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2013-18 WATER PRICE REVIEW

DRAFT DECISION VOLUME II:
GOULBURN VALLEY WATER

MARCH 2013

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GOULBURN VALLEY WATER

1. Purpose of volume II of the draft decision

The Commission is required to issue a draft decision that proposes either to:

- (a) approve all of 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, until the commencement of the next regulatory period or
- (b) refuse to give the approval referred to above and specifies the reasons for the Commission's proposed refusal (which may include suggested amendments to, or action to be taken in respect of, the Water Plan that, if adopted or taken, may result in the Commission giving that approval) and the date by which a regulated entity must resubmit a revised Water Plan or undertake such action as to ensure compliance.

This volume of the draft decision summarises for each business the suggested amendments or actions that if adopted or taken may result in the Commission giving its approval to the relevant business's proposed prices or the manner in which such prices are to be calculated or otherwise determined. The main reasons for suggested amendments or actions are summarised. More detailed reasons for the Commission's suggested amendments are outlined in volume I of the draft decision.

2. Actions to be taken in response to this draft decision

In response to this draft decision, Goulburn Valley Water should by 2 May 2013 resubmit:

- (a) its proposed schedule of tariffs to apply for each year of the regulatory period commencing 1 July 2013 that reflects:
 - i. the revised revenue requirement set out in table 3
 - ii. any changes to tariff structure suggested by the Commission.
- (b) the service standards to apply over the regulatory period consistent with any revisions suggested by the Commission set out in table 1.
- (c) the New Customer Contribution Charges (NCCs) proposal with specific actions required by the Commission set out in section 16.

If a business does not submit a revised schedule of tariffs and/or the service standards to apply, or otherwise make a submission as to why it has not adopted

the Commission's suggested amendments by the due date, the Commission will specify the prices, or manner in which prices are to be calculated or otherwise determined and the service standards to apply for the regulatory period 2013-14 to 2017-18 as part of its Final Determination.

3. Service standards

The below table summarises the targets Goulburn Valley Water has proposed for core service standards for the third regulatory period, either in its Water Plan or in response to subsequent requests for information by the Commission.

Table 1 Proposed service standards

<i>Service standard</i>	<i>5yr Avg 2008-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Water						
Unplanned water supply interruptions (per 100km)	17.54	18.7	18.7	18.7	18.7	18.7
Average time taken to attend bursts and leaks (priority 1) (minutes)	2.8	30	30	30	30	30
Average time taken to attend bursts and leaks (priority 2) (minutes)	35.36	60	60	60	60	60
Average time taken to attend bursts and leaks (priority 3) (minutes)	189.21	300	300	300	300	300
Unplanned water supply interruptions restored within 5 hours (per cent) - proposed	99.02	98	98	98	98	98
Planned water supply interruptions restored within 5 hours (per cent)	99.22	99	99	99	99	99
Average unplanned customer minutes off water supply (minutes)	11.99	13.6	13.6	13.6	13.6	13.6
Average planned customer minutes off water supply (minutes)	4.43	6	6	6	6	6
Average frequency of unplanned water supply interruptions (number)	0.12	0.15	0.15	0.15	0.15	0.15

*Service standard**5yr Avg 2013-14 2014-15 2015-16 2016-17 2017-18
2008-13*

Average frequency of planned water supply interruptions (number)	0.04	0.05	0.05	0.05	0.05	0.05
Average duration of unplanned water supply interruptions (minutes)	100.1	100	100	100	100	100
Average duration of planned water supply interruptions (minutes)	95.52	110	110	110	110	110
Number of customers experiencing 5 unplanned water supply interruptions in the year (number)	0	85	85	85	85	85
Unaccounted for water (per cent)	8.92	9.1	9.1	9.1	9.1	9.1
Sewerage						
Sewerage blockages (per 100km)	21.79	23.6	23.6	23.6	23.6	23.6
Average time to attend sewer spills and blockages (minutes)	45.61	60	60	60	60	60
Average time to rectify a sewer blockage (minutes)	119.13	150	150	150	150	150
Spills contained within 5 hours (per cent)	99	100	100	100	100	100
Customers receiving 3 sewer blockages in the year (number)	0.2	0	0	0	0	0
Customer Service						
Complaints to EWOV (per 1000 customers)	0.68	0.68	0.68	0.68	0.68	0.68
Telephone calls answered within 30 seconds (per cent)	98	97	97	97	97	97

Note Data rounded to two decimal places.

