



Level 2, 35 Spring St
Melbourne 3000, Australia
Telephone +61 3 9651 0222
 +61 1300 664 969
Facsimile +61 3 9651 3688

2008 WATER PRICE REVIEW

WANNON WATER DETERMINATION

1 JULY 2008 – 30 JUNE 2013

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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 Wannon Region Water Corporation (trading as Wannon Water) (ABN 94 007 404 851) (*Wannon Water*) may charge for *prescribed services* during the *regulatory period*; and
 - (ii) the standards and conditions of service and supply which *Wannon 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 *Wannon 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 *Wannon Water* and its successors and assigns in respect of the business carried on by *Wannon 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 *Wannon 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 *Wannon Water*, extend or reduce the time by which, or the period within which, *Wannon 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 **Wannon 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 **Wannon 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

Wannon 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 3 will apply to the prices charged by **Wannon Water** in respect of **prescribed services** during the **regulatory period**.

(c) **Pricing principles**

During the *regulatory period*, *Wannon Water* must apply the pricing principles in Schedule 4 when determining the prices to apply to the *prescribed services* to which the pricing principles in Schedule 4 relate.

2.2 Ancillary matters

(a) **Contracts**

Where *Wannon Water* has entered into a contract (a *relevant contract*) which relates to the provision of *prescribed services* prior to 1 July 2008, *Wannon 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 (as adjusted in accordance with this Determination) or the prices determined in accordance with the pricing principles in Schedule 4 will apply for the remainder of the *regulatory period*.

(b) **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.

(c) **Publication**

Wannon 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.

(d) **GST**

Wannon 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

- (i) 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(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) 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(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 30 **business days** prior to the commencement of each subsequent **regulatory year** in the **regulatory period**, **Wannon Water** must submit its proposed prices for the **prescribed services** referred to in clause 2.3(a) to apply in that 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.
- (ii) The Commission will approve the **revised prices** if it considers that they have been calculated in accordance with the formula 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 **Wannon Water** within 20 **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 **Wannon Water** (including a statement of its reasons);
 - (B) may request **Wannon Water** to provide any additional information specified by the Commission;
 - (C) will take any additional information provided by **Wannon Water** into account; and
 - (D) will determine the **revised prices**.

2.4 Price changes during a billing period

(a) Application of this clause

This clause 2.4 applies where **Wannon 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

Wannon 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) **Wannon 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 **Wannon Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **Wannon Water** enters into a **new contract** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 4 relate, **Wannon 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 **Wannon 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 **Wannon 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, **Wannon 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) **Wannon 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.

$$\frac{\sum_{i=1}^n \sum_{j=1}^m p_t^{ij} q_{t-2}^{ij}}{\sum_{i=1}^n \sum_{j=1}^m p_{t-1}^{ij} q_{t-2}^{ij}} \geq \frac{\sum_{i=1}^n \sum_{j=1}^m ap_t^{ij} q_{t-2}^{ij}}{\sum_{i=1}^n \sum_{j=1}^m p_{t-1}^{ij} q_{t-2}^{ij}}, i = 1, \dots, n; j = 1 \dots m$$

where **Wannon 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

$ap_{ij,t}$ is the proposed tariff for component j of tariff i determined in accordance with Schedule 2 where the **revised tariff schedule** is applied

$q_{ij,t-2}$ 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 **Wannon 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 **Wannon 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 **Wannon 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 **Wannon 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 **Wannon Water** under this clause 3 if it is satisfied that:
- (A) **Wannon 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) **Wannon 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) **Wannon 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 **Wannon 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 **Wannon Water** within 40 **business days** from the date of its receipt of **Wannon Water’s** application under this clause 3.

