Closing Regulatory Asset Base - Water Plan 2

The closing Regulatory Asset Base (RAB) included $47.2 million of capital expenditure for 2012-13 (in $2018). This compared to the benchmark forecast of around $30.1 million as determined by the regulator.

The Essential Services Commission (ESC) have at this stage adopted North East Water’s (NEW) proposed amounts for past net capital expenditure to estimate its closing RAB, however the ESC has requested in the Draft Decision that NEW provide more information to justify the net capital expenditure above its 2013 determination forecast, in order to have these amounts confirmed in the final decision for 2018-2026.

The table below outlines at a summary level total capital expenditure incurred for the 10 year period covering Water Plan 2 and 3 periods compared to that determined in the final decisions. In summary NEW have delivered $219.2 million of capital expenditure compared to $219.4 million as determined ($2018) a variance of less than 1% of what customers have been priced across this period.

<table>
<thead>
<tr>
<th>$2018 - Determination v Actual</th>
<th>Water Plan 2 $mill</th>
<th>Water Plan 3 $ mill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination</td>
<td>30.9</td>
<td>29.1</td>
</tr>
<tr>
<td>Cumulative Total</td>
<td>30.9</td>
<td>60.0</td>
</tr>
<tr>
<td>Actual</td>
<td>21.3</td>
<td>20.0</td>
</tr>
<tr>
<td>Cumulative Total</td>
<td>21.3</td>
<td>41.3</td>
</tr>
<tr>
<td>Cumulative Variance between Determination and Actual Spend</td>
<td>9.6</td>
<td>18.7</td>
</tr>
</tbody>
</table>

The attached sheet details the 8 major projects where actual expenditure incurred in 2012-13 total $36.99 million or 78% of total expenditure incurred in that year.

For each project the following is outlined:
- Problem or project driver
- Assumed most likely option (based on WP3 submission)
- Solution implemented
- Benefits delivered
- Procurement method
- Water Plan 2 total project cost and associated timing
- 2012-13 actual spend
- Full systems definition estimate
- Total Budget
- Contract value (where identified)
- Total project cost (all years)
- Supporting documentation including Ministerial approvals and Business Cases

Due to the amount of material contained in business cases these will be hand delivered to the ESC.
Dissolved Air Flotation and Filtration

$6.71 million
Year = 2012
The four town sewer systems were completed in 2012.

WASTE WATER

CORPORATE

Regional Head Quarters

Schemes.

North Wangaratta

Whitfield - WTP Water

Lombah Dam - Spillway

of Water Supply

Bundalong - Augmentation

Corryong - WTP Upgrade

Investment

Problem / Drivers

Assumed Most Likely Option (2020 WP6 Submissions)

Solution Implemented

Benefits Delivery

Provision

Water Plan 2 Total Project Expenditure (including grants) at Completion (for the first 3 years)

Budget Deficit/Excess Definition of the Day

Total Budget of the Day

Contract Value of the Day

Total Project Cost at Completion (all years)

Supporting Documentation

Compliance.

RFP application.

DEWLP 2 June 2010

Acceptance of Funding

Treasurer of Victoria in June 2010.

Business Case October 2011

September 2011. Business Case approved by Minister, for Water, Victorian Premier and Treasurer.

Price Submission)

acquisition excluded from

Price Submission)

acquisition excluded from

Price Submission)

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