Where the proposed service standard target deviated from Goulburn Valley Water's actual five-year average performance or did not appear to make sense, the Commission sought further information from the business.

The Commission proposes to approve targets proposed for all service standards apart from those listed below. The targets for the following standards deviated from the five-year average and Goulburn Valley Water did not provide a reason as to why they will not be able to maintain that level of service on average over the third regulatory period:

- (a) Average time taken to attend bursts and leaks (priority one) (minutes)
- (b) Average time taken to attend bursts and leaks (priority two) (minutes)
- (c) Average time taken to attend bursts and leaks (priority three) (minutes)
- (d) Average planned customer minutes off water supply (minutes)
- (e) Average duration of planned water supply interruptions (minutes)
- (f) Average time to attend sewer spills and blockages (minutes)
- (g) Average time to rectify a sewer blockage (minutes)

In response to this draft decision, Goulburn Valley Water is required to either provide adequate reasoning for deviating from the five-year average in setting its targets for these standards or amend them to reflect the five-year average.

4. Guaranteed service level scheme

The Commission proposes to approve each of the proposed guaranteed service levels except as shaded or otherwise indicated in table 3. These guaranteed service levels should be reflected Goulburn Valley Water's Customer Charter.

Table 2 Proposed and approved GSL events and payment levels

<i>Proposed level of service</i>	<i>Proposed payment</i>
More than five unplanned water interruptions within any 12 month period	\$50
Sewage spills in a house contained within one hour of notification	\$1000
Water interruptions not restored within five hours of notification	\$50
More than three sewerage interruptions within any 12 month period	\$50

The Commission proposes to approve the GSL events proposed by Goulburn Valley Water

5. Revenue requirement

The Commission has adopted the following assumptions in relation to the revenue required over the regulatory period.

Table 3 **Breakdown of revenue requirement implied by ESC draft decision**
\$m 2012-13

	<i>2013-14</i>	<i>2014-15</i>	<i>2016-17</i>	<i>2011-2012</i>	<i>2017-18</i>
Operating expenditure	42.1	41.0	41.0	41.6	41.4
Return on existing assets	11.5	11.0	10.6	10.2	9.8
Return on new investments	0.6	1.9	3.1	4.2	5.3
Regulatory depreciation	8.7	9.6	10.6	11.5	12.3
Total	62.9	63.5	65.3	67.5	68.7

6. Rolled forward regulatory asset base

The regulatory asset base as at 1 July 2007 will be rolled forward to reflect approved actual capital expenditure net of customer contributions (new customer and shareholder contributions) and disposals for the 2007-08 to 2011-12 period less any approved allowance for regulatory depreciation. The rolled forward values are shown in table 4.

Table 4 **Updated regulatory asset base**
\$m 2012-13

	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
Opening RAB	155.8	175.3	198.7	222.4	231.4
<i>Plus</i> Gross Capital expenditure	27.4	31.8	33.3	20.0	25.0
<i>Less</i> Government contributions	0.0	0.0	0.0	0.6	0.0
<i>Less</i> Customer contributions	1.4	1.1	1.2	1.4	1.6
<i>Less</i> Proceeds from disposals	0.7	0.9	0.8	0.7	0.7
<i>Less</i> Regulatory depreciation	5.9	6.5	7.6	8.3	8.9
Closing RAB	175.3	198.7	222.4	231.4	245.2

The regulatory asset base as at 1 July 2012 will be rolled forward to reflect approved estimates of capital expenditure net of customer contributions (new customer and shareholder contributions) and disposals for the 2012-13 to 2017-18 period less any approved allowance for regulatory depreciation.

