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2008 WATER PRICE REVIEW

LOWER MURRAY WATER DETERMINATION

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1. General

1.1 Introduction

- (a) Clause 8 of the *WIRO* requires the Commission to either:
 - (i) approve the prices which a *regulated entity* may charge for *prescribed services* or the manner in which such prices are to be calculated or otherwise determined, as set out in the *regulated entity's Water Plan*; or
 - (ii) specify the prices which a *regulated entity* may charge for *prescribed services* or the manner in which such prices are to be calculated or otherwise determined.
- (b) On 20 June 2008, the Commission made its decision under the *WIRO* in respect of:
 - (i) the prices which Lower Murray Urban and Rural Water Corporation (trading as Lower Murray Water) (ABN 18 475 808 826) (*Lower Murray Water*) may charge for *prescribed services* during the *regulatory period*; and
 - (ii) the standards and conditions of service and supply which *Lower Murray Water* has included in its *Water Plan*.
- (c) This Determination is made by the Commission under section 33 of the *ESC Act*, pursuant to clause 8 of the *WIRO*.
- (d) The purpose and reasons for the making of this Determination are to:
 - (i) give effect to the decision of the Commission referred to in clause 1.1(b)(i);
 - (ii) specify the prices which *Lower Murray Water* may charge for *prescribed services* during the *regulatory period* or the manner in which such prices are to be calculated or otherwise determined;

- (iii) facilitate the achievement of the Commission's objectives in the **ESC Act** and the **WI Act**; and
- (iv) reflect the requirements in the **WIRO**.

1.2 Application

This Determination applies to **Lower Murray Water** and its successors and assigns in respect of the business carried on by **Lower Murray Water** at the date of this Determination.

1.3 Effective period

(a) Term

This Determination takes effect on the later of the date on which notice of its making is published in the Government Gazette and 1 July 2008 and, subject to clause 1.3(b), has effect until the earlier of the date on which it is amended or revoked by a later determination or 30 June 2013.

(b) Next regulatory period

Subject to clause 2.3(c)(ii) and clause 2.3(d)(ii), if the Commission has not made a determination in respect of the prices to apply in the **next regulatory period** on or before 30 June 2013, the prices or the manner in which such prices are to be calculated or otherwise determined as set out in this Determination will continue to apply in respect of **prescribed services** provided by **Lower Murray Water** between 1 July 2013 and the date on which the determination for the **next regulatory period** comes into effect.

1.4 Modification of time periods

The Commission may, by notice to **Lower Murray Water**, extend or reduce the time by which, or the period within which, **Lower Murray Water** or the Commission must comply with an obligation under this Determination.

1.5 Summary and structure

Clause 2 of this Determination specifies the prices which will apply to **prescribed services** during the **regulatory period** and sets out the procedure and formula according to which prices may be adjusted during the **regulatory period** on an annual basis. Clauses 3, 4 and 5 provide for

the circumstances in which prices may be adjusted during the **regulatory period** otherwise than in accordance with clause 2.

1.6 Definitions and interpretation

In this Determination, unless the contrary intention appears:

- (a) words and phrases in bold italics have the meanings given to them in part A of Schedule 1; and
- (b) the rules of interpretation in part B of Schedule 1 will apply.

1.7 Annexure

- (a) For convenience, annexure A to this Determination summarises:
 - (i) the assumptions underpinning the prices to apply to **Lower Murray Water** during the **regulatory period** or the manner in which such prices are to be calculated or otherwise determined; and
 - (ii) the standards and conditions of services and supply additional to those specified in the **Codes** which will be provided by **Lower Murray Water** pursuant to the decision referred to in clause 1.1(b)(ii).
- (b) For the avoidance of doubt, annexure A does not form part of this Determination.

2. Price control

2.1 General principles

Subject to this Determination:

(a) Scheduled prices

Lower Murray Water must not charge more than:

- (i) the scheduled prices in Schedule 2 and Schedule 3, during the first **regulatory year**; and
- (ii) the amount determined in accordance with clause 2.3, during each subsequent **regulatory year**,

in respect of those **prescribed services** to which the scheduled prices in Schedule 2 and Schedule 3 relate.

(b) Application principles

The application principles in Schedule 5 will apply to the prices charged by **Lower Murray Water** in respect of **prescribed services** during the **regulatory period**.

(c) Pricing principles

During the **regulatory period**, **Lower Murray Water** must apply the pricing principles in Schedule 6 when determining the prices to apply to the **prescribed services** to which the pricing principles in Schedule 6 relate.

2.2 Ancillary matters

(a) New prices

If a **new price** is introduced under clause 2.3:

- (i) that **new price** is deemed to be included in Schedule 3 with effect from the start of the subsequent **regulatory year**; and
- (ii) any new application principle specified in respect of that **new price** is deemed to be included in Schedule 5 with effect from the start of the subsequent **regulatory year**.

(b) Contracts

Where **Lower Murray Water** has entered into a contract (a **relevant contract**) which relates to the provision of **prescribed services** prior to 1 July 2008, **Lower Murray Water** may charge the prices for **prescribed services** which are set out in that **relevant contract** until its expiration, termination or a periodic review of the prices set out in the contract. Once a **relevant contract** has expired or been terminated or the prices in a **relevant contract** have been subject to a periodic review, the scheduled prices in Schedule 2 and Schedule 3 (as adjusted in accordance with this Determination) or the prices determined in accordance with the pricing principles in Schedule 6 will apply for the remainder of the **regulatory period**.

(c) Dispute Resolution

Any question as to whether a price has been set in accordance with this Determination will be determined by the Commission on the basis of the Commission's interpretation of this Determination.

(d) Publication

Lower Murray Water must publish a schedule of its current prices and pricing principles for **prescribed services**, and all relevant supporting information that is relied upon to apply the prices or pricing principles, on its website at all times during the **regulatory period** and must provide a written copy of the schedule to its customers on request. To the extent permissible under the *Trade Practices Act 1974* (Cth), the schedule must clearly indicate in respect of each price, the amount determined in accordance with this Determination, the amount of GST payable and the total price.

(e) GST

Lower Murray Water will not be considered to be in contravention of this Determination if a price charged by it for a **prescribed service** exceeds the amount determined in accordance with clause 2 only by reason of the levying of a charge on account of **GST**.

2.3 Annual adjustment of prices

(a) Schedule 2: Adjustment

Subject to Schedule 2, the scheduled prices in Schedule 2 will be adjusted in each subsequent **regulatory year** in the **regulatory period** in accordance with the formula in clause 2.3(c)(i) and the procedure in clause 2.3(e), and will apply to the **prescribed services** to which the scheduled prices in Schedule 2 relate in that **regulatory year**.

