

YARRA VALLEY WATER

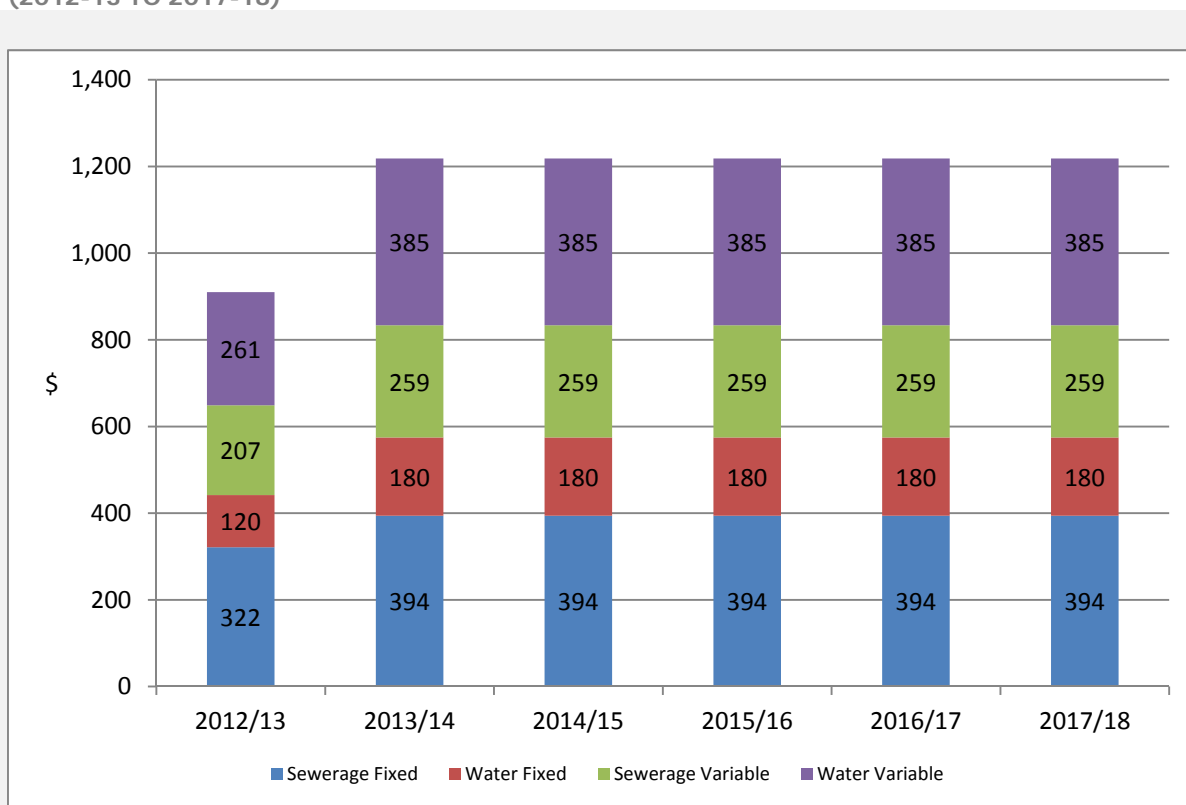
SUMMARY OF 2013-18 WATER PLAN

Yarra Valley Water provides water and wastewater services to approximately 700 000 customers in the northern and eastern suburbs of Melbourne. As a water retailer and distributor, it sources water from Melbourne Water.

KEY OUTCOMES

- The annual water and sewerage bill for an indicative residential owner-occupier is estimated to increase from \$910 in 2012/13 to \$1 218 in 2017/18.
- Water tariffs to retain a fixed charge and a three tier inclining block tariff.
- YVW proposes to change from individual price caps to a revenue cap with a maximum allowable price increase of 2 per cent in any year.
- YVW proposes to undertake a trial of 100 per cent variable tariffs for a limited number of customers commencing in 2013/14.
- Introduction of d factor to deal with variable desalination payments.

