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## 2008 WATER PRICE REVIEW

GOULBURN-MURRAY WATER DETERMINATION

1 JULY 2008 – 30 JUNE 2013

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## 1. General

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### 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 Goulburn-Murray Rural Water Corporation (trading as Goulburn-Murray Water) (ABN 46 761 336 846) (**Goulburn-Murray Water**) may charge for **prescribed services** during the **regulatory period**; and
  - (ii) the standards and conditions of service and supply which **Goulburn-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 **Goulburn-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 **Goulburn-Murray Water** and its successors and assigns in respect of the business carried on by **Goulburn-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(b)(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 **Goulburn-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 **Goulburn-Murray Water**, extend or reduce the time by which, or the period within which, **Goulburn-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 formulae according to which prices may be adjusted during the **regulatory period** on an annual basis. Clause 3 set out the procedure according to which the Commission will determine the revenue

requirements included in Schedule 3 in respect of the second **regulatory year** in the **regulatory period** and each subsequent **regulatory year** in the **regulatory period**. Clauses 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 **Goulburn-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 **Code** which will be provided by **Goulburn-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

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### 2.1 General principles

Subject to this Determination:

- (a) **Scheduled prices**  
**Goulburn-Murray Water** must not charge more than:
  - (i) the scheduled prices in Schedule 2, 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 relate.

**(b) Application principles**

The application principles in Schedule 4 will apply to the prices charged by **Goulburn-Murray Water** in respect of **prescribed services** during the **regulatory period**.

**(c) Pricing principles**

During the **regulatory period**, **Goulburn-Murray Water** must apply the pricing principles in Schedule 5 when determining the prices to apply to the **prescribed services** to which the pricing principles in Schedule 5 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 2 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 2 with effect from the start of the subsequent **regulatory year**.

**(b) Contracts**

Where **Goulburn-Murray Water** has entered into a contract (a **relevant contract**) which relates to the provision of **prescribed services** prior to 1 July 2008, **Goulburn-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 the **relevant contract** have been subject to a periodic review, the scheduled prices in Schedule 2 (as adjusted in accordance with this Determination) or the prices determined in accordance with the pricing principles in Schedule 5 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**

**Goulburn-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**

**Goulburn-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) 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 formulae in clause 2.3(b)(i) and the procedure in clause 2.3(c), and will apply to the prescribed services to which the scheduled prices in Schedule 2 relate in that **regulatory year**.

**(b) Formulae**

(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 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 **Goulburn-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 3. 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 3

$p_{t-1}^{ij}$  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<sub>t</sub>*" will be set equal to

"(*rev<sub>t-1</sub>* \* *cpi<sub>t</sub>*)" for the purpose of adjusting prices in accordance with the formulae in clause 2.3(b)(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.

**(c) Adjustment procedure**

- (i) At least 40 **business days** prior to the commencement of each subsequent **regulatory year** in the **regulatory period, Goulburn-Murray Water** must submit its proposed prices for the **prescribed services** referred to in clause 2.3(a) 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:
- (A) the forecast quantities for **regulatory year t** "*q<sub>t</sub><sup>ij</sup>*" (referred to in the relevant formula in clause 2.3(b)(i));
- (B) the estimate of actual quantities for **regulatory year t-1** "*q<sub>t-1</sub><sup>ij</sup>*" (referred to in the relevant formula in clause 2.3(b)(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 **Goulburn-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 items referred to in clause 2.3(c)(i)(A) and (B) are reasonable;
  - (B) the **revised prices** have been calculated in accordance with the formulae set out in clause 2.3(b)(i).
- (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 **Goulburn-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 **Goulburn-Murray Water** (including a statement of its reasons);
  - (B) may request **Goulburn-Murray Water** to provide any additional information specified by the Commission;
  - (C) will take any additional information provided by **Goulburn-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(c)(ii) or deemed to have been approved by the Commission under clause 2.3(c)(iii) will be a **revised price** for the purpose of clause 2.3(c).

## 2.4 Price changes during a billing period

### (a) Application of this clause

This clause 2.4 applies where **Goulburn-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

**Goulburn-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) **Goulburn-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 **Goulburn-Murray Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **Goulburn-Murray Water** enters into a **new contract** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 5 relate, **Goulburn-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 **Goulburn-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 **Goulburn-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, **Goulburn-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 3

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(a) **Amendment**

**Goulburn-Murray Water** must apply to the Commission in accordance with this clause 3 for the amendment of the revenue requirements included in Schedule 3 for the second **regulatory year** in the **regulatory period** and each subsequent **regulatory year** remaining in the **regulatory period** (the **revised Schedule 3**).

