

representing to the Minister that the licensee is charging for the supply of electrical energy a rate which is returning an excessive profit, after allowing for the creation of a reasonable reserve fund, the Minister shall have power to cause such inquiry and investigation of the licensee's books and accounts as he may deem necessary; and if, after such inquiry and investigation, he is of opinion that unreasonably high profits are being made, having regard to all surrounding circumstances and conditions and to the nature of the undertaking, the Governor-General may, on the recommendation of the Minister, from time to time reduce or otherwise amend the rates permitted to be charged to consumers under this license.

12. AREA OF SUPPLY.

The area of supply comprises the counties of Waikohu, Uawa, and Cook, except the area comprised in the Mangapapa Town District and the Borough of Gisborne, but including all other town districts in such counties; the said area of supply being indicated by a distinctive border coloured yellow on the plan marked P.W.D. 46338, deposited in the office of the Minister at Wellington, in the Provincial District of Wellington.

13. SYSTEM OF SUPPLY.

The system of supply shall be as described in paragraph (e) of clause 3 of the regulations.

The generating voltage shall be approximately 11,000 volts between the terminals.

14. DATUM TEMPERATURE.

For the purposes of calculating stresses as provided in clause 15 of the regulations, the datum temperature shall be taken as 22 degrees Fahrenheit.

15. EXPIRY OF LICENSE.—CROWN MAY TAKE OVER WORKS OR ALLOW LICENSEE TO REMOVE BUILDINGS, ETC.

Upon the expiration of the term of the license hereby granted, the following provisions shall apply:—

(a.) His Majesty the King may take over and use the whole of the works hereby authorized, including all structures, buildings, equipment, machinery, plant, and land, hereinafter in this clause called the "works," on payment by him to the licensee of the then value of the works. The price to be paid under this clause shall be fixed in the same manner as the price in clause 16 of this license; or

(b.) The Governor-General may, at his option, by Order in Council, grant to the licensee a new license for a further period of forty-two years, subject to such terms, conditions, and payment of rental as may then be imposed by him; or

(c.) If His Majesty the King does not elect to take over the works under subclause (a), or the Governor-General declines to issue a further Order in Council under subclause (b) hereof, the licensee may, within such time and subject to such conditions as the Minister may then impose, remove all structures, buildings, equipment, machinery, and plant erected or installed by the licensee under the powers conferred by this license. If the licensee fails or neglects to effect such removal within the time or subject to the conditions imposed by the Minister, such structures, buildings, equipment, machinery, and plant shall, without payment of any compensation, vest in and become the property of His Majesty the King.

16. CROWN'S PRIOR RIGHT TO PURCHASE WORKS.

Notwithstanding anything hereinafter contained, the right is hereby reserved to His Majesty the King to purchase, at his option, at such price and on such conditions as may be mutually agreed upon (or, failing such mutual agreement, then by arbitration in the manner prescribed by the Arbitration Act, 1908), this license, together with the whole or any part of the business and undertaking of the licensee, so far as the same relates to or is connected with the exercise of this license, and together with all real and personal property and all rights acquired by the licensee under this license and used or enjoyed in connection therewith. The said right may be exercised by His Majesty the King at any time during the currency of this license, but the said price shall not exceed the original cost of the works (including reasonable preliminary and engineering expenses), less a deduction for depreciation at the rate of 2 per cent. per annum on the original cost on all assets other than land calculated for the period that such assets have been in service, and also a deduction in consequence of any burdensome provisions respecting the use of the electric works or any easements, rights, or privileges in connection therewith, and shall not include any sum in respect of the value of the goodwill of the licensee's business or undertaking, or in respect of the value of the license for the unexpired period thereof, or in respect of the

value of any Crown land held or occupied by the licensee in connection with the undertaking. In addition to the sum to be paid to the licensee under this clause, there shall also be paid by His Majesty the King interest at the rate of 5 per cent. per annum on the actual cost of construction during each of the first four years respectively, commencing from the date when the deposit of £500 referred to in clause 22 hereof has been returned to the licensee. On the completion of the purchase His Majesty the King shall be deemed to be the assignee of this license, and all the rights vested in the licensee by the license shall thereupon vest in His Majesty the King.

17. COMPENSATION PAYABLE FOR LAND INJURIOUSLY AFFECTED, ETC.

In respect of all land injuriously affected, and in respect of all damages done by the exercise of any of the powers conferred upon the licensee by this license, the licensee shall from time to time, as and when any such injury or damage accrues or happens, pay compensation in accordance with the provisions of the Public Works Act, 1908, in the same manner (subject to all necessary modifications) as if such licensee were a local authority and the claim was one for injury or damage arising out of the construction of a public work.

18. CROWN NOT LIABLE TO PAY COMPENSATION.

Nothing in this license shall be held to cast upon or imply any liability upon His Majesty the King or upon the Government of New Zealand to pay compensation to any person, corporate body, or local authority by reason of the exercise by the licensee of the authority hereby granted; but the licensee shall be liable for any loss or damage which any person, corporate body, or local authority may sustain as the result of the exercise by the licensee of any of the powers granted by this license.

19. CONSUMERS ENTITLED TO SUPPLY.

The licensee shall supply and sell to any person, company, or corporate body within the area of supply requiring the same, for any purpose within that area, electricity to the extent to which it may be available; provided that such person, company, or corporate body pays the cost of connecting his or its premises with the transmission-line erected by the licensee in pursuance of this license.

20. INTERCHANGE OF SUPPLY OF ELECTRICAL ENERGY.

(a.) In the event of the Minister establishing a hydro-electric power scheme outside the area of supply of a frequency of 50 cycles per second on the three-phase alternating-current system, he may require the licensee to connect that system with the licensee's electrical system in such a manner that an interchange of electrical energy between the two systems may be made from time to time and when required by either the licensee or the Minister, up to at least one-half of the total capacity of the plant installed at the licensee's power-house.

(b.) The licensee shall erect and maintain in good order, at the expense of the licensee, the necessary transmission-lines between the licensee's power-house and a point on the boundary of the area of supply to be determined by the Minister.

(c.) The Minister shall erect and maintain in good order, at the expense of the Minister, the necessary transmission-lines outside the area of supply for the purpose of connecting the two systems at the point last mentioned in subclause (b) hereof.

(d.) The licensee and the Minister respectively shall, on demand, and from time to time as and when required, supply to each other so much of the surplus electrical energy as is then required and is available, but not in excess of one-half of the capacity of the plant installed in the licensee's power-house.

(e.) The price to be paid by the licensee or the Minister shall not exceed the following rates:—

Between the hours of 8 a.m. and 8 p.m. daily: 1d. per unit.

Between the hours of 8 p.m. and 8 a.m. daily: ½d. per unit.

To be measured in each case at the point last mentioned in subclause (b) hereof.

(f.) For the purpose of this clause either the licensee or the Minister may have the unit measured in kilo-volt-ampere hours instead of kilowatt hours.

21. DEPOSIT.

The deposit of £500 which the licensee has lodged with the Public Trustee as a guarantee of good faith shall be retained as security for the due fulfilment by the licensee of the terms and conditions contained in this license to be performed by him: Provided, however, that when and so soon as the licensee shall have submitted the drawings and