INDICATIVE ANNUAL HOUSEHOLD BILL, OWNER OCCUPIER (2012-13 TO 2017-18)



Note: Household tenants pay only the variable water and sewerage charges. Annual household bills are calculated using 2011-12 average customer consumption of 144kL per annum. Note that water businesses may have used a different assumption for average customer consumption in developing their Water Plans.

PROPOSED PRICING STRUCTURES

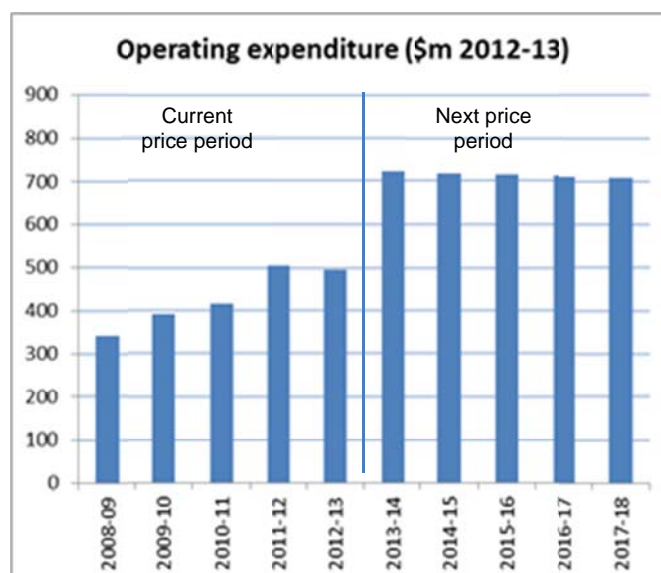
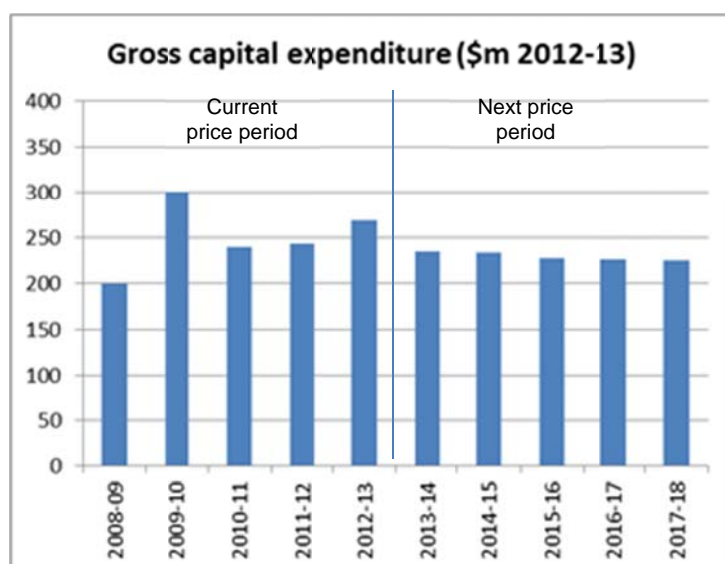
- Water —for residential customers there is a fixed charge and a three tier inclining block tariff. For non-residential customers there is a fixed charge with single volumetric tariff.
- Sewerage —for residential and non-residential customers there is a fixed and a volumetric charge for sewerage services.
- Trade waste — annual fees to be based on a risk ranking to replace current volume based annual fees. There are also volumetric and pollutant load charges.
- Recycled water — continue charging at the first step of the potable water price.
- Form of price control — changing from individual price caps to a revenue cap with a maximum 2 per cent price increase in any year.
- Customer choice — undertake a trial of 100 per cent variable tariffs for a limited number of customers commencing in 2013-14.

KEY PROJECTS FROM THE WATER PLAN

	Reason	Forecast cost (\$m 2012-13)
Water, sewer and House Connection Branch renewals programs	Renewal	331.7
Sewer hydraulic improvement program	Compliance	109.1
Sewer expansion projects	Growth	99.3

PROPOSED EXPENDITURE

- Total **capital expenditure** forecast is \$1.1b down from \$1.3b estimated capital expenditure for the current price period. Total **operating expenditure** forecast is \$3.6b, around 66 per cent higher than the estimated \$2.2b for the current regulatory period.