(b) **Amendment procedure**

- (i) An application by **Goulburn-Murray Water** under this clause 3 must be received by the Commission at least 100 **business days** prior to the commencement of the second **regulatory year** in the **regulatory period** and must be accompanied by the following information:
  - (A) a **revised Schedule 3**;
  - (B) an explanation of the calculation of the revenue requirements in the **revised Schedule 3**, including outcomes to be delivered and forecasts of operating and capital expenditure and demand levels for the second **regulatory year** and each subsequent **regulatory year** in the **regulatory period**;
  - (C) a revised Schedule 2 that specifies proposed prices for the second **regulatory year** which are consistent with the revenue requirement for the second **regulatory year** included in the **revised Schedule 3** (the **revised Schedule 2**);

- (D) a statement setting out evidence demonstrating that **Goulburn-Murray Water** has provided information to its customers and any relevant consultative committee established under the *Water Act 1989* (Vic) (the **Water Act**) explaining the matters referred to in clause 3(b)(i)(A)-(C) and has consulted effectively with its customers and any relevant consultative committee on these matters; and
  - (E) a statement setting out the customer impacts resulting from the **revised Schedule 2** referred to in clause 3(b)(i)(C) and actions proposed by **Goulburn-Murray Water** to address these customer impacts.
- (ii) The Commission may approve the **revised Schedule 3** submitted by **Goulburn-Murray Water** under this clause 3 if it is satisfied that:
- (A) **Goulburn-Murray Water** has complied with clause 3(b)(i)(A) and clause 3(b)(i)(B);
  - (B) the proposed outcomes and forecasts of operating and capital expenditure and revenue used by **Goulburn-Murray Water** to calculate the revenue requirements included in the **revised Schedule 3** are reasonable and are consistent with the regulatory principles in clause 14(i)(a) of the **WIRO**;
  - (C) **Goulburn-Murray Water** has consulted effectively with its customers and any relevant consultative committee established under the **Water Act** on the matters referred to in clause 3(b)(i)(A)-(C); and
  - (D) **Goulburn-Murray Water** has effectively addressed customer impacts resulting from the **revised Schedule 2** referred to in clause 3(b)(i)(C).
- (iii) In determining whether it will approve the **revised Schedule 3**, the Commission may request **Goulburn-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 Schedule 3** if it has not provided notice to **Goulburn-Murray Water** within 60 **business days** from the date of its receipt of **Goulburn-Murray Water's** application under this clause 3.
- (v) If the Commission does not approve, or is deemed to have not approved, the **revised Schedule 3** submitted by **Goulburn-Murray Water** under this clause 3, or if **Goulburn-Murray Water** fails to submit a **revised Schedule 3** under this clause 3, the Commission must specify the revenue requirements included in Schedule 3 for the second **regulatory year** and each subsequent **regulatory year** in the **regulatory period**.

## 4. Uncertain or unforeseen events

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### 4.1 General principle

- (a) With effect from the commencement of the second **regulatory year** in the **regulatory period**, **Goulburn-Murray Water** may apply to the Commission for the amendment of this Determination and/or the adjustment of the **revenue requirements** in Schedule 3 to reflect increased or decreased costs incurred by **Goulburn-Murray Water** as a result of events which were uncertain or unforeseen at the time an application was submitted by **Goulburn-Murray Water** under clause 3(b) (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 an application was submitted by **Goulburn-Murray Water** under clause 3(b) 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 **Goulburn-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 **Goulburn-Murray Water** on major capital projects; and
- (iii) 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)(iii)(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 **Goulburn-Murray Water's** control;
- (ii) were or should have been known by **Goulburn-Murray Water** at the time the Determination was made;
- (iii) could reasonably have been foreseen by **Goulburn-Murray Water**;

(iv) should be or should have been planned for or managed by **Goulburn-Murray Water**; and/or

(v) reflect inefficient expenditure by **Goulburn-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**;
  - (C) the basis for calculating the increase or decrease in operating and/or capital expenditure 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 **Goulburn-Murray Water's** operating and/or capital expenditure and may decide to take action under clause 4.3(b) in the absence of an **uncertain events application** by **Goulburn-Murray Water**.
- (iii) The Commission may request **Goulburn-Murray Water** to provide any additional information specified by the Commission in connection with an **uncertain events application**.

