



PUBLIC UTILITIES REGULATORY COMMISSION



Guidelines on Refund of Capital Contribution



May 2024

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1.0 PURPOSE, SCOPE, APPLICATION AND REVISION

PURPOSE

The Public Utilities Regulatory Commission is an independent statutory body established under the Public Utilities Regulatory Commission Act, 1997, (Act 538) to regulate and oversee the provision of utility services in the country.


The Capital Contribution guidelines contained in this publication are issued by the Commission as a requirement under Regulation 22 of the Public Utilities Regulatory Commission (Consumer Service) Regulations of 2020 (LI 2413).

The purpose of the guidelines is to provide a framework for the orderly approval, calculation and refund of Capital Contributions paid by customers to utility companies. The Commission expects that the implementation of these guidelines will contribute to an increase in access to electricity and water services through user contributions.

EFFECTIVE DATE, REVIEW, ADDITIONS AND AMENDMENTS

- i. These guidelines take effect from**1ST MAY, 2024**.....
- ii. The Commission reserves the right to review the guidelines periodically. Review of the guidelines shall be done in consultation with stakeholders.
- iii. Amendments, additions and relaxations to the guidelines may be made only with the approval of the Commission.

Approved by the Commission on the ...10th.... Day of April..... 2024

Signed..........
 Chairman, PURC

Signed..........
 Executive Secretary, PURC

2.0 POLICY

Capital Contribution is one of the means by which a utility company extends connections to enable Customers access the utility's network services. The connection of new Customers to a utility network is paid through a number of scenarios, including (1) the revenue from the new connection (2) a deposit to support that revenue until it materializes and (3) an upfront financial payment from the customer, known as a Capital Contribution.

Capital Contribution ensures that costs for extensions outside the utility's investment plan are borne by the person requesting the connection. This is because the costs of designing, constructing, installing and commissioning the new connection may exceed the amount that could reasonably be expected to be recovered over time through network tariffs. Capital contribution is intended to limit the potential for such costs to be apportioned across the entire customer base. The connection of a Customer should not impose undue costs upon other consumers on the shared network.

3.0 DEFINITIONS

In these Guidelines,

"Capital Contribution" means the payment in cash or in materials by a person to a utility company for connection of supply to the network, which:

- (a) in the case of electricity distribution, requires the extension of supply beyond two low voltage (LV) poles;
- (b) in the case of water, requires extension beyond a distance of one hundred and twenty meters from an existing point of connection with a pipe diameter more than sixty-three millimetres.

"Customer" means an individual, estate developer, company or other person who has applied or paid for the connection of supply to a utility company's network through Capital Contribution.

"Depreciated Value" means depreciated calculated according to methodology set out in the Commission's Rate-Setting Guidelines.

"Illegal Connection" means as defined by the Public Utilities Regulatory Commission (Consumer Service) Regulations, 2020 (LI 2413).

"kWh" means kilowatt hours

"m³" means cubic meter

4.0 APPLICATION PROCESS

- 4.1 A Customer applying for the connection of utility supply by way of Capital Contribution shall complete and submit Form A1 or Form A2 in the Schedule to these Guidelines as applicable, to the utility company.
- 4.2 The utility company shall assess the prudence of the investment, calculate the cost of optimally sized assets required and determine the quantum of the Capital Contribution to be paid by the Customer.
- 4.3 Within 20 working days of receipt of the application, the utility company shall issue a quotation to the Customer unless the project requires load flow studies or hydraulic analysis, in which case the quotation shall be provided within a reasonable time not exceeding 2 calendar months.
- 4.4 The quotation shall indicate the materials required, the cost of the project, the quantum of the Capital Contribution to be paid by the Customer, the payment method and the validity period of the quotation.

5.0 CONNECTION AGREEMENT

Upon payment of the amount quoted, the customer shall sign a Connection Agreement with the utility company before the implementation of the project.

The Connection Agreement shall contain the following minimum provisions:

- (a) **Estimated Project Cost**
The total estimated cost of the project as stated in the quotation.
- (b) **Estimated Project Duration**
The timeframe within which the utility undertakes to complete the works for the connection of the Customer to the network.
- (c) **Percentage of Refund**
A provision that the Customer shall be entitled to a Capital Contribution refund of sixty per cent (60%) of the amount paid by the Customer, in accordance with these Guidelines.
- (d) **Mode of Payment of Refund**
A provision that payment of the refund shall be made by the utility either by cheque or credit to the Customer's utility account, in the proportions stated in the Connection Agreement.
- (e) **Project Timeline**
An undertaking by the utility company to undertake the project within the timeframe stated in the Connection Agreement.
- (f) **Utility Ownership and Maintenance**
A provision that the capital assets for which the contribution is made shall be the property of the utility and shall be maintained by the utility.