(b) Schedule 3: Adjustment

Subject to Schedule 3, the scheduled prices in Schedule 3 will be adjusted in each subsequent **regulatory year** in the **regulatory period** in accordance with the formula in clause 2.3(d)(i) and the procedure in clause 2.3(e), and will apply to the **prescribed services** to which the scheduled prices in Schedule 3 relate in that **regulatory year**.

(c) Schedule 2: Formula

(i) Subject to Schedule 2, each price for the **prescribed services** referred to in clause 2.3(a) will be adjusted in accordance with the following formula with effect from the

beginning of each subsequent **regulatory year** in the **regulatory period**:

$$P_t = P_{t-1} * CPI_t *(1 + PPM_t)$$

where:

P_t is the price component for **regulatory year** t

P_{t-1} is the price component for **regulatory year** t-1

CPI_t for the particular **regulatory year** is:

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the start of the relevant **regulatory year**

divided by

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the March quarter referred to above

PPM_t is the prescribed price movement for the price component for **regulatory year** t determined in accordance with Schedule 2.

- (ii) If the Commission has not made a determination in respect of the prices to apply in the **next regulatory period** on or before 30 June 2013, PPM_t will be set equal to zero for the purpose of adjusting prices in accordance with the formula in clause 2.3(c)(i) for **regulatory years** commencing on or after 1 July 2013 until the date on which this determination is amended or revoked by a later determination.

(d) Schedule 3: Formulae

- (i) Subject to Schedule 3, each price for the **prescribed services** referred to in clause 2.3(b) will be adjusted in accordance with the following formulae with effect from the beginning of each subsequent **regulatory year** in the **regulatory period**:

$$\sum_{i=1}^n \sum_{j=1}^m p_t^{ij} q_t^{ij} \leq cap_t$$

$$cap_t = rev_t + (cap_{t-1} - \sum_{i=1}^n \sum_{j=1}^m p_{t-1}^{ij} q_{t-1}^{ij}) * cpi_t * (1 + wacc)$$

where **Lower Murray Water** has n tariff categories, which have up to m tariff components, and where:

p_t^{ij} is the proposed tariff component j of tariff i for **regulatory year** t

q_t^{ij} is the forecast quantity of tariff component j of tariff i for **regulatory year** t

cap_t is the revenue cap for **regulatory year** t calculated in accordance with the formula set out above

cap_{t-1} is the revenue cap for **regulatory year** $t-1$: for the second year of the **regulatory period**, cap_{t-1} is equal to rev_t for the first **regulatory year** as set out in Schedule 4. For subsequent **regulatory years**, cap_{t-1} is the amount calculated for **regulatory year** $t-1$ in accordance with the formula set out above

rev_t is the total revenue requirement for **regulatory year** t as set out in Schedule 4

p_{t-1}^{ij} is the actual tariff component j of tariff i for **regulatory year** $t-1$

q_{t-1}^{ij} is the estimate of the actual quantities of tariff component j of tariff i for **regulatory year** $t-1$

cpi_t for the particular **regulatory year** is:

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter

immediately preceding the start of the relevant **regulatory year**

divided by

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the March quarter referred to above

wacc is 5.8%, being the weighted average cost of capital

- (ii) If the Commission has not made a determination in respect of the prices to apply in the **next regulatory period** on or before 30 June 2013, the regulatory requirement for **regulatory year t** "*rev_t*" will be set equal to

"(*rev_{t-1}* * *cpi_t*)" for the purpose of adjusting prices in accordance with the formulae in clause 2.3(d)(i) for **regulatory years** commencing on or after 1 July 2013 until the date on which this determination is amended or revoked by a later determination.

(e) Adjustment procedure

- (i) At least 40 **business days** prior to the commencement of each subsequent **regulatory year** in the **regulatory period**, **Lower Murray Water** must submit its proposed prices for the **prescribed services** referred to in clauses 2.3(a) and 2.3(b) to apply in the subsequent **regulatory year** (the **revised prices**) to the Commission for approval, together with sufficient information to enable the Commission to assess whether the proposed prices comply with this Determination including in relation to the proposed prices for the **prescribed services** referred to in clause 2.3(b):

- (A) the forecast quantities for **regulatory year t** "*q_t^{ij}*" (referred to in the relevant formula in clause 2.3(d)(i));
- (B) the estimate of actual quantities for **regulatory year t-1** "*q_{t-1}^{ij}*" (referred to in the relevant formula in clause 2.3(d)(i));

- (C) information which explains the calculation of the items referred to in subparagraphs (A) and (B) above;
 - (D) information relating to any **new price** which **Lower Murray Water** proposes to introduce in **regulatory year t**; and
 - (E) any other information required by the Commission.
- (ii) The Commission will approve the **revised prices** if it considers that:
- (A) the **revised prices** in respect of clause 2.3(a) have been calculated in accordance with the formula set out in clause 2.3(c)(i);
 - (B) the **revised prices** in respect of clause 2.3(b) have been calculated in accordance with the formulae set out in clause 2.3(d)(i); and
 - (C) the items referred to in clause 2.3(e)(i)(A) and (B) are reasonable.
- (iii) The Commission will be deemed to have approved the **revised prices** if it has not provided notice under clause 2.3(c)(iv) to **Lower Murray Water** within 30 **business days** from the date of its receipt of the **revised prices**.
- (iv) If the Commission does not approve the **revised prices**, the Commission:
- (A) will provide notice to **Lower Murray Water** (including a statement of its reasons);
 - (B) may request **Lower Murray Water** to provide any additional information specified by the Commission;
 - (C) will take any additional information provided by **Lower Murray Water** into account; and
 - (D) will determine the **revised prices**.
- (v) For the avoidance of doubt, any **new price** approved by the Commission under clause 2.3(e)(ii) or deemed to have been approved by the Commission under clause 2.3(e)(iii) will be a **revised price** for the purpose of clause 2.3(e).

2.4 Price changes during a billing period

(a) Application of this clause

This clause 2.4 applies where **Lower Murray Water** issues an invoice in respect of a billing period during which a change to any price for a **prescribed service** comes into effect in accordance with this Determination.

(b) Method of charging

Lower Murray Water must not charge the prices determined in accordance with this Determination in respect of any part of a billing period prior to the effective date of the change, but may charge for **prescribed services** in respect of the periods before and after the effective date of the change at the prices applicable for each of those periods on a pro-rata basis.

2.5 Reporting requirements

- (a) **Lower Murray Water** must make available to the Commission all information reasonably requested by the Commission from time to time for the purpose of enabling it to confirm that **Lower Murray Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **Lower Murray Water** enters into a **new contract** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 4 relate, **Lower Murray Water** must, within 30 **business days** of the date of the **new contract**, provide the Commission with a notice specifying:
- (i) details of the **new contract**, and
 - (ii) information which demonstrates the way in which the prices in the **new contract** reflect the relevant pricing principles.
- (c) Without limiting clause 2.5(a), if **Lower Murray Water** proposes to stop providing a **prescribed service** or refuses to provide a **prescribed service** to a customer, or potential customer, during the **regulatory period**, it must:
- (i) in the case of a proposal to stop providing a **prescribed service**, provide a notice to the Commission stating the nature of the **prescribed service** which it proposes to stop providing and the reason why it proposes to stop providing

the **prescribed service**. This notice must be provided at least 30 **business days** prior to the date upon which **Lower Murray Water** proposes to stop providing the **prescribed service**; and

- (ii) in the case of a refusal to provide a **prescribed service** to a customer, or potential customer, **Lower Murray Water** must provide a notice to the Commission within 5 **business days** of the refusal, stating the nature of the **prescribed service** and the reason for the refusal.