**(b) Action by the Commission**

If the Commission is satisfied of the matters set out in clause 4.1(b) in respect of an ***uncertain events application***, the Commission may, in its absolute discretion:

- (i) amend this Determination or adjust the ***revenue requirements*** in Schedule 3 with effect from ***regulatory year*** t at the same time prices are adjusted pursuant to clause 2.3; or
- (ii) take the ***uncertain events application*** into account in making its determination in respect of the prices which ***Goulburn-Murray Water*** may charge for ***prescribed services*** in the ***next regulatory period***.

## **5. Other adjustments during regulatory period**

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Where the Commission is satisfied that:

- (a) there is a manifest and material error in this Determination;
- (b) any information on which this Determination was based was false or misleading in a material respect; or
- (c) such amendment or adjustment is necessary or desirable to avoid an unintended consequence of this Determination,

the Commission may decide to amend this Determination and/or specify a price adjustment, provided that it is satisfied that such amendment and/or price adjustment takes into account the interests of customers.

## Schedule 1

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### 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.

**Code** means 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 of which are either included in Schedule 2 or determined in accordance with the relevant pricing principles in Schedule 5.

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

**new price** means a new price in respect of a **prescribed service** to which the scheduled prices in Schedule 2 relate.

**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.

**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 ' $\Sigma$ ' 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'**.

## Schedule 2

### PRICES

This schedule should be read in conjunction with Schedule 3 and Schedule 4. 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>
<b>Shepparton</b>		
<b>1.1 Shepparton Gravity Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	5.13
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.78
Distribution		
Infrastructure Access Fee	ML/Day	3288.82
Infrastructure Use Fee	ML	8.64
Casual Infrastructure Use Fee	ML	62.29
Distribution Access Fee	ML/day	3288.82
Distribution Use Fee	ML	8.64
Overuse Fee	ML	2084.83
<b>1.2 Shepparton Community Surface Drainage</b>		
Community Surface Drainage Fee	KM	510.78
<b>1.3 Shepparton Primary Surface Drainage</b>		
Service Fee	Cust	109.97
Area Fee	ha	6.21
Water Use Fee	ML	4.49
Drainage Diversion Agreement Fee	ML/ENT	11.88
<b>1.4 Shepparton Sub Surface Drainage</b>		
Subsurface Drainage Fee	ML/ENT	0.41
<b>Loch Garry</b>		
<b>1.5 Loch Garry Flood Protection</b>		
Flood Protection Fee	ha	3.83
Minimum Fee	Cust	375.33
<b>Tungamah</b>		
<b>1.6 Tungamah - Channel System</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Water Allowance Storage Fee	ML/ENT	6.17
Infrastructure Access Fee	ML/ENT	100.93
Infrastructure Use Fee	ML	32.99
Overuse Fee	ML	2084.83
<b>Central Goulburn</b>		
<b>1.7 Central Goulburn Gravity Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	5.13
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.78
Distribution		
Infrastructure Access Fee	ML/Day	3038.64
Infrastructure Use Fee	ML	6.60
Casual Infrastructure Use Fee	ML	55.48
Distribution Access Fee	ML/day	3038.64
Distribution Use Fee	ML	6.60
Overuse Fee	ML	2084.83