4. Uncertain or unforeseen events

4.1 General principle

- (a) **Wannon Water** may apply to the Commission for the amendment of this Determination and/or the adjustment of the scheduled prices in Schedule 2 to reflect increased or decreased costs incurred by **Wannon Water** and/or increased or decreased revenue received by **Wannon 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 **Wannon 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 **Wannon 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 **Wannon Water** in one or more **regulatory years** during the **regulatory period**;
- (iv) amounts payable by **Wannon 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 **Wannon Water's** control;
- (ii) were or should have been known by **Wannon Water** at the time the Determination was made;
- (iii) could reasonably have been foreseen by **Wannon Water**;
- (iv) should be or should have been planned for or managed by **Wannon Water**, and/or
- (v) reflect inefficient expenditure by **Wannon 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 or events which it considers has had or may have a material impact on **Wannon 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 **Wannon Water**.
 - (iii) The Commission may request **Wannon 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 scheduled prices in Schedule 2 with effect from **regulatory year** t at the same time as 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 **Wannon Water** may charge for **prescribed services** in the **next regulatory period**.

5. Other adjustments during regulatory period

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

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 *Customer Service Code Metropolitan Retail and Regional Water Businesses* 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 or determined in accordance with the relevant pricing principles in Schedule 4.

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.

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

PRICES

This schedule should be read in conjunction with Schedule 3 and Schedule 4.

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>
1. WATER TARIFFS					
1.1 Urban Residential and Non-Residential, Rural Water Service and Fire Service Charges (per annum)					
Service Charge Group 1 Portland, Heywood and Port Fairy					
0-20mm connection	102.43	9.9%	8.0%	8.0%	7.9%
21-25mm connection	152.49	9.9%	8.0%	8.0%	7.9%
26-32mm connection	409.70	9.9%	8.0%	8.0%	7.9%
33-40mm connection	717.05	9.9%	8.0%	8.0%	7.9%
41-50mm connection	1,126.69	9.9%	8.0%	8.0%	7.9%
51-80mm connection	1,638.88	9.9%	8.0%	8.0%	7.9%
81-100mm connection	2,369.70	9.9%	8.0%	8.0%	7.9%
101-150mm connection	3,310.11	9.9%	8.0%	8.0%	7.9%
151+mm connection	4,372.49	9.9%	8.0%	8.0%	7.9%
Service Charge Group 2 Allansford, Noorat/Glenormiston, Camperdown, Cobden, Koroit, Lismore/Derrinallum, Mortlake, North Otway Pipeline, Purnim, Simpson, Terang and Warrnambool					
0-20mm connection	100.25	10.4%	8.6%	8.6%	8.5%
21-25mm connection	149.25	10.4%	8.6%	8.6%	8.5%
26-32mm connection	400.97	10.4%	8.6%	8.6%	8.5%
33-40mm connection	701.77	10.4%	8.6%	8.6%	8.5%
41-50mm connection	1,102.68	10.4%	8.6%	8.6%	8.5%
51-80mm connection	1,603.96	10.4%	8.6%	8.6%	8.5%
81-100mm connection	2,319.20	10.4%	8.6%	8.6%	8.5%
101-150mm connection	3,239.57	10.4%	8.6%	8.6%	8.5%
151+mm connection	4,279.31	10.4%	8.6%	8.6%	8.5%
Darlington Service Charge	100.25	10.4%	8.6%	8.6%	8.5%
Service Charge Group 3 Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Penshurst and Tarrington					
0-20mm connection	123.30	12.7%	10.8%	10.7%	10.7%
21-25mm connection	183.57	12.7%	10.8%	10.7%	10.7%
26-32mm connection	493.20	12.7%	10.8%	10.7%	10.7%
33-40mm connection	863.18	12.7%	10.8%	10.7%	10.7%
41-50mm connection	1,356.32	12.7%	10.8%	10.7%	10.7%
51-80mm connection	1,972.89	12.7%	10.8%	10.7%	10.7%
81-100mm connection	2,852.65	12.7%	10.8%	10.7%	10.7%
101-150mm connection	3,984.71	12.7%	10.8%	10.7%	10.7%
151+mm connection	5,263.61	12.7%	10.8%	10.7%	10.7%