6.0 REFUND OF CAPITAL CONTRIBUTION

- 6.1** A Customer shall be entitled to a refund of sixty per cent (60%) of the Customer's Capital Contribution from the utility company as provided in these Guidelines.
- 6.2** Refund for Capital Contribution shall apply where:
- (a) the Capital Contribution is made with the approval of a utility company; and
 - (b) the utility subsequently connects other customers to the newly developed part of the utility company's network.

7.0 LIMITATIONS

- 7.1** An application for a Capital Contribution refund shall be made within five years from the completion of the project to qualify for the sixty percent refund.
- 7.2** If the utility company makes no other connection to the newly developed part of the network within the five-year limitation period, the utility company shall pay a discounted refund for connections made after the five-year limitation period. The discounted refund shall be sixty per cent of the Depreciated Value of the assets and shall be in the form of a one-time payment to the Customer.
- 7.3** A dedicated connection to one Customer does not qualify for a Capital Contribution refund.
- 7.4** A connection to the newly developed part of the network which is illegal shall not qualify the Customer for a Capital Contribution refund. In that case, the utility shall disconnect the Illegal Connection and apply the applicable penalty to the offender under Regulations 37 and 44 of the Public Utilities Regulatory Commission (Consumer Service) Regulations, 2020 (LI 2413).
- 7.5** Nothing in these Guidelines prevents a utility company from declining an application, but the utility must assign reasons for declining an application and inform the Customer of the reasons.

8.0 APPLICATION PROCESS FOR REFUND

A Customer applying for a Capital Contribution refund shall submit the following to the utility company:

- (a) a copy of the signed Connection Agreement;
- (b) a copy of the quotation letter;
- (c) the evidence of payment of the amount quoted;
- (d) a completed Form A1 or Form A2 per the Schedule to these Guidelines.

9.0 PAYMENT OF REFUND

Upon receipt of an application for a refund, a utility company shall pay the Customer as agreed in the Connection Agreement and as provided under these Guidelines.

10.0 REGULATORY REQUIREMENTS

10.1 A utility company shall:

- (a) maintain an effective accounting and billing system to track payments concerning connections made through Capital Contribution;
- (b) undertake bi-annual reconciliation of accounts between the public utility and the Customer; and
- (c) notify the Customer when the utility connects a third party to the newly developed part of the network.

10.2 A utility company shall submit a report to the Commission on its Capital Contribution projects for each operational year. The report shall be submitted in Microsoft Excel format within three months after the end of each operational year and shall include the following information:

- (a) number of Capital Contribution applications received;
- (b) description of Capital Contribution projects undertaken;
- (c) total amount received as Capital Contribution from customers;
- (d) applications declined and reasons for rejection; and
- (e) analysis in kWh or m³ of consumption data from Capital Contribution projects for the first five years from project completion.

10.3 A utility company shall:

- (a) undertake public education to inform the public about its Capital Contribution processes; and
- (b) make copies of the forms provided in the Schedule available electronically and at all customer service points.

10.4 A complaint concerning Capital Contribution may be lodged with the Commission and shall be dealt with under the Commission's complaints procedures.

SCHEDULES

FORM A2

APPLICATION FOR CAPITAL CONTRIBUTION FOR ELECTRICITY SUPPLY SERVICE

| DETAILS OF CUSTOMER | |
|---|---|
| Title | Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Other (Please State)..... |
| Last Name | |
| First Name | |
| Other Names | |
| Postal Address | |
| Residential Address: | |
| 1. House/Plot Number | |
| 2. Street Name | |
| 3. Town/City | |
| 4. Region | |
| 5. Registered Ghana Post (GPS) Address | |
| Telephone Number | |
| Mobile Number | |
| Email | |
| CONNECTION SITE/FACILITY DETAILS (IF DIFFERENT FROM ADDRESS OF CUSTOMER PROVIDED ABOVE) | |
| Postal Address | |
| Residential Address: | |
| 1. House/Plot Number | |
| 2. Street Name | |
| 3. Town/City | |
| 4. Region | |
| 5. Registered Ghana Post (GPS) Address | |
| Telephone Number | |
| CONNECTION DETAILS | |
| New Service Application Reference Number | |
| New Service Application Date | |
| Quotation Letter Reference Number | |
| Connection Agreement Reference Number | |
| Type of Service Received (Please select one) | Change of Existing Connection <input type="checkbox"/> New Connection <input type="checkbox"/> Temporary Connection <input type="checkbox"/> Diversion Work <input type="checkbox"/> |
| Date of Connection | |
| REFUND ACCOUNT DETAILS | |
| Mode of Refund (Please select one) | Cheque <input type="checkbox"/> Cash <input type="checkbox"/> Credit Customer Account <input type="checkbox"/> |
| Bank Details (Please fill if you selected 'Cheque' above) | |
| 1. Bank Name | |
| 2. Account Name | |
| 3. Account Branch | |
| 4. Account Number | |
| 5. Ghana Card Number | |
| Signature of Customer | |
| Date | |