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
<b>1.8 Central Goulburn Community Surface Drainage</b>		
Community Surface Drainage Fee	KM	510.78
<b>1.9 Central Goulburn Primary Surface Drainage</b>		
Service Fee	Cust	109.97
Area Fee	ha	3.41
Water Use Fee	ML	3.01
Drainage Diversion Agreement Fee	ML/ENT	10.63
<b>1.10 Central Goulburn Sub Surface Drainage</b>		
Service Fee	ML	1.43
Local Benefit Area Fee	ha	3.42
Local Benefit Water Use Fee	ML	0.97
Municipal Local Benefit Area Fee	ha	13.68
<b>Rochester-Campaspe</b>		
<b>1.11 Rochester Gravity Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	5.13
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.78
Distribution		
Infrastructure Access Fee	ML/Day	2538.28
Infrastructure Use Fee	ML	6.95
Casual Infrastructure Use Fee	ML	48.50
Distribution Access Fee	ML/day	2538.28
Distribution Use Fee	ML	6.95
Overuse Fee	ML	2084.83
<b>1.12 Rochester-Campaspe Community Surface Drainage</b>		
Community Surface Drainage Fee	KM	510.78
<b>1.13 Rochester-Campaspe Primary Surface Drainage</b>		
Service Fee	Cust	109.97
Area Fee	ha	4.26
Water Use Fee	ML	3.10
Drainage Diversion Agreement Fee	ML/ENT	9.59
<b>1.14 Rochester Sub Surface Drainage</b>		
Service Fee	ML	0.47
Local Benefit Area Fee	HA	15.13
Local Benefit Water Use Fee	ML	4.16
Municipal Local Benefit Area Fee	HA	60.50
<b>1.15 Campaspe Gravity Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	5.13
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.78
Distribution		
Infrastructure Access Fee	ML/Day	2189.07
Infrastructure Use Fee	ML	7.61
Casual Infrastructure Use Fee	ML	44.25
Distribution Access Fee	ML/day	2189.07
Distribution Use Fee	ML	7.61
Overuse Fee	ML	2084.83
<b>1.16 Campaspe West Sub Surface Drainage</b>		
Minimum Fee	Holding	0.00
Subsurface Drainage Fee	ML	3.51
<b>Pyramid-Boort</b>		
<b>1.17 Pyramid-Boort Gravity Irrigation</b>		
Service Fee	Holding	109.97



<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
Service Point Fee - Irrigation	Service Point	208.48
Service Point Fee - D&S	Service Point	52.12
Entitlement Storage Fee - HRR (with land)	ML/ENT	5.13
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.78
<b>Distribution</b>		
Infrastructure Access Fee	ML/Day	1876.35
Infrastructure Use Fee	ML	6.75
Casual Infrastructure Use Fee	ML	38.28
Distribution Access Fee	ML/day	1876.35
Distribution Use Fee	ML	6.75
D&S Supplied Outside Irrigation Period	Service	329.91
Overuse Fee	ML	2084.83
<b>1.18 Pyramid-Boort Community Surface Drainage</b>		
Community Surface Drainage Fee	KM	510.78
<b>1.19 Pyramid-Boort Primary Surface Drainage</b>		
Service Fee	Holding	109.97
Area Fee	ha	1.81
Water Use Fee	ML	1.69
Drainage Diversion Agreement Fee	ML/ENT	7.92
<b>Loddon Waterworks</b>		
<b>1.20 Normanville Domestic &amp; Stock</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Water Allowance Storage Fee	ML/ENT	5.13
Infrastructure Access Fee	kL/Day	117.36
Infrastructure Use Fee	ML	111.64
Overuse Fee	ML	2084.83
<b>1.21 East Loddon Domestic &amp; Stock</b>		
Service Fee	Holding	54.99
Water Allowance Storage Fee	ML/ENT	5.13
Infrastructure Access Fee	ha	3.01
Distribution Access Fee	ML/day	1876.35
Distribution Use Fee	ML	6.75
Overuse Fee	ML	2084.83
<b>1.22 West Loddon Domestic &amp; Stock</b>		
Service Fee	Holding	54.99
Water Allowance Storage Fee	ML/ENT	5.13
Infrastructure Access Fee	ha	1.99
Overuse Fee	ML	2084.83
<b>Murray Valley</b>		
<b>1.23 Murray Valley Gravity Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	6.43
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.56
<b>Distribution</b>		
Infrastructure Access Fee	ML/Day	2501.80
Infrastructure Use Fee	ML	7.62
Casual Infrastructure Use Fee	ML	48.96
Distribution Access Fee	ML/Day	2501.80
Distribution Use Fee	ML	7.62
Overuse Fee	ML	2084.83
<b>1.24 Murray Valley Community Surface Drainage</b>		
Community Surface Drainage Fee	KM	510.78
<b>1.25 Murray Valley Primary Surface Drainage</b>		
Service Fee	Holding	109.97