<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>
Service Charge Group 4 Peterborough, Port Campbell and Timboon					
0-20mm connection	221.63	5.0%	3.3%	3.2%	3.1%
21-25mm connection	329.96	5.0%	3.3%	3.2%	3.1%
26-32mm connection	886.48	5.0%	3.3%	3.2%	3.1%
33-40mm connection	1,551.50	5.0%	3.3%	3.2%	3.1%
41-50mm connection	2,437.87	5.0%	3.3%	3.2%	3.1%
51-80mm connection	3,546.11	5.0%	3.3%	3.2%	3.1%
81-100mm connection	5,127.42	5.0%	3.3%	3.2%	3.1%
101-150mm connection	7,162.21	5.0%	3.3%	3.2%	3.1%
151+mm connection	9,460.92	5.0%	3.3%	3.2%	3.1%
Service Charge Group 5 Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford					
0-20mm connection	222.08	10.5%	8.7%	8.6%	8.5%
21-25mm connection	330.63	10.5%	8.7%	8.6%	8.5%
26-32mm connection	888.27	10.5%	8.7%	8.6%	8.5%
33-40mm connection	1,554.64	10.5%	8.7%	8.6%	8.5%
41-50mm connection	2,442.80	10.5%	8.7%	8.6%	8.5%
51-80mm connection	3,553.28	10.5%	8.7%	8.6%	8.5%
81-100mm connection	5,137.78	10.5%	8.7%	8.6%	8.5%
101-150mm connection	7,176.69	10.5%	8.7%	8.6%	8.5%
151+mm connection	9,480.05	10.5%	8.7%	8.6%	8.5%
1.2 Urban Residential Water Usage Charges (per kL)					
User Charge Group 1 Portland, Heywood and Port Fairy					
User Charge Block 1 (0-438 litres/day)	1.1489	9.9%	8.0%	8.0%	7.9%
User Charge Block 2 (439-822 litres/day)	1.3793	9.9%	8.0%	8.0%	7.9%
User Charge Block 3 (822+ litres/day)	2.0689	9.9%	8.0%	8.0%	7.9%
User Charge Group 2 Allansford, Noorat/Glenormiston, Camperdown, Cobden, Koroit, Lismore/Derrinallum, Mortlake, North Otway Pipeline, Simpson, Terang and Warrnambool					
User Charge Block 1 (0-438 litres/day)	1.1245	10.4%	8.6%	8.6%	8.5%
User Charge Block 2 (439-822 litres/day)	1.3499	10.4%	8.6%	8.6%	8.5%
User Charge Block 3 (822+ litres/day)	2.0248	10.4%	8.6%	8.6%	8.5%
Darlington Usage all usage (per kL)	0.3697	10.4%	8.6%	8.6%	8.5%
User Charge Group 3 Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Penshurst and Tarrington					
User Charge Block 1 (0-438 litres/day)	1.3831	12.7%	10.8%	10.7%	10.7%
User Charge Block 2 (439-822 litres/day)	1.6604	12.7%	10.8%	10.7%	10.7%
User Charge Block 3 (822+ litres/day)	2.4906	12.7%	10.8%	10.7%	10.7%
User Charge Group 4 Peterborough, Port Campbell and Timboon					