3. Amendment of Schedule 2

(a) Amendment

- (i) **Lower Murray Water** may apply to the Commission in accordance with this clause 3 for the amendment of the prescribed price movements and/or price components included in Schedule 2 for the following **regulatory year t** (the **relevant regulatory year**) and all subsequent **regulatory years** remaining in the **regulatory period** (the **revised tariff schedule**).
- (ii) The average price movement for the **relevant regulatory year** and for each subsequent **regulatory year** in the **regulatory period** determined in accordance with the **revised tariff schedule** must not exceed the average price movement that would otherwise have applied under this Determination as calculated in accordance with the following formula.

$$\frac{\sum_{i=1}^n \sum_{j=1}^m P_t^{ij} q_{t-2}^{ij}}{\sum_{i=1}^n \sum_{j=1}^m P_{t-1}^{ij} q_{t-2}^{ij}} \geq \frac{\sum_{i=1}^n \sum_{j=1}^m a P_t^{ij} q_{t-2}^{ij}}{\sum_{i=1}^n \sum_{j=1}^m P_{t-1}^{ij} q_{t-2}^{ij}}, i = 1, \dots, n; j = 1 \dots m$$

where **Lower Murray Water** has n tariff categories, which each have up to m tariff components, and where, for each **regulatory year t** for which the calculation is undertaken:

p_{t-1}^{ij} is the tariff charged in **regulatory year** t-1 for component j of tariff i

p_t^{ij} is the proposed tariff for component j of tariff i determined in accordance with Schedule 2 where the **revised tariff schedule** is not applied

ap_t^{ij} is the proposed tariff for component j of tariff i determined in accordance with Schedule 2 where the **revised tariff schedule** is applied

q_{t-2}^{ij} is the quantity of component j of tariff i that was sold in **regulatory year** t-2, or, if an actual quantity is not available, either an estimate of the quantity of component j of tariff i that would have been sold in **regulatory year** t-2 or a forecast of the quantity of component j of tariff i that is expected to be sold in **regulatory year** t-2.

(b) Amendment procedure

(i) An application by **Lower Murray Water** under this clause 3 must be received by the Commission at least 80 **business days** prior to the commencement of the **relevant regulatory year** and must be accompanied by the following information:

(A) (1) a clearly articulated new tariff strategy that is consistent with the regulatory principles in clause 14(i)(a) of the **WIRO** (the **revised tariff strategy**); or

(2) an explanation of how the **revised tariff schedule** is consistent with the tariff strategy for **Lower Murray Water** approved by the Commission in connection with this Determination,

(**the relevant tariff strategy**);

(B) a **revised tariff schedule** that specifies proposed prices for the **relevant regulatory year** and prescribed price movements for each subsequent

- regulatory year** in the **regulatory period** that is consistent with the **relevant tariff strategy**;
- (C) a statement setting out evidence demonstrating that **Lower Murray Water** has provided information to its customers explaining the **revised tariff schedule** and how it relates to the **relevant tariff strategy** and has consulted effectively with its customers on the **revised tariff strategy** (if clause 3(b)(i)(A)(1) applies) and the **revised tariff schedule**;
- (D) a statement setting out the customer impacts resulting from the **revised tariff schedule** and actions proposed by **Lower Murray Water** to address these customer impacts; and
- (E) an explanation of the calculation of the relevant quantities “ q_{t-2}^{ij} ”.
- (ii) The Commission may approve the **revised tariff schedule** submitted by **Lower Murray Water** under this clause 3 if it is satisfied that:
- (A) **Lower Murray Water** has complied with clause 3(b)(i)(A);
- (B) the average price movements calculated in accordance with the **revised tariff schedule** comply with the formula in clause 3(a)(ii);
- (C) the **revised tariff schedule** is consistent with the **relevant tariff strategy**;
- (D) **Lower Murray Water** has consulted effectively with its customers on the **revised tariff strategy** (if clause 3(b)(i)(A)(1) applies) and the **revised tariff schedule**;
- (E) **Lower Murray Water** has effectively addressed customer impacts resulting from the **revised tariff schedule**; and
- (F) the basis for calculating the relevant quantities “ q_{t-2}^{ij} ” is reasonable.

- (iii) In determining whether it will approve the **revised tariff schedule**, the Commission may request **Lower Murray Water** to provide any additional information specified by the Commission and/or to resubmit any of the matters in clause 3(b)(i)(A)-(E).
- (iv) The Commission will be deemed to have not approved a **revised tariff schedule** if it has not provided notice to **Lower Murray Water** within 40 **business days** from the date of its receipt of **Lower Murray Water's** application under this clause 3.

4. Uncertain or unforeseen events

4.1 General principle

- (a) **Lower Murray Water** may apply to the Commission for the amendment of this Determination and/or the adjustment of the scheduled prices in Schedule 2 and/or the adjustment of the **revenue requirements** in Schedule 4 to reflect increased or decreased costs incurred by **Lower Murray Water** and/or increased or decreased revenue received by **Lower Murray Water** as a result of events which were uncertain or unforeseen at the time this Determination was made (an **uncertain events application**).
- (b) The Commission may take action under clause 4.3(b) in respect of an **uncertain events application** where the Commission is satisfied that such action is necessary or desirable to take account of events that were uncertain or unforeseen at the time of making this Determination provided that the Commission is satisfied that such action takes into account the interests of customers.

4.2 Consideration by the Commission

(a) Examples of uncertain and unforeseen events

The matters that may, at the discretion of the Commission, be taken into account by the Commission under this clause 4 include:

- (i) actual licence fees or contributions payable by **Lower Murray Water** during a particular **regulatory year** during the **regulatory period** under section 51 of the *Safe Drinking Water Act 2003* (Vic), section 24 of the

Environment Protection Act 1970 (Vic) and section 4H(2) of the **WI Act** which differ from the forecast licence fees or contributions set out in annexure A for that **regulatory year**,

- (ii) changes in the timing or scope of expenditure by **Lower Murray Water** on major capital projects;
- (iii) instances where the Commission is satisfied that there is a material difference between the forecast demand levels set out in annexure A and actual demand levels for **Lower Murray Water** in one or more **regulatory years** during the **regulatory period**;
- (iv) amounts payable by **Lower Murray Water** for purchases of bulk water during a particular **regulatory year** during the **regulatory period** which differ from the forecast bulk water payments set out in annexure A for that **regulatory year**, and
- (v) a change in or to any of the following:
 - (A) the **WI Act**, the *Water Act 1989* (Vic), the *Safe Drinking Water Act 2003* (Vic), the *State Owned Enterprises Act 1992* (Vic) and the *Environment Protection Act 1970* (Vic);
 - (B) any licence issued pursuant to any of the Acts referred to in clause 4.2(a)(v)(A);
 - (C) a **relevant tax**; or
 - (D) the Statement of Obligations,
or the introduction of a national emissions trading scheme or other scheme relating to the reduction of greenhouse gas emissions.