The Commission has adopted the following assumptions in relation to regulatory asset base over the regulatory period:

Table 5 **Rolled forward regulatory asset base**
\$m 2012-13

	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Opening RAB	245.2	248.2	266.0	283.0	300.2	314.3
<i>Plus</i> Gross Capital expenditure	15.4	31.2	29.3	30.4	28.2	25.9
<i>Less</i> Government contributions	0.0	2.2	0.2	0.0	0.0	0.0
<i>Less</i> Customer contributions	2.3	1.8	1.9	1.9	2.0	1.9
<i>Less</i> Proceeds from disposals	0.8	0.7	0.7	0.7	0.7	0.7
<i>Less</i> Regulatory depreciation	9.3	8.7	9.6	10.6	11.5	12.3
Closing RAB	248.2	266.0	283.0	300.2	314.3	325.3

7. Weighted average cost of capital

The Commission has adopted a weighted average cost of capital (WACC) of 4.7 per cent for all water businesses. The table below outlines the individual components for the WACC.

Table 6 **Real post-tax WACC**

<i>Real risk free rate</i>	<i>Equity beta</i>	<i>Market risk premium</i>	<i>Debt margin</i>	<i>Financing structure (gearing)</i>	<i>Franking credit value</i>	<i>WACC</i>
<i>per cent</i>	<i>β</i>	<i>per cent</i>	<i>per cent</i>	<i>per cent</i>	<i>γ</i>	<i>per cent</i>
0.679 – 1.023	0.65	6.0	3.03 – 4.53	60	0.5	4.7

8. Operating expenditure

The Commission has made the following assumptions about operating expenditure forecasts over the regulatory period:

Table 7 Proposed and approved operating expenditure assumptions
\$m 2012-13

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Proposed operating expenditure	46.7	41.9	42.7	43.6	44.0
Revisions and adjustments	-4.6	-0.9	-1.6	-2.1	-2.6
Draft decision – operating expenditure	42.1	41.0	41.0	41.6	41.4

The Commission's assumptions reflect the following adjustments to Goulburn Valley Water's proposed operating expenditure forecasts:

Table 8 Adjustments to operating expenditure
\$m 2012-13

<i>Expenditure item</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Labour	-0.39	-0.61	-0.80	-1.18	-1.56
Electricity	-0.14	-0.39	-0.39	-0.55	-0.71
Intelligent Water Networks	-0.05	-0.05	-0.05	-0.05	-0.05
Defined benefits	-2.84	0.30	0.29	0.29	0.28
Fluoridation	-0.06	-0.09	-0.19	-0.24	-0.28
Chemicals	-0.30	-0.30	-0.28	-0.25	-0.22
Site restoration costs	-0.73	0.27	0.00	0.00	0.00
Environmental stewardship framework	-0.01	-0.03	-0.03	-0.03	-0.03
Operating expenditure from capital projects	0.00	0.00	-0.10	0.00	0.00
Environmental contributions	0.01	0.01	0.00	-0.01	-0.01
Licence fees	-0.06	-0.06	-0.06	-0.06	-0.05
Total	-4.57	-0.95	-1.61	-2.07	-2.63

- (a) Adjustments reflect changes to wage rates and number of FTEs (section 4.2.1 of Deloitte's expenditure report).
- (b) Adjustments reflect changes to electricity prices and energy usage (section 4.2.2 of Deloitte's expenditure report).
- (c) Intelligent Water Network expenditure was reduced to reflect uncertainty in costs, timing and nature of projects that may be undertaken (section 4.2.3 of Deloitte's expenditure report).