<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>
User Charge Block 1 (0-438 litres/day)	1.0654	5.0%	3.3%	3.2%	3.1%
User Charge Block 2 (439-822 litres/day)	1.2790	5.0%	3.3%	3.2%	3.1%
User Charge Block 3 (822+ litres/day)	1.9185	5.0%	3.3%	3.2%	3.1%
User Charge Group 5 Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford					
User Charge Block 1 (0-438 litres/day)	1.0676	10.5%	8.7%	8.6%	8.5%
User Charge Block 2 (439-822 litres/day)	1.2816	10.5%	8.7%	8.6%	8.5%
User Charge Block 3 (822+ litres/day)	1.9224	10.5%	8.7%	8.6%	8.5%
1.3 Urban Non-Residential and Rural Water Usage Charges (per kL)					
Usage Charge Group 1 Portland, Heywood and Port Fairy					
Potable Water (per kL)	1.3793	9.9%	8.0%	8.0%	7.9%
Non-Potable Water (per kL)	1.1489	9.9%	8.0%	8.0%	7.9%
Usage Charge Group 2 Allansford, Noorat/Glenormiston, Camperdown, Cobden, Koroit, Lismore/Derrinallum, Mortlake, North Otway Pipeline, Simpson, Terang and Warrnambool					
Potable Water (per kL)	1.3499	10.4%	8.6%	8.6%	8.5%
Non-Potable Water (per kL)	1.1245	10.4%	8.6%	8.6%	8.5%
Darlington Usage all usage (per kL)	0.3697	10.4%	8.6%	8.6%	8.5%
Usage Charge Group 3 Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Penshurst and Tarrington					
Potable Water (per kL)	1.6604	12.7%	10.8%	10.7%	10.7%
Non-Potable Water (per kL)	1.3831	12.7%	10.8%	10.7%	10.7%
Usage Charge Group 4 Peterborough, Port Campbell and Timboon					
Potable Water (per kL)	1.2790	5.0%	3.3%	3.2%	3.1%
Non-Potable Water (per kL)	1.0654	5.0%	3.3%	3.2%	3.1%
Usage Charge Group 5 Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford					
Potable Water (per kL)	1.2816	10.5%	8.7%	8.6%	8.5%
Non-Potable Water (per kL)	1.0676	10.5%	8.7%	8.6%	8.5%
1.4 Rural Water leasing surcharge					
Infrastructure Leasing Surcharge	1.5505	10.4%	8.6%	8.6%	8.5%
1.5 Un-Connected Service Charge (per annum)					
Service Charge Group 1 Portland, Heywood and	102.43	9.9%	8.0%	8.0%	7.9%

<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>
Service Charge Group 2 Allansford, Noorat/Glenormiston, Camperdown, Cobden, Koroit, Lismore/Derrinallum, Mortlake, North Otway Pipeline, Purnim, Simpson, Terang and Warrnambool	100.25	10.4%	8.6%	8.6%	8.5%
Service Charge Group 3 Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Penshurst and Tarrington	123.30	12.7%	10.8%	10.7%	10.7%
Service Charge Group 4 Peterborough, Port Campbell and Timboon	221.63	5.0%	3.3%	3.2%	3.1%
Service Charge Group 5 Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford	222.08	10.5%	8.7%	8.6%	8.5%
1.6 Un-Metered Service Charge (per annum)	854.25	10.5%	8.7%	8.6%	8.5%
2. SEWERAGE TARIFFS					
2.1 Sewerage Tariffs Connected service (per annum)					
Service Charge Group 1 Allansford, Koroit, Mortlake, Peterborough and Timboon	573.11	5.0%	3.3%	3.2%	3.1%
Service Charge Group 2 Camperdown, Cobden, Noorat/Glenormiston, North Otway Pipeline, Simpson, Terang and Warrnambool	452.40	11.5%	9.7%	9.6%	9.5%
Service Charge Group 3 Casterton, Coleraine and Hamilton	326.71	20.0%	18.0%	17.9%	17.9%
Service Charge Group 4 Heywood and Portland	319.86	20.0%	18.0%	17.9%	17.9%
Service Charge Group 5 Dunkeld, Port Campbell and Port Fairy	414.57	13.9%	12.0%	11.9%	11.9%
2.2 Sewerage Tariffs Un-Connected service (per annum)					
Service Charge Group 1 Allansford, Koroit, Mortlake, Peterborough and Timboon	171.93	5.0%	3.3%	3.2%	3.1%
Service Charge Group 2 Camperdown, Cobden, Noorat/Glenormiston, North Otway Pipeline, Simpson, Terang and Warrnambool	135.72	11.5%	9.7%	9.6%	9.5%
Service Charge Group 3 Casterton, Coleraine and Hamilton	98.01	20.0%	18.0%	17.9%	17.9%
Service Charge Group 4 Heywood and Portland	95.96	20.0%	18.0%	17.9%	17.9%
Service Charge Group 5 Dunkeld, Port Campbell and Port Fairy	124.37	13.9%	12.0%	11.9%	11.9%
3.1 Trade Waste Volume and Load Charges					
Warrnambool sewerage system					
Volume (\$/kL)	0.4891	1.3%	1.9%	2.1%	1.2%
BOD (\$/kg)	1.0806	8.1%	15.4%	1.4%	5.4%
Suspended Solids (\$/kg)	0.2221	1.4%	1.4%	1.4%	1.4%
Ammonia (\$/kg)	0.8852	13.3%	25.3%	1.4%	7.6%
TDS (\$/kg)	n/a	NA	NA	NA	NA
Hamilton sewerage system					
Volume (\$/kL)	0.8927	10.6%	7.2%	4.8%	0.8%
BOD (\$/kg)	1.0091	40.0%	3.0%	1.8%	1.2%
Suspended Solids (\$/kg)	0.4015	46.5%	0.0%	4.5%	0.9%
Ammonia (\$/kg)	n/a	NA	NA	NA	NA