(b) Exclusions

In considering an **uncertain events application**, the Commission will not take into account matters that:

- (i) are or should be within **Lower Murray Water's** control;
- (ii) were or should have been known by **Lower Murray Water** at the time the Determination was made;
- (iii) could reasonably have been foreseen by **Lower Murray Water**,

(iv) should be or should have been planned for or managed by **Lower Murray Water**, and/or

(v) reflect inefficient expenditure by **Lower Murray Water**.

(c) Dispute resolution

Any question as to whether a matter should be taken into account by the Commission under this clause 4 will be determined by the Commission in its absolute discretion.

4.3 Procedure

(a) Application process

- (i) An **uncertain events application** must be accompanied by a statement setting out:
- (A) the details of the relevant uncertain or unforeseen event;
 - (B) the amount and timing of any increase or decrease in operating and/or capital expenditure associated with the relevant event during the **regulatory period** and/or the amount and timing of any increase or decrease in revenue associated with the relevant event during the **regulatory period**;
 - (C) the basis for calculating the increase or decrease in operating and/or capital expenditure and/or revenue referred to in clause 4.3(a)(i)(B); and
 - (D) details of the proposed action to be taken by the Commission under clause 4.3(b).
- (ii) The Commission may identify an event which it considers has had or may have a material impact on **Lower Murray Water's** operating and/or capital expenditure and/or revenue and may decide to take action under clause 4.3(b) in the absence of an **uncertain events application** by **Lower Murray Water**.
- (iii) The Commission may request **Lower Murray Water** to provide any additional information specified by the Commission in connection with an **uncertain events application**.

Schedule 1

Definitions and Interpretation

A. Definitions

business day means a day on which banks are open for general banking business in Melbourne, not being a Saturday or a Sunday.

Codes means the *Customer Service Code Metropolitan Retail and Regional Water Businesses* and the *Rural Water Customer Service Code* made under the **WI Act**.

developer charges has the meaning given in the **WIRO**.

ESC Act means the *Essential Services Commission Act 2001* (Vic).

GST has the meaning given in section 195-1 of the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

miscellaneous services means services that are provided in direct connection with **prescribed services**, prices in respect of which are either included in Schedule 2 and/or Schedule 3 or determined in accordance with the relevant pricing principles in Schedule 6.

new contract means any contract for **prescribed services** which is renewed, renegotiated or entered into during the **regulatory period**.

next regulatory period means the period commencing on 1 July 2013 and ending on a date specified by the Commission.

prescribed services has the meaning given in the **WIRO** and includes **miscellaneous services**.

regulated entity has the meaning given in the **WIRO**.

regulatory period means the period commencing on 1 July 2008 and ending on 30 June 2013.

regulatory year means each period of twelve months commencing on 1 July and ending on 30 June.

relevant contract means a contract which relates to the provision of **prescribed services**

relevant tax means any tax imposed by or payable directly or indirectly to any authority of the Commonwealth of Australia (including **GST**) but excluding:

- (a) the licence fees referred to in clause 4.2 of this Determination;
- (b) penalties and interest for late payment of any tax; or
- (c) any tax that replaces any of the taxes referred to in (a) and (b), where tax includes any rate, duty, charge or other like or analogous impost.

urban water user has the meaning given in the **WIRO**.

Water Plan has the meaning given in the **WIRO**.

WI Act means the *Water Industry Act 1994* (Vic).

WIRO means the Water Industry Regulatory Order 2003 as at 30 June 2008.

B. Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (d) A reference to a clause or schedule is a reference to a clause of or schedule to, this document.
- (e) A reference to a determination, agreement or document (including a reference to this document) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
- (f) A reference to an Act, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (g) If a period of time is specified and commences on a given day or on a day of an act or event, the period of time is to be calculated inclusive of that day.

- (h) Any “notice” to be given or matter to be “notified” must be in writing.
- (i) The symbol ‘ Σ ’ requires a summation to be performed over the range of variables specified in respect of the algebraic terms specified.
- (j) All data which is utilised in calculations made under this Determination will be utilised to the accuracy, in terms of the number of decimal places, to which it is given.
- (k) A fixed price, charge or fee determined in accordance with this Determination is to be rounded down and specified to two decimal places.
- (l) A volumetric price, charge or fee determined in accordance with this Determination is to be rounded down and specified to four decimal places.
- (m) When a calculation is required under this document:
 - (i) **regulatory year** ‘t’ is the **regulatory year** in respect of which the calculation is being made;
 - (ii) **regulatory year** ‘t-1’ is the **regulatory year** immediately preceding **regulatory year** ‘t’;
 - (iii) **regulatory year** ‘t-2’ is the **regulatory year** immediately preceding **regulatory year** ‘t-1’.

Schedule 2

URBAN PRICES

This schedule should be read in conjunction with Schedules 4 and 5. Variable water, wastewater and tradewaste charges are rounded down to 4 decimal places. All other charges are rounded down to 2 decimal places. Prices for services marked with an asterisk are not subject to the adjustments pursuant to clause 2.3 of this Determination.