- (d) Adjustments reflect recovery \$3.15 million of defined benefit superannuation payments made to Vision Super in 2012 (section 4.2.4 of Deloitte's expenditure report).
- (e) Fluoridation expenditure reflects the addition of expenditure above 2011-12 levels for projects that have already been constructed or had funding confirmed by the Department of Health and removal of operating expenditure for projects that have not had funding confirmed (section 4.2.5 of Deloitte's expenditure review)
- (f) Adjustments reflect changes to chemical prices and volume (section 4.2.7 of Deloitte's expenditure report).
- (g) Clean up costs were adjusted to remove cost associated with low risk sites and cost related to consultants, legal fees and public relations (should be absorbed in existing budget). Also removed was the 25 per cent contingency allowance made by Goulburn Valley Water (section 4.2.8 of Deloitte's expenditure report).
- (h) Expenditure for environmental stewardship framework training requirements has been removed as it should be accommodated within the overall training budget (section 4.2.9 of Deloitte's expenditure report).
- (i) Operating expenditure arising from the Marysville project has been spread over three years and pushed back by one year to make it consistent with the changes on capital expenditure for the Marysville project (section 4.2.11 of Deloitte's expenditure report).
- (j) Adjustments reflect recent advice by the Department of Sustainability and Environment on the environmental contributions for the next regulatory period (chapter 6 of volume I of this draft report).
- (k) Adjustments reflect recent advice from the Department of Health and Environment Protection Authority regarding their respective licence fees for the next regulatory period. Also includes the Commission's adjustments on the ESC licence fees for the next period (chapter 6 of volume I of this draft decision).

9. Capital expenditure

The Commission has made the following assumptions about capital expenditure forecasts over the regulatory period:

Table 9 Proposed and approved capital expenditure assumptions
\$m 2012-13

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Proposed capital expenditure	35.9	33.5	32.7	33.3	31.3
Draft decision – capital expenditure	31.2	29.3	30.4	28.2	25.9

The Commission's assumptions reflect the following adjustments to Goulburn Valley Water's proposed capital expenditure forecasts:

Table 10 Adjustments to capital expenditure
\$m 2012-13

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Water main replacement Program	-0.4	-0.4	-1.2	-2.0	-2.0
New fluoride plants	-1.9	-1.9	-1.9	-1.9	-2.3
Sewer main relining or replacement program	-0.9	-0.9	-0.9	-0.9	-0.9
Above ground asset replacement program	-0.3	-0.3	-0.3	-0.3	-0.3
Marysville water treatment plant	-1.3	-0.7	2.0	0.0	0.0
Total	-4.8	-4.1	-2.3	-5.1	-5.5

- (a) Water main replacement program – Deloitte recommended reducing expenditure to the historical level, with an additional allowance to replace high risk trunk mains, cast iron and galvanised iron pipes. It considered contingencies are not appropriate for expenditure based on repeat items for which historical costs exist (section 5.3 of Deloitte's expenditure report).
- (b) New fluoride plants – Deloitte recommended removing the total expenditure from the capital program for the next regulatory period, given the uncertainty of government funding for fluoridation works. This project may be reinstated if funding is confirmed before the Commission's final decision (section 5.6 of Deloitte's expenditure report).

- (c) Sewer main relining or replacement program – Deloitte recommended that proposed expenditure be reduced to historical average but with an increased allowance to monitor an additional 5 kilometres of sewer main per year in the CCTV program (section 5.8.2 of Deloitte’s expenditure report).
- (d) Above ground asset replacement program – Deloitte considered that proposed increase in expenditure was not adequately justified by reference to changed asset conditions or improved performance, and recommended that it be reduced to historical average (section 5.9 of Deloitte’s expenditure report).
- (e) Marysville water treatment plant – Deloitte recommended that the proposed expenditure be spread over three years instead of two (section 5.11 of Deloitte’s expenditure report).

Goulburn Valley Water has identified the following key capital projects to be undertaken during the regulatory period.

Table 11 Key capital projects

	<i>Expected completion date</i>
Water main replacement program	2013-14 to 2017-18
Shepparton water treatment plant upgrade	2017-18
Asset acquisition – corporate assets	2013-14 to 2017-18
Numurkah water treatment plant upgrade	2015-16
Sewer main relining or replacement program	2013-14 to 2017-18
Above ground assets replacements program	2013-14 to 2017-18
Mansfield wastewater management facility additional winter storage	2015-16
Marysville new water treatment plant	2015-16
Kilmore wastewater management facility additional winter storage	2015-16
Cobram – MCG unfluoridated water pipeline	2014-15

10. Demand forecasts

- (a) The Commission has made the following assumptions about demand for various services over the regulatory period.
- (b) The Commission has adjusted proposed demand forecasts indicated.

