

We don't have a choice over the costs we pay for most public infrastructure, including power, water, roads and sewage. The Council has the power to levy charges for services under the Local Government Act 1995. Council has determined that there are significant benefits to having underground power, particularly given our susceptibility to cyclones and extreme weather events. As property owners will benefit from this, we are all expected to make a contribution.

Why doesn't Royalties for Regions pay for it?

Historically, underground power is funded in equal parts by State Government and property owners. However, in the Pilbara Underground Power Project the State Government's Royalties for Region's program will be funding 75% of the project, with the remaining 25% to be funded by property owners. This additional funding has resulted in a major reduction in the price for the City of Karratha.

Why has money been spent on upgrading Sharpe Avenue and providing public art, instead of paying for underground power?

Both the State Government and the City of Karratha provide a range of services and infrastructure to improve the amenity and liveability of our city. Underground power is one such project and is being 75% funded by the State Government Royalties for Regions program. Across Western Australia all underground power projects require a contribution directly from property owners. Property owners in many local government areas have been expected to pay 50% of the cost of their projects, compared to 25% for the PUPP.



I live in a new suburb and have always had underground power; why do I have to pay for something that's already there?

The benefits of underground power are only realised when the whole distribution network is underground. If you have underground power that was not connected as part of the PUPP, you don't need to pay the connection fee or the low voltage upgrade fee; however you still need to pay to contribute to the upgrade of the high voltage network which will benefit all households. Most residential properties will pay around \$500 for the high voltage upgrade. This will result in better reliability for all customers.

Why are some property owners being charged \$3500 when new subdivisions are only being charged less than \$500?

New subdivisions had underground power installed at the time they were constructed and the cost of this was factored into their purchase price. As their underground power is not being installed as part of this project, they are only being charged for the network wide High Voltage upgrade and not the removal of the poles and the undergrounding of their power.

How can you charge me for something I might not receive until 2017?

The service charge is similar to rates which are levied in advance to pay for services and infrastructure projects, which are in some cases delivered several years into the future. This is necessary for Council to make payments to Horizon Power to fund the works to complete the project.

PUPP overall will cost \$138.2million in Karratha and Roebourne. Property owners' contributions are \$34.55million. To date, more than \$75million has been spent on the project to complete more than half of the project. Council either must borrow this money and pay interest on it, which is charged back to the consumer, or make other arrangements. The PUPP program is currently 50% complete, so Council considered this the cheapest and most efficient payment option.

The 2014/15 Council contribution to Horizon Power for the project is \$20m; any funds received from property owners in excess of \$20m will be transferred to a special PUPP funds reserve and are quarantined to be used for upcoming PUPP payments. Levying such charges in advance is a common approach that Councils across the State use under the Local Government Act 1995.



When were home owners first advised about the PUPP charge?

The Pilbara Underground Power Project was launched in October 2010. Following the commencement of the project, property owners were notified of the indicative costs they would be levied for the project. The item was considered and formally endorsed by Council. Horizon Power has also provided regular PUPP Project Updates in the newspaper advising of progress of the project.

Have property owners already paid some money towards this project?

A letter of advice regarding potential charges as they relate to residential property was sent out about two years ago, but it was only indicative of future charges. The first (and only) invoice for PUPP payments has been sent out with the 2014/2015 financial year rates notices.

How much did property owners in other cities and shires pay?

As part of the Pilbara Underground Power Project, the Town of Port Hedland, Shire of Ashburton, and City of Karratha councils pay only 25% of overall project costs.

Do we get our money back if it never gets completed?

The Pilbara Underground Power project will be completed, and is expected to be delivered in full by 2017. Horizon Power and the WA Government are committed to completing the project and have already connected more than half of the residential properties to underground power. Horizon Power has completed similar projects across the State, including in Port Hedland, South Hedland and Wedgefield, and Western Power has completed similar projects in other areas of the state.

The City of Karratha fully expects the project to be completed, however, in the very unlikely case that the project is not completed and the funds aren't utilised for the purpose for which they were raised, then there would be a reimbursement of unspent funds.

How is the project progressing?

Contractors are continuing to remove poles in areas where the power has been undergrounded in phase one of the project. Horizon Power will soon be commencing a request for tender process to engage a contractor to complete the next phase of the project.

Have new contractors been secured? What measures are in place to avoid the delays and cost increases that happened with the previous contractors?

Horizon Power will commence the tender process to secure contractors for the next phase of the project. The work will be divided into smaller parcels in order to manage risks and contain costs. This methodology has been proven in recent stages of the project which have been delivered on time and under budget.

When will my property be connected? Is my property already connected?

The following timelines have been prepared for the remaining properties to be converted to underground power:

- Karratha LIA - Commencing November 2014 and scheduled to be completed early 2016
- Bulgarra - Commencing January 2015 and scheduled to be completed late 2015
- Roebourne & Roebourne LIA - Commencing July 2015
- Pegs Creek - Commencing January 2016
- Nickol - Commencing October 2016

If your property has already been connected to the underground power network you would have received a letter from Horizon Power, along with an electrical safety certificate. This letter confirms your ownership of the underground consumer mains cable at your property.



For project information contact

Horizon Power on (08) 9159 7250



For billing information contact

City of Karratha on (08) 9186 8555
or enquiries@karratha.wa.gov.au