<i>Tariff and Price Component</i>	<i>Price (1 July 2008)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>
WATER					
1.1 Water - Availability - Domestic & Non-domestic					
20mm	155.77	3.6%	0.0%	0.0%	0.0%
25mm	243.39	3.6%	0.0%	0.0%	0.0%
32mm	398.77	3.6%	0.0%	0.0%	0.0%
40mm	623.08	3.6%	0.0%	0.0%	0.0%
50mm	973.56	3.6%	0.0%	0.0%	0.0%
65mm	1645.32	3.6%	0.0%	0.0%	0.0%
80mm	2492.32	3.6%	0.0%	0.0%	0.0%
100mm	3894.25	3.6%	0.0%	0.0%	0.0%
150mm	8762.07	3.6%	0.0%	0.0%	0.0%
1.2 Usage - Domestic					
First Tier	0.3030	5.3%	5.3%	5.3%	5.3%
Second Tier	0.5511	5.3%	5.3%	5.3%	5.3%
Third Tier	0.7081	5.3%	5.3%	5.3%	5.3%
1.3 Usage - Non Domestic					
Volumetric	0.5511	5.3%	5.3%	5.3%	5.3%
SEWERAGE					
1.5 Sewerage - Domestic & Non-domestic					
Availability	366.36	3.9%	0.0%	0.0%	0.0%
1.6 Trade Waste					
Minor Trade Waste	52.62	5.3%	0.0%	0.0%	0.0%
Miscellaneous Minor Trade Waste Flow Charge*	0.7688	NOM	NOM	NOM	NOM
Septic Tank Effluent Disposal*	6.97	NOM	NOM	NOM	NOM
Wimmera Mallee Pipeline (Back wash water discharging)	0.5511	5.3%	5.3%	5.3%	5.3%
Trade Waste Establishment Fees*	3803.15	NOM	NOM	NOM	NOM
MISCELLANEOUS CHARGES					
1.7 Urban					
Subdivision Processing Fee - Water/Sewerage	14.90	0.00%	0.00%	0.00%	0.00%
Subdivision Processing Fee – Overall*	31.30	0.00%	0.00%	0.00%	0.00%
Tappings					
- 20mm	320.00	0.00%	0.00%	0.00%	0.00%
- 25mm	467.00	0.00%	0.00%	0.00%	0.00%
- 32mm	854.00	0.00%	0.00%	0.00%	0.00%
- 40mm	960.00	0.00%	0.00%	0.00%	0.00%
Inspection fee (additional to tapping)	54.00	0.00%	0.00%	0.00%	0.00%
Special meter read	31.80	0.00%	0.00%	0.00%	0.00%
New connections					
- standard residential	116.60	0.00%	0.00%	0.00%	0.00%
- non-standard residential	159.00	0.00%	0.00%	0.00%	0.00%

<i>Tariff and Price Component</i>	<i>Price (1 July 2008)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>
- small industrial.commercial	159.00	0.00%	0.00%	0.00%	0.00%
- large industrial.commercial	318.00	0.00%	0.00%	0.00%	0.00%
Fire service Tappings (100 dia AC/UPVC)					
- 20mm	251.00	0.00%	0.00%	0.00%	0.00%
- 25mm	328.00	0.00%	0.00%	0.00%	0.00%
- 32mm	377.00	0.00%	0.00%	0.00%	0.00%
- 40mm	459.00	0.00%	0.00%	0.00%	0.00%
Fire service Tappings (150 dia AC/UPVC)					
- 20mm	256.00	0.00%	0.00%	0.00%	0.00%
- 25mm	338.00	0.00%	0.00%	0.00%	0.00%
- 32mm	381.00	0.00%	0.00%	0.00%	0.00%
- 40mm	470.00	0.00%	0.00%	0.00%	0.00%
Information statement fee	69.30	0.00%	0.00%	0.00%	0.00%
Non-core miscellaneous services	Actual cost	NA	NA	NA	NA
1.8 New Customer Contributions					
Water (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.00%	0.00%	0.00%	0.00%
Category two charge - Lot size 450 - 1350 sq m	1100.00	0.00%	0.00%	0.00%	0.00%
Category three charge - Lot size > 1350 sq m	2200.00	0.00%	0.00%	0.00%	0.00%
Sewer (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.00%	0.00%	0.00%	0.00%
Category two charge - Lot size 450 - 1350 sq m	1100.00	0.00%	0.00%	0.00%	0.00%
Category three charge - Lot size > 1350 sq m	2200.00	0.00%	0.00%	0.00%	0.00%
New Customer Contributions for dual pipe recycled water developments or subdivisions					
Recycled water (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.00%	0.00%	0.00%	0.00%
Category two charge - Lot size 450 - 1350 sq m	1100.00	0.00%	0.00%	0.00%	0.00%
Category three charge - Lot size > 1350 sq m	2200.00	0.00%	0.00%	0.00%	0.00%
Water (per lot)					
Category one charge - Lot size < 450 sq m	275.00	0.00%	0.00%	0.00%	0.00%
Category two charge - Lot size 450 - 1350 sq m	550.00	0.00%	0.00%	0.00%	0.00%
Category three charge - Lot size > 1350 sq m	1100.00	0.00%	0.00%	0.00%	0.00%
Sewer (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.00%	0.00%	0.00%	0.00%
Category two charge - Lot size 450 - 1350 sq m	1100.00	0.00%	0.00%	0.00%	0.00%
Category three charge - Lot size > 1350 sq m	2200.00	0.00%	0.00%	0.00%	0.00%

Schedule 3

RURAL PRICES

This schedule should be read in conjunction with Schedules 4 and 5. Prices for services marked with an asterisk are not subject to the adjustments pursuant to clause 2.3 of this Determination.

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
Irrigation		
2.1 Merbein Irrigation		
Delivery Share	DS	251.19
Delivery Fee	ML	37.37
Water Share Murray Basin HR	ML/Ent	5.94
Water Share Murray Basin LR	ML/Ent	2.67
Water Share Goulburn Basin HR	ML/Ent	4.15
Water Share Goulburn Basin LR	ML/Ent	2.11
Service Charge	Ass	101.65
Casual User Fee	DS	251.19
2.2 Merbein Irrigation Garden		
D&S Unmetered	Cust	391.46
Service Charge	Ass	101.65
2.3 Red Cliffs Irrigation		
Delivery Share	DS	336.61
Delivery Fee	ML	39.72
Water Share Murray Basin HR	ML/Ent	5.94
Water Share Murray Basin LR	ML/Ent	2.67
Water Share Goulburn Basin HR	ML/Ent	4.15
Water Share Goulburn Basin LR	ML/Ent	2.11
Service Charge	Ass	101.65
Casual User Fee	DS	336.61
2.4 Red Cliffs Irrigation Garden		
D&S Unmetered	Cust	391.46
Service Charge	Ass	101.65
2.5 Robinvale Irrigation		
Delivery Share	DS	635.60
Delivery Fee	ML	44.58
Water Share Murray Basin HR	ML/Ent	5.94
Water Share Murray Basin LR	ML/Ent	2.67
Water Share Goulburn Basin HR	ML/Ent	4.15
Water Share Goulburn Basin LR	ML/Ent	2.11
Service Charge	Ass	101.65
Casual User Fee	DS	635.60
2.6 Robinvale Irrigation Garden		
D&S Unmetered	Cust	391.46
Service Charge	Ass	101.65
Drainage		
2.7 Merbein Drainage		
Drainage Div 1	DS	174.22
Drainage Div 2	DS	130.66
Drainage Div 3	DS	87.11