Table 12 Number of water connections

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Proposed – total connections	56 673	57 467	58 272	59 089	59 916
Draft decision – total connections	56 673	57 467	58 272	59 089	59 916

Table 13 Number of sewerage connections

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Residential					
Proposed connections	43 419	44 027	44 643	45 268	45 902
Draft decision – connections	43 419	44 027	44 643	45 268	45 902
Non-residential					
Proposed connections	5 459	5 535	5 612	5 691	5 771
Draft decision – connections	5 459	5 535	5 612	5 691	5 771
Proposed – total connections	48 878	49 562	50 255	50 959	51 673
Draft decision – total connections	48 878	49 562	50 255	50 959	51 673

Table 14 Water consumption

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Proposed - total consumption	22 500	22 700	22 800	23 000	23 200
Draft decision – total consumption	22 500	22 700	22 800	23 000	23 200

**Table 15 Non-residential volumetric sewage
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	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Proposed total consumption	1 162 333	1 162 353	1 162 320	1 162 329	1 162 325
Draft decision – total consumption	1 171 613	1 180 985	1 190 433	1 199 957	1 209 556

11. Form of price control

The Commission proposes to approve a hybrid form of price control, whereby:

- (a) it approves price caps for Goulburn Valley Water and
- (b) this businesses may propose to move to a tariff basket at the time of the annual price review within the period.

Where a business proposes to transfer to a hybrid form of price control during the next regulatory period, and where that proposal results in a material tariff change, the Commission proposes to require the business to consult with customers. The determinations will require water businesses to provide evidence of customer consultation (including customer consultative committees) and a statement about customer impacts and how the business will address those impacts.

12. Retail water tariffs

- (a) The Commission proposes to approve Goulburn Valley Water's proposed retail water tariff structure.

13. Retail sewerage tariffs

- (a) The Commission proposes to approve Goulburn Valley Water's proposed retail sewerage tariff structure.

14. Trade waste charges

- (a) The Commission proposes to approve Goulburn Valley Water's trade waste tariffs, subject to it including a clearly defined classification structure in its pricing schedules (given Goulburn Valley Water proposed to change its trade waste categories).
- (b) The Commission requires Goulburn Valley Water to continue to include the Commission's trade waste pricing principles in its tariff schedules. Goulburn Valley Water is required to use the pricing principles when determining trade waste charges for customers to whom scheduled prices do not apply.

15. Recycled water

- (a) The Commission is proposing to approve Goulburn Valley Water's proposed pricing principles on the basis that they are consistent with the principles set out below.
- (b) The Commission considers that Goulburn Valley Water should set its recycled water prices according to a set of principles that ensure prices:
 - i. have regard to the price of any substitutes and customers' willingness to pay
 - ii. cover the full cost of providing the service (with the exception of services related to specified obligations or maintaining balance of supply and demand)
 - iii. include a variable component.
- (c) Where a business does not propose to fully recover the costs associated with recycled water, it must demonstrate to the Commission that:
 - i. it has assessed the costs and benefits of pursuing the recycled water project
 - ii. it has clearly identified the basis on which any revenue shortfall is to be recovered
 - iii. if the revenue shortfall is to be recovered from non-recycled water customers, either that the project is required by 'specified obligations' or that there has been consultation with the affected customers about their willingness to pay for the benefits of increased recycling.

16. New Customer contributions

Table 16 **New customer contributions charges**
\$2012-13 per new connection

Water	\$2 323
Sewerage	\$0

Subject to Goulburn Valley Water amending its NCC proposal consistent with the specific actions required by the Commission described below, the Commission proposes to approve the manner in which Goulburn Valley Water's NCC charges are determined.