BREAKDOWN OF PROPOSED REVENUE (\$M 2012-13)

	2013-14	2014-15	2015-16	2016-17	2017-18
Operating expenditure	721.39	717.12	714.48	710.97	709.24
Return on assets	170.53	176.65	183.22	189.77	196.02
Depreciation	96.53	82.55	73.76	78.86	81.86
Tax Liability	8.53	6.41	5.33	6.24	7.12
TOTAL	996.99	982.73	976.79	985.83	994.24

PROPOSED SERVICE STANDARDS

	Actual average 2007-08 to 2011-12	Proposed average 2013-14 to 2017-18
Water		
Unplanned water supply interruptions (per 100km)	56.7	56.7
Average time taken to attend bursts and leaks (priority 1)	30.6	32.8
Average time taken to attend bursts and leaks (priority 2)	43.0	44.7
Average time taken to attend bursts and leaks (priority 3)	415.1	453.4
Unplanned water supply interruptions restored within 5 hours (per cent)	97.2%	96.3%
Planned water supply interruptions restored within 5 hours (per cent)	99.1%	99.2%
Average unplanned customer minutes off water supply	24.0	24.2
Average planned customer minutes off water supply	7.4	7.4
Average unplanned frequency of water supply interruptions per customer	0.2	0.2
Average planned frequency of water supply interruptions per customer	0.1	0.1
Average duration of unplanned water supply interruptions (minutes)	100.3	104.4
Average duration of planned water supply interruptions (minutes)	144.5	145.0
Number of customers experiencing more than 5 unplanned water supply interruptions in the year	334.6	335.0
Unaccounted for water	12.1%	10.0%
Sewerage		
Sewerage blockages (per 100km)	41.2	41.2
Average time to attend sewer spills and blockages (minutes)	50.0	52.8
Average time to rectify a sewer blockage (minutes)	193.6	196.3
Spills contained within 5 hours (per cent)	99.6%	97.7%
Customers receiving more than 3 sewer blockages in the year	16.0	14.8
Customer service		
Telephone calls answered within 30 seconds (Accounts Line) (% of Calls)	75.3%	77.0%

Note that water businesses may have used a different time period for estimating actual average outcomes in their Water Plans due to data availability.

PROPOSED GUARANTEED SERVICE LEVELS

GSL Measure	Customer rebate for breach of GSL (\$)
Water	
Unplanned water interruptions restored within 4 hours	50
Give at least 3 days' notice of a planned water interruption	50
Interruptions	
No more than five unplanned water supply interruptions in a twelve month period	50
No planned interruptions during peak hours (5am to 9am and 5pm to 11pm)	50
No planned interruptions longer than advised	50
No planned interruptions longer than 5 hours	50
Sewerage	
No more than 3 sewerage interruptions within any 12-month period	100
Sewerage interruptions restored within 4 hours	100
Sewer spills contained within 4 hours	1 000
Sewer spills in house contained within 1 hour of notification	1 000
Hardship	
Restricting the supply of, or taking legal action against, a residential customer prior to taking reasonable endeavour (as defined by the Essential Services Commission) to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying	300

CUSTOMER CONSULTATION

- Focus groups refined draft Water Plan proposals and assessed future price paths.
- A deliberative forum presented key elements.
- Roundtable forum for business customers.
- On-line quantitative survey.
- Workshop with metropolitan water authorities, consumer peak bodies and social service organisations.
- On-line portal for customers to access information, ask questions and provide feedback.

ISSUES IDENTIFIED BY THE COMMISSION FOR FURTHER INVESTIGATION

- Increases in energy costs.
- Increases in renewal spending.
- Continuation of inclining block tariffs and sewerage variable charge.
- Impact of price rises on customers.
- Alternative price paths.
- Low bounce back.

More information: View Yarra Valley Water's Water Plan at www.esc.vic.gov.au