

Feedback from W L Brazel on Essential Services Commission 2012, Monitoring the return of unrequired desalination payments, July

Interest rate to be applied (ref p11, p18) – Why shouldn't the Customer penalty rate of interest as directed by the Government to be applied by Councils be used here? This rate is currently 10.5%.

How did this come about? (ref p2 3rd para) – Surely the plant is late and so inappropriate to include "early". Presumably the "vary" should be "reduced" by the around \$45 to \$55 million. Why is the amount still uncertain when we are expected to be paying up for it? What are the details of the type of contract (Commercial-in-Confidence notwithstanding) if ESC has to vet/confirm the quantum of payments? What are the Liquidated damages applicable for late completion –surely these are known and as to how they will be applied?

What if.....or face Special Circumstances (ref p7) – Special circumstances should include differences in water usages quarter to quarter from prior year to current year. They should reflect the impact of excessive usage within quarters that resulted in charges being apportioned under Steps I, II & III individual rates.

What is role of ESC (ref p7) – In order to make the return of this money transparent I would suggest that the total contribution made by each individual customer be declared upfront and that each payment be reconciled against this amount quarterly with interest accrual being itemised. Each return should be itemised as over contribution, inflation impact and interest payment, not like the single figure statement as on my current South East Water account!

What will change.....in the Future (ref p9) – In the future "Special Projects" should be specifically itemised as to value to be recovered and as to where and how they will be charged to customers. The recovery should not start until the real costs have been substantiated (in general terms upon completion) and this recovery itemised as such on all future bills. Examples of the present unsatisfactory lumping together and hiding the actual contribution include the Smart Meter installation (Advanced Metering Infrastructure) as well as the Desalination Project.

A Background Paper (ref 3rd para p11) – Amounts should only be charged to customers when the actual figure is determined thus getting away from using estimates of estimates. This would ensure that hard figures are used in customer billings and get away from "are still unknown".

What happens to funds already collected (ref p18) – The words "fair and reasonable rate of interest" beg the question as to who is being affected and who is making the determination. From a customer viewpoint the whole desalination project has been anything but fair and reasonable in almost every aspect and in particular the lack of a proper cost benefit analysis and details as to what will be charged to customers. To quibble over interest (penalty?) rates merely reinforces the petty mindedness of the bureaucracy when such a fiasco has already been imposed on customers.

Why not just return the remaining over-collection (ref p18) – Why not reverse the roles and have MW pay up all of any remaining amounts and if necessary catch up only when all costs are known?

Heading Appendix A (ref p19) – Typo error in that "\$" appears inside brackets containing year.