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
Drainage Div 4	DS	43.55
Regional Environment	ML/Ent	0.25
District Environment	ML/Ent	1.95
2.8 Red Cliffs Drainage		
Drainage Div 1	DS	133.07
Drainage Div 2	DS	99.80
Drainage Div 3	DS	66.53
Drainage Div 4	DS	33.27
Regional Environment	ML/Ent	0.25
District Environment	ML/Ent	2.97
2.9 Robinvale Drainage		
Drainage Div 1	DS	75.46
Drainage Div 2	DS	56.60
Drainage Div 3	DS	37.73
Drainage Div 4	DS	18.87
Regional Environment	ML/Ent	0.25
District Environment	ML/Ent	2.12
Stock & Domestic		
2.10 Millewa Rural (Irrigation)		
Delivery	kL	0.14
Service Charge	Ass	101.65
Rural Access - House	Connection	430.96
Rural Access - Scrubland	ha	0.38
Rural Access - Stock	ha	1.51
2.11 Millewa Urban (Irrigation)		
Delivery	kL	0.41
Service Charge	Ass	101.65
Urban Access - No Offtake	Connection	215.48
Urban Access - Offtake	Connection	430.96
2.12 Other Stock & Domestic (Irrigation)		
1st Div	ha	7.43
2nd Div	ha	3.71
3rd Div	ha	1.86
Service Charge	Ass	101.65
Licensing		
2.13 Diversions (Irrigation)		
Water Registration - Domestic and Stock	Licence	115.73
Operational Fee	ML/Ent	3.61
Water Share Murray Basin HR	ML/Ent	5.94
Water Share Murray Basin LR	ML/Ent	2.67
Water Share Goulburn Basin HR	ML/Ent	4.15
Water Share Goulburn Basin LR	ML/Ent	2.11
Service Charge	Ass	101.65
Regional Environment	ML/ENT	0.25
Special from lake Cullulleraine		
Surcharge - Fixed	ML	5.52
Surcharge - Variable	ML	5.38
Syndicates	ML	15.05
2.14 Miscellaneous Fees and Charges		Actual cost

Schedule 4

Calculation of revenue requirements for each regulatory year

This schedule should be read in conjunction with clause 2.3(d) and Schedule 3.

Revenue requirements for regulatory years

<i>Regulatory year</i>	<i>Calculation of revenue requirements</i>
------------------------	--------------------------------------------

Where t = 2008-09,	$rev_t = \$15.421$ million
--------------------	----------------------------

Where t = 2009-10,	$rev_t = \$15.598$ million* $cpir_t$
--------------------	--------------------------------------

Where t = 2010-11,	$rev_t = \$15.777$ million* $cpir_t$
--------------------	--------------------------------------

Where t = 2011-12,	$rev_t = \$15.958$ million* $cpir_t$
--------------------	--------------------------------------

Where t = 2012-13,	$rev_t = \$16.142$ million* $cpir_t$
--------------------	--------------------------------------

where

$cpir_t$ for the particular **regulatory year** is:

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the start of the relevant **regulatory year**

divided by

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter 2008

Schedule 5

Application of prices

5.1 Urban water usage – domestic customers

Lower Murray Water's usage tiers are structured as follows:

	1 Apr – 30 Sept	1 Oct – 31 Mar
First Tier	0-50kL per quarter	0-100 kL per quarter
Second Tier	51-100 kL per quarter	101-200 kL per quarter
Third Tier	Over 100 kL per quarter	Over 200 kL per quarter

5.2 Urban sewerage and minor trade waste – domestic and non-domestic customers

Lower Murray Water's fixed sewerage and minor trade waste charge is derived from the unit or availability charge and is calculated as set out below:

<i>Customer Class</i>	<i>Application formula</i>
Residential	
Residential	Base charge multiplied by cistern factor (usually 1)
Vacant Land	Base charge multiplied by cistern factor (usually 0.5)
Flats/Units	Base charge multiplied by cistern factor (usually 1)
Non-residential	
Municipal/recreation	Base charge multiplied by cistern factor (usually 1)
Schools/Churches	Base charge multiplied by cistern factor (usually 1)
Commercial/Industrial	Base charge multiplied by cistern factor (usually 1)
Vacant Commercial	Base charge multiplied by cistern factor (usually 0.5)
Holiday flats/backpackers	Base charge multiplied by one plus the number of rooms (or a load factor of 0.375) (a)
Hotel/Motel/Guest Houses	Base charge multiplied by one plus the number of rooms (or a load factor of 0.150)
Hotels with Accommodation	Base charge multiplied by one plus a cistern factor plus the number of rooms (or a load factor of 0.150) (b)
Caravan Parks —Inner	Base charge multiplied by one plus the number of powered sites (or a load factor of 0.300) (c)
Public Hospitals/Nursing Homes	Base charge multiplied by the sum of the cistern factor, the number of medical/surgical beds and the number of nursing psychiatric and geriatric beds (d)
Private Hospitals/Nursing Homes	Base charge multiplied by the sum of the cistern factor, the number of medical/surgical beds and the number of nursing psychiatric and geriatric beds (d)
Caravan Parks-Outer	Base charge multiplied by one plus the number of powered sites (or a load factor of 0.300) (c)

Note: Cistern factor is defined as the number of cisterns divided by 5. **a** For Holiday Flats if a Manager occupies one flat, number is reduced by one. For backpackers the equivalent number of rooms is calculated by the number of persons that can be accommodated divided by 2.5 (Number if not reduced if owner/manager is on site). **b** For hotels with accommodation rooms are counted as well as cisterns associated with the Bars, Dining room etc. **c** The number of powered sites includes on site vans, cabins and powered sites. **d** Add the surgery/chemotherapy type beds (divided by 3) to the medical bed count. Apply the full cistern count to those cisterns associated with residential and miscellaneous (for example, common room, nurses home, office, pathology, X-ray, ED etc). Cistern count includes those cisterns not associated with the wards or operating theatres etc. Stand alone nursing homes & hostels with communal kitchen/dining facilities count bed numbers only not cisterns.

5.3 Urban day labour construction – security amount

The security amount is refunded when the construction is finished, analysed and a refund given if the up front amount paid (based on an estimate of cost of construction) was greater than the actual cost of construction. The security amount is used if the actual construction cost is greater than the original estimate paid up front by the developer.

5.4 Rural irrigation and diversions – delivery share

Lower Murray Water's Delivery Share tariff is applied to a customer's Delivery Share over a 14 day period, calculated as 12 per cent of a customer's water entitlement in the absence of any prior arrangement otherwise.

5.5 Rural services - transfer of water entitlement

Application and certificate fees are set by the Water (Permanent Transfer of Water Right) Regulation 2001.

5.6 Rural drainage services – divisions

Drainage divisions are categorised as:

- Division 1: Full rate. Greater than two thirds capable of being drained directly into the Corporation's system.
- Division 2: Three quarter rate. Between half and two thirds capable of being drained directly into the Corporation's system.
- Division 3: Half rate. Between quarter and half capable of being drained directly into the Corporation's system.
- Division 4: Quarter rate. Less than one quarter capable of being drained directly into the Corporation's system.

5.7 Inclining block tariffs

Where multiple customers are being serviced by a single meter, the consumption tiers will be applied on a pro-rata basis.