<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>
TDS (\$/kg)	0.2403	6.6%	6.6%	6.6%	6.6%
Portland sewerage system					
Volume (\$/kL)	0.9493	2.5%	2.0%	10.0%	22.6%
Port Fairy sewerage system					
Volume (\$/kL)	1.4768	24.4%	4.4%	2.7%	2.4%
Other sewerage systems: Camperdown, Casterton, Cobden, Coleraine, Dunkeld, Heywood, Mortlake, Port Campbell, Simpson, Terang, Timboon					
Volume (\$/kL)	1.4896	3.6%	4.5%	2.4%	1.1%
4.1 Customer Contributions					
Water (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
Sewer (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
Customer Contributions for dual pipe recycled water developments or subdivisions					
Recycled water (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
Water (per lot)					
Category one charge - Lot size < 450 sq m	275.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Sewer (per lot)					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
5.1 Miscellaneous fees and charges					
Water tapping fee (including fire service connections)					
- 20mm connection	202.900	6.6%	6.6%	6.6%	6.6%
- 25mm connection	227.900	6.6%	6.6%	6.6%	6.6%
Water meter and dirt box fee					
- 20mm connection	73.300	6.5%	6.6%	6.6%	6.6%
- 25mm connection	244.200	6.6%	6.6%	6.6%	6.6%
Water disconnection fee					
	111.100	6.6%	6.6%	6.6%	6.6%
Sewer cut in					
- 20mm connection	522.300	6.6%	6.6%	6.6%	6.6%
- 25mm connection	666.800	6.6%	6.6%	6.6%	6.6%
Sewer connection application					

<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>
- Residential	88.900	6.6%	6.6%	6.6%	6.6%
- Non-residential	133.350	6.6%	6.6%	6.6%	6.6%
Sewer disconnection application	88.897	6.6%	6.6%	6.6%	6.6%
Information statement	77.800	6.6%	6.6%	6.6%	6.6%
Special meter reading	44.500	6.5%	6.6%	6.6%	6.6%
Tenant meter reading	16.700	6.4%	6.6%	6.6%	6.6%
Non-core miscellaneous services	Actual cost	NA	NA	NA	NA

Schedule 3

Application of prices

3.1 Trade waste volume discharge factors

<i>Code Factor</i>	<i>Property Type Description</i>	<i>Bill Type</i>	<i>Discharge</i>
AB	Abattoir/Knackery	N	95%
CW	Car/Truck Wash	N	95%
DY	Depot/Yard	N	95%
HA	Halls	N	95%
HO	Hospital/Nursing Home	N	95%
HT	Hotel/Motel/Accommodation	N	95%
IC	Indoor Sports Centre	N	95%
LD	Laundries/Laundromats	N	95%
ME	Mechanical business	N	95%
MP	Milk processing	N	95%
OS	Office/Retail Outlet	N	95%
PC	Public Conveniences	N	95%
PH	Printers, photography processing	N	95%
RE	Restaurants/Cafes	N	95%
RFO	Retail/Wholesale food outlets/processing	N	95%
SA	Salons	N	95%
SGF	Sporting/recreation grounds with function	N	95%
SU	Surgery	N	95%
TS	Manufacturing & trade business	N	95%
BD	Business & Dwelling	N	80%
CH	Church	N	80%
ES	Emergency Services	N	80%
KG	Kindergarten/Child Care	N	80%
CP	Caravan Park/Camping Ground	N	50%
HO	Hobby farm	N	50%
SC	School	N	50%
SW	Swimming pool	N	50%
WS	Water Sports Facilities	N	50%
CE	Cemetery	N	25%
CG	Commercial Garden	N	25%
SG	Sporting/recreation grounds (without function rooms)	N	25%
BR	Boat Ramp	N	0%
MS	Median Strip	N	0%
PG	Parks, Gardens & Reserves	N	0%
RB	Roundabout	N	0%