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
Area Fee	ha	5.59
Water Use Fee	ML	3.04
Drainage Diversion Agreement Fee	ML/ENT	9.90
<b>1.26 Murray Valley Sub Surface Drainage</b>		
Service Fee	ML	0.57
Local Benefit Area Fee	ha	3.84
Local Benefit Water Use Fee	ML	0.90
Municipal Local Benefit Area Fee	ha	15.34
<b>Torrumbarry-Gravity</b>		
<b>1.27 Torrumbarry Gravity Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	6.43
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.56
Delivery		
Infrastructure Access Fee	ML/Day	2404.85
Infrastructure Use Fee	ML	7.23
Casual Infrastructure Use Fee	ML	46.93
Distribution Access Fee	ML/day	2404.85
Distribution Use Fee	ML	7.23
Overuse Fee	ML	2084.83
<b>1.28 Torrumbarry Community Surface Drainage</b>		
Community Surface Drainage Fee	KM	510.78
<b>1.29 Torrumbarry Primary Surface Drainage</b>		
Service Fee	Holding	109.97
Area Fee	ha	2.17
Water Use Fee	ML	1.57
Drainage Diversion Agreement Fee	ML/ENT	9.59
<b>1.30 Tyntynder Primary Surface Drainage</b>		
Service Fee	Holding	109.97
Area Fee	ha	8.88
Water Use Fee	ML	3.53
Drainage Diversion Agreement Fee	ML/ENT	9.59
<b>Torrumbarry-Pumped</b>		
<b>1.31 Woorinen Pumped Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	6.43
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.56
Distribution		
Infrastructure Access Fee	ML/Day	3475.42
Infrastructure Use Fee	ML	20.85
Casual Infrastructure Use Fee	ML	83.40
Overuse Fee	ML	2084.83
<b>1.32 Woorinen Sub Surface Drainage</b>		
Service Fee	Holding	109.97
Area Fee	ha	1.38
Water Use Fee	ML	0.73
Drainage Diversion Agreement Fee	ML/ENT	3.13
<b>1.33 Nyah Pumped Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	6.43
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.56
Distribution		

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
Infrastructure Access Fee - WR, D&S	ML/Day	3313.84
Infrastructure Use Fee	ML	15.52
Casual Infrastructure Use Fee	ML	72.99
Overuse of Annual Entitlement Fee	ML	2084.83
<b>1.34 Nyah Sub Surface Drainage</b>		
Service Fee	Holding	109.97
Water Use Fee	ML	6.52
Drainage Diversion Agreement Fee	ML/ENT	1.56
<b>1.35 Tresco Pumped Irrigation</b>		
Service Fee	Holding	109.97
Additional Service Point Fee	Service Point	54.99
Entitlement Storage Fee - HRR (with land)	ML/ENT	6.43
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.56
Distribution		
Infrastructure Access Fee	ML/Day	4272.87
Infrastructure Use Fee	ML	10.42
Casual Infrastructure Use Fee	ML	79.73
Overuse Fee	ML	2084.83
<b>1.36 Tresco Sub Surface Drainage</b>		
Subsurface Drainage Fee	ML	1.42
Drainage Diversion Agreement Fee	ML/ENT	1.21
<b>Diversions</b>		
<b>1.37 Murray Regulated</b>		
Service Fee	Licence	164.95
Entitlement Storage Fee - HRR (with land)	ML/ENT	6.43
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.56
Water Delivery Fee	ML/day	411.75
Overuse Fee	ML	2084.83
<b>1.38 Goulburn Regulated</b>		
Service Fee	Licence	164.95
Entitlement Storage Fee - HRR (with land)	ML/ENT	5.13
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.78
Water Delivery Fee	ML/day	258.52
Overuse Fee	ML	2084.83
<b>1.39 Murray Unregulated</b>		
Service Fee	Licence	164.95
Water Delivery Fee	ML/ENT	15.47
Overuse Fee	ML	2084.83
<b>1.40 Goulburn Unregulated</b>		
Service Fee	Licence	164.95
Water Delivery Fee	ML/ENT	12.95
Overuse Fee	ML	2084.83
<b>1.41 Exceptions:</b>		
<b>(i) Pental Island Lands</b>		
Service Fee	Licence	164.95
Entitlement Storage Fee - HRR (with land)	ML/ENT	6.43
Entitlement Storage Fee - LRR (with land)	ML/ENT	2.56
Water Delivery Fee	ML/day	405.67
Overuse Fee	ML	2084.83
<b>(ii) Fish Farming</b>		
Service Fee		
Murray	Licence	164.95
Goulburn	Licence	164.95
Water Delivery Fee		
Goulburn Regulated	ML/ENT	28.70