FOR OFFICIAL USE ONLY

| MATERIAL SPECIFICATION / COSTING | | | | | |
|----------------------------------|---------------|--------|--------|------|------------|
| COMPONENT | SPECIFICATION | | | | COST (GHS) |
| | BRAND NAME | NUMBER | LENGTH | SIZE | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL COST (A) | | | | | |

| WORKS | DESCRIPTION | COST (GHS) |
|-----------------------|-------------|------------|
| | | |
| | | |
| | | |
| TOTAL COST (B) | | |

| PROJECT COST | |
|--------------------------|-----|
| LOT | GHS |
| MATERIAL COST (A) | |
| WORKS (B) | |
| GRAND TOTAL | |

Name of Utility Official:

Position:

Signature:

Date:

SCHEDULES

FORM A2

APPLICATION FOR CAPITAL CONTRIBUTION FOR WATER SUPPLY SERVICE

| DETAILS OF CUSTOMER | |
|---|---|
| Title | Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Other (Please State)..... |
| Last Name | |
| First Name | |
| Other Names | |
| Postal Address | |
| Residential Address: | |
| 1. House/Plot Number | |
| 2. Street Name | |
| 3. Town/City | |
| 4. Region | |
| 5. Registered Ghana Post (GPS) Address | |
| Telephone Number | |
| Mobile Number | |
| Email | |
| CONNECTION SITE/FACILITY DETAILS (IF DIFFERENT FROM ADDRESS OF CUSTOMER PROVIDED ABOVE) | |
| Postal Address | |
| Residential Address: | |
| 1. House/Plot Number | |
| 2. Street Name | |
| 3. Town/City | |
| 4. Region | |
| 5. Registered Ghana Post (GPS) Address | |
| Telephone Number | |
| CONNECTION DETAILS | |
| New Service Application Reference Number | |
| New Service Application Date | |
| Quotation Letter Reference Number | |
| Connection Agreement Reference Number | |
| Type of Service Received (Please select one) | Change of Existing Connection <input type="checkbox"/> New Connection <input type="checkbox"/> Temporary Connection <input type="checkbox"/> Diversion Work <input type="checkbox"/> |
| Date of Connection | |
| REFUND ACCOUNT DETAILS | |
| Mode of Refund (Please select one) | Cheque <input type="checkbox"/> Cash <input type="checkbox"/> Credit Customer Account <input type="checkbox"/> |
| Bank Details (Please fill if you selected 'Cheque' above) | |
| 1. Bank Name | |
| 2. Account Name | |
| 3. Account Branch | |
| 4. Account Number | |
| 5. Ghana Card Number | |
| Signature of Customer | |
| Date | |

FOR OFFICIAL USE ONLY

| MATERIAL SPECIFICATION / COSTING | | | | | |
|----------------------------------|---------------|--------|--------|------|------------|
| COMPONENT | SPECIFICATION | | | | COST (GHS) |
| | BRAND NAME | NUMBER | LENGTH | SIZE | |
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| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL COST (A) | | | | | |

| WORKS | DESCRIPTION | COST (GHS) |
|-----------------------|-------------|------------|
| | | |
| | | |
| | | |
| TOTAL COST (B) | | |

| PROJECT COST | |
|--------------------------|-----|
| LOT | GHS |
| MATERIAL COST (A) | |
| WORKS (B) | |
| GRAND TOTAL | |

Name of Utility Official:

Position:

Signature:

Date:

OUR CONTACTS

HEAD OFFICE

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KOFORIDUA

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ACCRA

Ground Floor, GNAT Heights
Opposite Zenith Bank, Liberation Road
Tel: (233-302) 240046
WhatsApp: (233-540) 126201

HO

GERCO Plaza, 2nd Floor
Opposite SG-Bank
P. O. Box HP 1373
Ho, Volta Region
Tel: (233-362) 028607
Fax: (233-362) 028608
WhatsApp: (233-540) 126206

SUNYANI

Plot 15/16 South Industrial Estate
Sunyani Magazine
P. O. Box SY 1003
Sunyani, Bono Region
Tel: (233-352) 021651
(233-352) 021653
WhatsApp: (233-540) 126207

CAPE COAST

First Floor Data Bank Building
Tantri Road
P. O. Box CC 453
Cape Coast, Central Region
Tel: (233-332) 137926
WhatsApp: (233-540) 126208

WA

2nd Floor Stanbic Bank Building
Opposite Societe Generale
P. O. Box 445
Wa, Upper West Region
Tel: (233-392) 024275
WhatsApp: (233-540) 126209

BOLGATANGA

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