5.8 Miscellaneous fees and charges

Subdivision processing fees – processing subdivision referrals that are within **Lower Murray Water's** district.

Tapping fees (including fire service tappings) – provision of a water tapping into a **Lower Murray Water** water main.

Special meter read fee – payable for any meter read in addition to the normal four scheduled meter readings.

New connections (residential and industrial) – paid in conjunction with the tapping fee.

Information statement fee – provision of a property information statement as required under section 158 of the *Water Act 1989*.

Schedule 6

Pricing principles

6.1 Recycled water pricing principles

Recycled water prices should be set so as to:

- have regard to the price of any substitutes and customers' willingness to pay;
- cover the full cost of providing the service (with the exception of services related to specified obligations or maintaining balance of supply and demand); and
- include a variable component.

Where **Lower Murray Water** does not propose to fully recover the costs associated with recycled water, it must demonstrate to the Commission that:

- it has assessed the costs and benefits of pursuing the recycled water project;
- it has clearly identified the basis on which any revenue shortfall is to be recovered; and
- if the revenue shortfall is to be recovered from non-recycled water customers, either the project is required under the Statement of Obligations which applies to **Lower Murray Water** or pursuant to other Government policies that apply to **Lower Murray Water** or there has been consultation with the affected customers about their willingness to pay for the benefits of increased recycling.

6.2 Pricing principles where scheduled prices do not apply

Where the prices set out in Schedule 2 and Schedule 3 do not apply because the nature of the service provided to a particular customer (including, in the case of trade waste customers, the volume or load of waste treated) is unique, prices must be set as follows:

- variable prices (including, in the case of trade waste customers, load-based charges) should reflect the long run marginal cost (LRMC) of providing services (including, in the case of trade waste customers, trade waste transfer, treatment and disposal);
- the total revenue received from each customer should be greater than the cost that would be avoided from ceasing to serve that customer, and (subject to meeting avoidable cost) less than the stand alone cost of providing the service to the customer in the most efficient manner;
- the methodology used to allocate common and fixed costs to that customer should be clearly articulated and be consistent with any guidance provided by the Commission;

- prices should reflect reasonable assumptions regarding the customer's demand for services (including, in the case of trade waste customers, the volume and strength of trade waste anticipated to be produced by that customer);
- depreciation rates and rates of return used to determine prices should be consistent with those adopted by the Commission for the purposes of making this Determination;
- customers should be provided with full details of the manner in which prices have been calculated and any new, renewed or renegotiated contractual agreements with customers should indicate that the prices to apply are subject to any Determination made by the Commission;
- where applying these principles results in significant changes to prices or tariff structures, arrangements for phasing in the changes may be considered and any transitional arrangements should be clearly articulated.

6.3 Pricing principles for developer charges for new customers

Schedule 2 sets out **developer charges** for new customers.

The scheduled charge applies on a per lot basis, and may be levied on any connection of a new customer that is, or can be, individually metered.

When connecting to **Lower Murray Water's** water and sewerage network, the developer must provide the reticulation assets that are required to service their development and connect to **Lower Murray Water's** network.

Reticulation assets are infrastructure assets that are explicitly provided in relation to prescribed services for one development and are not required to be upsized to support other future developments. A water main that is 150mm or less in diameter and a sewerage main that is 225mm or less in diameter, and all associated assets that relate to these sized assets are generally considered to be reticulation assets although there may be some situations where these sizes are inappropriate.

Shared distribution assets are infrastructure assets that are generally provided in relation to prescribed services for more than one development and do not include:

- reticulation assets; or
- headworks and tailworks.

If a developer is required to provide reticulation assets that exceed the requirements of their development in a material respect, the developer can only be required to contribute to the costs of the reticulation assets an amount that reflects the requirements of their development.

The balance of the costs of the reticulation assets in such a case is to be recovered from future developers.

At any time during the regulatory period, **Lower Murray Water** may levy a charge greater than the scheduled charge that will cover the costs associated with bringing

forward the provision of shared distribution assets. In doing so, **Lower Murray Water** must set out the pricing principles for determining **developer charges** as contained in this Determination, and also notify the developer of their right to appeal any non-scheduled charge to the Commission. The proposed charge is to be calculated on the basis of:

- the development-specific capital costs associated with connecting a customer or group of customers. For the avoidance of doubt, development-specific capital costs do not include any costs associated with:
 - assets in place prior to the development;
 - shared network assets; or
 - headworks, tailworks and treatment plants.
- where relevant, the financing costs that may be attributable to bringing forward the timing of the provision of shared assets required to connect to the existing network.

The brought forward financing costs associated with developments requiring the construction of shared network assets are to be calculated on the basis of the extent to which the assets being constructed form part of a logical extension to **Lower Murray Water's** existing water and sewerage networks:

- Where the shared assets could be reasonably considered to form part of a logically sequenced network expansion and could reasonably be expected to be required by **Lower Murray Water** within a short to medium term planning horizon, no bring forward **developer charge** is to apply (scheduled charge applies).
- Where the shared assets do not form part of a logically sequenced network expansion, but could reasonably be expected to have been required by **Lower Murray Water** in respect of a long term planning horizon, then a non-scheduled **developer charge** equivalent to 40 per cent of the as constructed cost of the shared assets will apply.
- Where the shared assets do not form part of a logically sequenced network expansion, and could not reasonably be expected to have been required by **Lower Murray Water** in respect of a long term planning horizon, then a non-scheduled **developer charge** equivalent to 70 per cent of the as constructed cost of the shared assets will apply.

6.4 Pricing principles for developer charges for existing property owners

At any time during the regulatory period, **Lower Murray Water** must seek the Commission's approval where it proposes to levy a **developer charge** to apply to existing property owners connecting to water and/or sewerage services. This charge must not be greater than:

- the full efficient cost of installing the local reticulation mains; and
- any cap as specified by the Minister for Water in accordance with the requirements of the Statement of Obligations.

6.5 Pricing principles for miscellaneous services not included in Schedule 2 or Schedule 3

Prices for miscellaneous services must be set according to actual cost calculated on the basis of the aggregate of:

- direct third party or contractor invoice cost;
- direct marginal internal costs, including labour, materials and transport costs; and
- a fair contribution to overheads.

For bank dishonour, debt collection and legal fees, the third party costs must be charged directly to the customer with no contribution for internal costs or a contribution to overheads.

6.6 Guidelines

Lower Murray Water must comply with any guidelines issued by the Commission from time to time which relate to the setting of prices for **prescribed services** to which Schedule 4 relates.

6.7 Pricing principles for termination fees

Lower Murray Water may apply termination fees to irrigation customers who surrender delivery entitlements during the **regulatory period**.

Any termination fee levied by **Lower Murray Water** must be calculated and applied in accordance with Schedule E Protocol (Access, Exit and Termination Fees) of the Murray-Darling Basin Agreement.