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
Goulburn Unregulated	ML/ENT	28.70
Murray Unregulated	ML/ENT	28.70
<b>Groundwater Diversions</b>		
<b>1.42 Groundwater Supply Area - Shepparton IRSWPA</b>		
Service Fee	Licence	164.95
Additional Service Point Fee	Bore	82.48
Groundwater Entitlement Fee	ML/ENT	2.63
Intensive Management Fee	ML/ENT	1.23
Overuse Fee	ML	2084.83
<b>1.43 Groundwater Supply Areas - Spring Hill, Campaspe, Katunga, Mid-Loddon, Upper Loddon</b>		
Service Fee	Licence	164.95
Additional Service Point Fee	Bore	82.48
Groundwater Entitlement Fee	ML/ENT	2.63
Intensive Management Fee	ML/ENT	3.00
Overuse Fee	ML	2084.83
<b>1.44 Other Groundwater Supply Areas</b>		
Service Fee	Licence	164.95
Additional Service Point Fee	Bore	82.48
Groundwater Entitlement Fee	ML/ENT	2.63
Overuse Fee	ML	2084.83
<b>Bulk Water</b>		
<b>1.45 Entitlement Storage Fee - Water Entitlement Without Land</b>		
Broken Basin ESF - HRR (without land)	ML/ENT	22.01
Broken Basin ESF - LRR (without land)	ML/ENT	2.78
Goulburn Basin ESF - HRR (without land)	ML/ENT	5.13
Goulburn Basin ESF - LRR (without land)	ML/ENT	2.78
Campaspe Basin ESF - HRR (without land)	ML/ENT	14.26
Campaspe Basin ESF - LRR (without land)	ML/ENT	11.59
Loddon Basin ESF - HRR (without land)	ML/ENT	24.04
Loddon Basin ESF - LRR (without land)	ML/ENT	12.19
Bullarook Basin ESF - HRR (without land)	ML/ENT	189.65
Bullarook Basin ESF - LRR (without land)	ML/ENT	114.88
Murray Basin ESF - HRR (without land)	ML/ENT	6.43
Murray Basin ESF - LRR (without land)	ML/ENT	2.67
Ovens Basin ESF - HRR (without land)	ML/ENT	27.84
Ovens Basin ESF - LRR (without land)	ML/ENT	2.67
<b>1.46 Murray - Entitlement</b>		
Murray Basin HRR	ML/ENT	5.94
Murray Basin LRR	ML/ENT	2.67
Murray System	ML/ENT	6.45
<b>1.47 Ovens Basin - Entitlement</b>		
Ovens Basin HRR	ML/ENT	27.84
<b>1.48 Goulburn Supplemented Basin - Entitlement</b>		
Goulburn System - WR Equivalent	ML/ENT	6.72
<b>1.49 Broken Basin - Entitlement</b>		
Broken Basin HRR	ML/ENT	22.01
<b>1.50 Goulburn Basin - Entitlement</b>		
Goulburn Basin VHRR	ML/ENT	4.41
Goulburn Basin HRR	ML/ENT	4.15
Goulburn Basin LRR	ML/ENT	2.11
<b>1.51 Campaspe Basin - Entitlement</b>		
G-MW Capacity Share		
Campaspe Basin HRR	ML/ENT	14.26

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price (1 July 2008)</i>
Campaspe Basin LRR	ML/ENT	11.59
Coliban Capacity Share Source	ML/ENT	15.90
<b>1.52 Loddon Basin - Entitlement</b>		
Loddon Basin HRR	ML/ENT	16.98
Loddon Basin LRR	ML/ENT	8.61
<b>1.53 Bullarook - Entitlement</b>		
Bullarook Basin HRR	ML/ENT	189.65
Bullarook Basin LRR	ML/ENT	114.88
<b>1.54 Regional Urban Storage Ancillary Fee</b>	ML/ENT	8.59
<b>1.55 Miscellaneous Fees and Charges</b>		Actual cost

## Schedule 3

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### Calculation of revenue requirements for each regulatory year

This schedule should be read in conjunction with clause 2.3 and Schedule 2.

#### Revenue requirements for regulatory years

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<i>Regulatory year</i>	<i>Calculation of revenue requirements</i>
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Where t = 2008-09,	$rev_t = \$130.658 \text{ million}$
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Where t = 2009-10,	$rev_t = \$123.906 \text{ million} * cpir_t$
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Where t = 2010-11,	$rev_t = \$97.488 \text{ million} * cpir_t$
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Where t = 2011-12,	$rev_t = \$98.402 \text{ million} * cpir_t$
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Where t = 2012-13,	$rev_t = \$99.752 \text{ million} * cpir_t$
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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 4**

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### **Application of prices**

#### **4.1 Private works**

Job is defined as the customer's reasonable estimate of the job costs.