SP	Stand Pipe	N	0%
VLN	Vacant Land	N	0%
WW	Wannon Water property	N	0%
BB	Bed & Breakfast	R	0%
DW	Dwelling	R	0%
UFA	Unit/Flat/Apartment	R	0%
VL	Vacant Land	R	0%
DA	Dairy Farm	RU	0%
FA	Farm (not dairy)	RU	0%
VLR	Vacant Land	RU	0%
HOR	Hobby Farm	RU	0%
DWR	Dwelling	RU	0%
OTR	Other - Rural	RU	0%

3.2 Trade waste categorisation

Wannon Water will categorise each trade waste customer into one of 4 different risk management categories according to the trade waste volume produced, the goods and chemicals stored/used on site, the customer's compliance records and the characteristics of the effluent.

3.3 Inclining block tariffs

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

3.4 Miscellaneous fees and charges

Water tapping fee (including fire service connections)

This charge provides for the attendance of **Wannon Water** personnel to the site to complete an under pressure water tapping of the water main. The excavation is to be prepared by the customer's plumber to the standards specified by **Wannon Water** to ensure safe access by **Wannon Water** personnel to the water main. The charge includes the provision of a tapping band, ferrule and ferrule bend (where required). The same charge applies for fire service tapping.

Water meter and dirt box fee

This charge provides for a standard water meter assembly with single check valve. It does not include back flow prevention devices. Larger diameter meters may be an electronic type meter at the discretion of **Wannon Water**. The fitting of the water meter is the responsibility of the customer's plumber. The meter will be issued on site.

Water disconnection fee

This charge applies where a water service is no longer required and the tapping is to be decommissioned. The charge provides for the attendance of **Wannon Water** personnel to the site to decommission the water service. The excavation is to be prepared by the customer's plumber to the standards specified by **Wannon Water**

to ensure safe access by **Wannon Water** personnel to the water main. The charge includes all materials and fittings.

Sewer cut in

The sewer cut in charge provides for the attendance of **Wannon Water** personnel to the site to complete a cut into a sewerage main. The excavation is to be prepared by the customer's plumber to the standards specified by **Wannon Water** to ensure safe access by **Wannon Water** personnel. Included in the charge is the provision of a fitting on the sewer main which enables the customer's plumber to connect the property drain to the sewer main.

Sewer connection application

The sewer connection application charge provides for processing of an application for a sewer connection or alteration. Once the application has been approved, a Plumbing Industry Commission (PIC) number will be issued. Note that the application charge does not include the PIC fee.

Sewer disconnection application

Where a sewerage connection is no longer required, the connection point needs to be decommissioned. The charge provides for the attendance of **Wannon Water** personnel to the site to seal the connection point. The excavation is to be prepared by the customer's plumber to the standards specified by **Wannon Water** to ensure safe access by **Wannon Water** personnel. The charge includes all materials and is for a single connection; multiple disconnections receive multiple charges.

Information statement

Wannon Water is required by law to prepare and issue information statements where requested. The charge includes undertaking a special meter read and providing an asset location plan where required.

Special meter reading

Wannon Water is required in a number of circumstances to attend a property to read the water meter to establish the water use at a specific point in time. The charge includes **Wannon Water's** time to attend the site and record a meter reading. This charge applies in all circumstances except where a tenant commences a new tenancy at a property, whereby the Tenant Meter Reading Fee applies.

Tenant meter reading

This charge applies where a tenant commences a tenancy arrangement at a property. It includes **Wannon Water's** time to attend the site and record a meter reading. The tenant meter reading fee is charged to the property owner.

Schedule 4

Pricing principles

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

4.2 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.