**The Common Seal of the
Essential Services Commission**
was affixed to this Determination
with the authority of the
Commission.



Date: *25th* June, 2008

Greg Wilson
Chairperson

Annexure A

Table 1 **Additional service standards**

<i>Service standard</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Urban					
Telephone calls answered within 30 seconds (service faults line)	96.0	96.0	96.0	96.0	96.0
Spills contained within 5 hours (priority 2) (per cent)	97.0	97.0	97.0	97.0	97.0
Total CO2 equivalent (tonne)	56,589	55,118	53,685	52,289	50,929
Recycled water target (per cent)	14.7	14.2	14.3	18.7	26.4
Biosolids reuse (per cent)	100.0	100.0	100.0	100.0	100.0
Small Town Sewerage Scheme properties serviced (number)	0	0	295	10	262
Compliance with EPA licence parameters (per cent)	100.0	100.0	100.0	100.0	100.0
Population receiving water meeting E.Coli standards (per cent)	100.0	100.0	100.0	100.0	100.0
Population receiving water meeting turbidity standards (per cent)	100.0	100.0	100.0	100.0	100.0
Population receiving water meeting disinfection by-products standards (per cent)	100.0	100.0	100.0	100.0	100.0

Note: Data rounded to one decimal place.

Table 2 **Weighted average cost of capital**
(per cent)

<i>Post tax WACC</i>	<i>Implied pre-tax WACC</i>
5.8	5.8

Table 3 **Benchmark revenue requirement - Urban**
\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-2012</i>	<i>2012-13</i>
Operating expenditure	17.26	16.68	16.40	16.61	17.00
Return on existing assets	3.37	3.21	3.06	2.91	2.77
Return on new investments	0.66	1.76	2.37	2.66	2.96
Regulatory depreciation	2.73	3.18	3.27	3.54	3.76
Tax liability	0.00	0.00	0.00	0.00	0.00
Total	24.03	24.84	25.10	25.72	26.49

Table 4 **Updated regulatory asset base - Urban**
\$ million in January 2007 prices

	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
Opening RAB	40.58	49.41	52.11	56.53
<i>Plus</i> Gross capital expenditure	10.92	10.36	8.89	9.70
<i>Less</i> Government contributions	0.00	0.21	0.00	0.00
<i>Less</i> Customer contributions	0.00	4.85	1.67	0.87
<i>Less</i> Proceeds from disposals	0.26	0.48	0.48	2.99
<i>Less</i> Regulatory depreciation	1.83	2.11	2.32	2.79
Closing RAB	49.41	52.11	56.53	59.58

Table 5 **Rolled forward regulated asset base - Urban**
\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Opening RAB	59.58	79.61	91.89	95.38	96.92
<i>Plus</i> Gross capital expenditure	25.64	18.29	8.60	6.92	9.23
<i>Less</i> Government contributions	1.00	1.00	0.00	0.00	0.00
<i>Less</i> Customer contributions	1.39	1.36	1.36	1.36	1.36
<i>Less</i> Proceeds from disposals	0.48	0.48	0.48	0.48	0.48
<i>Less</i> Regulatory depreciation	2.73	3.18	3.27	3.54	3.76
Closing RAB	79.61	91.89	95.38	96.92	100.56

Table 6 **Benchmark revenue requirement - Rural**
\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-2012</i>	<i>2012-13</i>
Operating expenditure	11.75	11.96	11.29	11.48	11.64
Return on existing assets	0.76	0.73	0.71	0.69	0.67
Return on new investments	0.56	1.23	1.48	1.71	1.96
Regulatory depreciation	0.65	0.96	1.12	1.27	1.43
Total	13.71	14.89	14.60	15.15	15.69

Table 7 **Updated regulatory asset base - Rural**
\$ million in January 2007 prices

	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
Opening RAB	0.00	1.88	3.06	1.93
<i>Plus</i> Gross capital expenditure	2.01	3.26	3.89	26.70
<i>Less</i> Government contributions	0.00	0.61	4.63	14.78
<i>Less</i> Customer contributions	0.00	0.00	0.00	0.00
<i>Less</i> Proceeds from disposals	0.10	1.34	0.18	0.32
<i>Less</i> Regulatory depreciation	0.03	0.12	0.21	0.30
Closing RAB	1.88	3.06	1.93	13.24

Table 8 **Rolled forward regulated asset base - Rural**
\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Opening RAB	13.24	32.03	35.75	39.80	42.99
<i>Plus</i> Gross capital expenditure	26.04	4.68	5.17	4.46	5.98
<i>Less</i> Government contributions	0.50	0.00	0.00	0.00	0.00
<i>Less</i> Customer contributions	6.10	0.00	0.00	0.00	0.00
<i>Less</i> Proceeds from disposals	0.00	0.00	0.00	0.00	0.00
<i>Less</i> Regulatory depreciation	0.65	0.96	1.12	1.27	1.43
Closing RAB	32.03	35.75	39.80	42.99	47.54

Table 9 **Approved licence fee and environmental contribution assumptions**

\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Essential Services Commission licence fee	0.022	0.022	0.022	0.022	0.031
Department of Human Services licence fee	0.013	0.013	0.013	0.013	0.013
Environment Protection Authority licence fee	0.084	0.084	0.084	0.084	0.084
Environmental contribution – Urban	0.925	0.899	0.874	0.849	0.825
Environmental contribution - Rural	0.271	0.263	0.256	0.248	0.241

Table 10 **Bulk water purchases**

\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Bulk water purchases - urban	0.451	0.451	0.451	0.451	0.451
Bulk water purchases - rural	2.553	2.668	2.782	2.897	3.011

Table 11 **Demand forecasts**

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Water assessments (no.)					
Residential	27 200	27 570	27 940	28 310	28 680
Non-residential	7 021	7 076	7 132	7 187	7 243
Total	34 221	34 646	35 072	35 497	35 923
Sewerage assessments (no.)					
Residential	23 706	24 076	24 446	24 816	25 186
Non-residential	4 647	4 712	4 777	4 842	4 907
Total	28 353	28 788	29 223	29 658	30 093
Billable water consumption (ML)					
Residential	6 684	12 228	12 310	12 391	12 469
Non-residential	4 154	4 186	4 219	4 252	4 285
Total	10 838	16 414	16 530	16 643	16 754

Table 12 **Key capital projects**

	<i>Expected completion date</i>
Urban	
Koorlong WWTW	2009-10
Mildura Trunk Extension	2012-13
Kerang WWTP	2008-09
Relocation of 14 th Street Tower	2012-13
Red Cliffs WWTW Decommissioning	2009-10
Koorlong WWTW Recycling	2008-09
Rural	
Merbein Pipeline and Pumping Station	2012-13
Robinvale High Pressure System	2008-09
Red Cliffs Pumping Station Replacement	2012-13
Meter and water wheel replacement	2012-13