#### **4.2 Transfer of water entitlement**

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

## Schedule 5

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### Pricing principles

#### 5.1 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 **Goulburn-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 **Goulburn-Murray Water** or pursuant to other Government policies that apply to **Goulburn-Murray Water** or there has been consultation with the affected customers about their willingness to pay for the benefits of increased recycling.

#### 5.2 Pricing principles where scheduled prices do not apply

Where the prices set out in Schedule 2 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.

### 5.3 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 **Goulburn-Murray Water's** water and sewerage network, the developer must provide the reticulation assets that are required to service their development and connect to **Goulburn-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, **Goulburn-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, **Goulburn-**

**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 **Goulburn-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 **Goulburn-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 **Goulburn-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 **Goulburn-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.

#### 5.4 Pricing principles for developer charges for existing property owners

At any time during the regulatory period, **Goulburn-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.

## 5.5 Pricing principles for miscellaneous services not included in Schedule 2

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.

## 5.6 Guidelines

**Goulburn-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 5 relates.

## 5.7 Pricing principles for termination fees

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

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

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



Date: 23<sup>rd</sup> June, 2008



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**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>
Bulk water assets availability of storage capacity as a % of design storage capacity	100.0	100.0	100.0	100.0	100.0
Retail Water assets number of unplanned service failures greater than 12 hours	0	0	0	0	0
Retail Water assets reported channel leaks responded to within agreed times	100.0	100.0	100.0	100.0	100.0
Bulk water assets availability to deliver water on demand to customers as a % of time	100.0	100.0	100.0	100.0	100.0
Regulated rivers minimum river flow regimes > or equal to specified minimum flows 100% of the time	100.0	100.0	100.0	100.0	100.0
Unregulated rivers meet agreed targets or natural flow 90% of the time	90.0	90.0	90.0	90.0	90.0

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**  
\$ 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	92.27	93.11	87.47	83.08	82.86
Return on existing assets	5.82	5.65	5.48	5.33	5.23
Return on new investments	0.86	2.46	3.93	5.33	6.62
Regulatory depreciation	3.64	4.69	5.41	5.44	5.23
Adjustments from previous period	6.22	0.31	0.52	0.69	1.01
<b>Total</b>	<b>108.81</b>	<b>106.22</b>	<b>102.82</b>	<b>99.88</b>	<b>100.94</b>

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

	2004-05	2005-06	2006-07	2007-08
Opening RAB	28.84	61.40	83.73	95.62
<i>Plus</i> Gross capital expenditure	60.58	58.00	45.35	38.56
<i>Less</i> Government contributions	27.47	34.33	20.88	19.90
<i>Less</i> Customer contributions	0.00	0.00	10.36	9.48
<i>Less</i> Proceeds from disposals	0.00	0.00	0.00	0.00
<i>Less</i> Regulatory depreciation	0.55	1.33	2.22	2.91
<b>Closing RAB</b>	<b>61.40</b>	<b>83.73</b>	<b>95.62</b>	<b>101.88</b>

Table 5 **Rolled forward regulated asset base**  
\$ 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	101.88	128.47	151.21	173.56	194.21
<i>Plus</i> Gross capital expenditure	73.65	46.92	35.36	33.39	33.05
<i>Less</i> Government contributions	35.83	15.27	6.06	6.11	7.25
<i>Less</i> Customer contributions	7.59	4.23	1.53	1.20	0.50
<i>Less</i> Proceeds from disposals	0.00	0.00	0.00	0.00	0.00
<i>Less</i> Regulatory depreciation	3.64	4.69	5.41	5.44	5.23
<b>Closing RAB</b>	<b>128.47</b>	<b>151.21</b>	<b>173.56</b>	<b>194.21</b>	<b>214.29</b>

Table 6 **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	0.098	0.098	0.098	0.098	0.137
Environmental contribution	1.430	1.390	1.351	1.313	1.276

Table 7 **Key capital projects**

	<i>Expected completion date</i>
Surface Water Management Program	2012-13
Dam Safety Upgrade Program	2012-13
Reconfiguration Program	2012-13
Lake Mokoan – Return to Wetlands (Water Savings Program)	2009-10
Diversions Metering Program	Post 2012-13