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

4.4 Pricing principles for developer charges for existing property owners

At any time during the regulatory period, **Wannon 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.

4.5 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.

4.6 Guidelines

Wannon 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.

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>
Total CO2 equivalent Emissions (tonne)	38 611.0	37 741.0	38 111.0	38 011.0	37 111.0
Recycled water target (per cent)	24.0	26.0	28.0	30.0	31.0
Biosolids reuse (per cent)	100.0	100.0	100.0	100.0	100.0
Sewer backlog connections (number)	130.0	0.0	0.0	200.0	0.0
Environmental discharge indicator (per cent)	87.0	90.0	90.0	95.0	95.0
Drinking water standards - Ecoli (per cent)	98.0	98.0	98.0	98.0	98.0
Drinking water standards - Turbidity (per cent)	95.0	95.0	95.0	95.0	95.0
Drinking water standards - Aluminium (mg/L (acid soluble))	0.2	0.2	0.2	0.2	0.2

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	31.37	30.57	31.85	31.31	30.90
Return on existing assets	7.33	7.07	6.78	6.50	6.31
Return on new investments	1.16	3.02	4.12	4.87	5.58
Regulatory depreciation	4.48	4.43	4.77	4.86	5.02
Total	44.33	45.10	47.51	47.54	47.80

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

	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
Opening RAB	75.25	85.60	97.32	105.35
<i>Plus</i> Gross capital expenditure	18.04	17.70	16.14	30.88
<i>Less</i> Government contributions	0.15	1.09	0.58	0.25
<i>Less</i> Customer contributions	4.28	1.38	3.57	2.90
<i>Less</i> Proceeds from disposals	0.83	0.67	0.70	0.80
<i>Less</i> Regulatory depreciation	2.43	2.84	3.26	3.59
Closing RAB	85.60	97.32	105.35	128.69

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	128.69	163.81	184.28	191.35	200.71
<i>Plus</i> Gross capital expenditure	44.38	35.03	15.46	16.02	14.54
<i>Less</i> Government contributions	3.23	9.00	0.00	0.00	0.00
<i>Less</i> Customer contributions	0.94	0.44	0.43	1.39	0.55
<i>Less</i> Proceeds from disposals	0.62	0.69	3.20	0.41	0.55
<i>Less</i> Regulatory depreciation	4.48	4.43	4.77	4.86	5.02
Closing RAB	163.81	184.28	191.35	200.71	209.13

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	0.033	0.033	0.033	0.033	0.033
Department of Human Services licence fee	0.017	0.017	0.017	0.017	0.017
Environment Protection Authority licence fee	0.131	0.131	0.131	0.131	0.131
Environmental contribution	1.469	1.428	1.388	1.349	1.311

Table 7 **Bulk water purchases**
\$ million in January 2007 prices

	2008-09	2009-10	2010-11	2011-12	2012-13
Bulk water purchases	#.###	#.###	#.###	#.###	#.###

Table 8 **Demand forecasts**

	2008-09	2009-10	2010-11	2011-12	2012-13
Water assessments (no.)					
Total	39 593	39 953	40 276	40 608	40 936
Sewerage assessments (no.)					
Total	32 960	33 382	33 763	34 124	34 462
Billable water consumption (ML)					
Residential ^a	5 577	5 524	5 553	5 540	5 549
Non-residential – Potable	5 578	5 486	5 490	5 397	5 400
Non- residential – Non Potable	1 196	1 171	1 174	1 156	1 158
Total	12 351	12 181	12 217	12 093	12 107

^a Includes Darlington non potable supply.

Table 9 **Key capital projects**

	<i>Expected completion date</i>
Hamilton Grampians Inter-Connector Pipeline	2009-10
Office Building	2009-10
Upgrade Portland WRP	2010-11
SCADA Provision	2011-12
Casterton to Coleraine Pipeline	2008-09
Dutton Way Sewerage and Water Services	2012-13
Warrnambool WRP Upgrade	2012-13
Camperdown Water Mains Replacement	2012-13
West Portland Sewerage Services	2008-09
Water Recycling	2011-12