The Commission requires Goulburn Valley Water to:

- a) Assess how they can improve the cost reflectivity of its NCC proposal and to present options on offering more location specific NCC. If the option is a uniform or combined NCC then the water business must demonstrate that there is little material difference between NCC calculated for specific locations or services.
- b) Confirm that all NCC charges have been calculated in accordance the core pricing principles.
- c) Improve the transparency of its NCC proposal by providing maps to show the boundaries around the areas (or towns) within which standard NCC apply. Or define any threshold that must be met in order for an NCC to be levied.
- d) Clearly describe the circumstances (i.e. eligibility criteria) under which NCC will negotiated and confirm that it will apply the core pricing principles when such NCC are negotiated.
- e) Consult with other water businesses to develop a best practice negotiating framework.
- f) Consult with other regional water businesses to propose a common water industry timeframe to estimate capital costs.
- g) Consult with stakeholders following the draft decision
- h) Make other modelling adjustments:
 - i. Update calculations of standard NCC with any expenditure adjustments arising from draft decision
 - ii. Update calculations of standard NCC with any demand adjustments arising from the draft decision
 - iii. Review NCC calculations and only include tax rates in the model only for the years the business expects to pay tax
 - iv. Update calculations of standard NCC with the Commission's draft decision on the Weighted Average Cost of Capital (WACC).
 - v. Resubmit a forecast of NCC revenue for each service for each year of the third regulatory period, following changes made in accordance with the above.
 - vi. Gifted assets values in the calculation model are constant across the planning period. Confirm that this is correct.
 - vii. Confirm whether that bring forward capital expenditure value of \$1.3 million in the calculation model is correct.

17. Miscellaneous charges

- (a) The Commission proposes to approve the miscellaneous services fees and charges proposed by Goulburn Valley Water.
- (b) In response to this draft decision, Goulburn Valley Water is required to submit:
 - i. definitions and proposed charges for connection fees, information fees and meter reading fees, if these are not already included in its core set of miscellaneous services.
 - ii. (ii) if proposing any miscellaneous charges for developers:
 - o the name all charges relating to developers
 - o explain how these charges relate to NCCs
 - o define the services that will be provided for these charges.

18. Reopening Prices

For the third regulatory period, the Commission proposes to approve an uncertain and unforeseen events mechanism that sets out a process for a reopening of price determinations to account for events that were uncertain or unforeseen at the time of the price review, which the businesses could not control or effectively manage such as:

- (a) unsustainable or unwarranted differences between actual and forecast demand level
- (b) changes in legislative and other government imposed obligations
- (c) catastrophic events (such as fire, earthquake or act of terrorism).

Key features of the mechanism are:

- (d) A water business (by application to the Commission) or the Commission may initiate a reopening.
- (e) Prices can either be raised or reduced as a result of an uncertain or unforeseen event.
- (f) An adjustment to prices may be implemented by the Commission at any time within a regulatory period (and not only on 1 July in any year), or at the end of the regulatory period.
- (g) There will be no nominal thresholds for applications (based on differences between forecast and actual outcomes for expenditure, revenue and demand). However in applying to reopen a decision, the water business will need to demonstrate it does not have the financial resources or operational capacity to manage its exposure.

- (h) The Commission proposes to reserve the discretion to limit the reopening of a determination to a single event, rather than the full suite of factors influencing business costs and revenues where:
 - i. the impact of an uncertain and unforeseen event on business costs or revenues is material, and
 - ii. the effects of which can be isolated with certainty

The Commission will only approve a mid-period price adjustment proposed by a water business, when it is satisfied:

- (i) the event is clearly outside the business's control and not predictable with any confidence
- (j) the business has exhausted all opportunities within its control to mitigate against the circumstances in which it finds itself, including demonstrable reprioritisation of its operating and capital expenditure programs
- (k) customers are not unduly exposed to risk or price fluctuations
- (l) the impact of the event is material, clearly observable and verifiable, and
- (m) the net impact on costs or revenue of all changes that occurred during the period being considered is significant (except in cases where the Commission identifies a material event for which the effects can be isolated).

In determining whether a mid-period price adjustment is appropriate the Commission will focus on the business's ability to absorb the impacts of any event on costs or revenues, with particular emphasis on the business' viability ratios.

Pass through events

Goulburn Valley Water did not propose any automatic pass through events for the third regulatory period.