

**Please explain why the tariff restructuring for the customers of the Mildura Irrigation District is necessary.**

LMW has four pumped irrigation districts within its business. Those districts are Mildura, Merbein, Red Cliffs and Robinvale. The three districts of Merbein, Red Cliffs and Robinvale have the same tariff structure. The current Mildura district tariff structure is based on the tariff structure set by the previous First Mildura Irrigation Trust. The Board of LMW believed that it is logical and simpler for customers that all four irrigation districts under LMW's umbrella should have the same tariff structure. When LMW took over the Mildura operations we were told that the former FMIT's Water plan was to operate and so this is the first real opportunity to rationalise the various charges.

Our aim for all the districts is to simplify and reduce the number of individual charges and we have worked with our CSACs over the last 18 months to try to achieve this.

**Please provide details of impacts of tariff restructuring on customers of the Mildura Irrigation District.**

The effect on customers from the restructure is minimal. In table 29 p. 57-58 of LMW's Part B Rural Water Plan 2013/14 to 207/18 September 2012 the following charges are listed for 2013 and 2014 for comparison:

<b>Tariffs (1/1/13)</b>		<b>2013</b>	<b>2014</b>
Customer charge	Per Account	167.00	
Service point charge	\$ per connected Assessment	146.00	
Auxilliary supply	\$ per auxilliary connection	0.00	
Water share fee	\$ per ML water share	12.05	
Delivery Capacity Share Mildura South	per max ML/14 days period	547.30	
Delivery Capacity Share Other Areas	per max ML/14 days period	483.33	
Metered use charge	per ML supplied	46.00	
High pressure levy/Mildura south	per ML supplied from Mildura South	37.74	
Drainage fee	\$ per ML of Drainage AUL	6.40	
<b>Revised Structure</b>			
Non Pressurised			
Service Charge	\$ per Account		97.32
Delivery Share	\$ per delivery share		510.97
Delivery Charge	\$ per ML usage		47.46
Drainage div 1	\$ per delivery share		50.12
Pressurised			
Service Charge	\$ per Account		97.32
Delivery Share	\$ per delivery share		593.76
Delivery Charge	\$ per ML usage		87.66
Drainage div 1	\$ per delivery share		50.12

The Customer Charge (\$167.00) and Service Point Charge (\$146.00) have been replaced by the Service Charge (\$97.32). The Delivery Capacity Share Other Areas is now called the Delivery Share. The calculation for the two is effectively the same ie the amount of supply over a 14 day period. The Metered Use Charge is now called the Delivery Charge which calculation has not changed as it is based on the amount of water used. The Drainage Fee is now Drainage div 1 where the basis of calculation was \$ per ML of Drainage AUL but is now based on Delivery Share as per the Delivery Share Charge based on the amount of water that can be delivered over a 14 day period. The effect of this move for the drainage charge is very little whereby 100ML was used to calculate the previous structure whereby the new structure has the calculation at 12 delivery share which equates to 100ML.

From a bill comparison between 2013 and 2014 it is a little hard to compare due to the increase in operating costs, increase in regulatory asset base and decrease in demand for 2014, but in real terms the comparisons of bills is as follows:

<b>Bill Comparison (Non Pressurised) (1/1/13)</b>	<b>2013</b>	<b>2014</b>
Customer charge	167.00	
Service point charge	146.00	
Delivery Capacity Share Mildura South	5,799.96	
Metered use charge	4,600.00	
Drainage fee	640.00	
<b>Total</b>	<b>11,352.96</b>	
Service Charge		100.00
Delivery Share		6,131.64
Delivery Charge		4,746.00
Drainage div 1		601.44
		11,579.08
<b>Bill Comparison (Non Pressurised) (1/1/13)</b>		
Customer charge	167.00	
Service point charge	146.00	
Delivery Capacity Share Mildura South	6,567.60	
Metered use charge	8,374.00	
Drainage fee	640.00	
<b>Total</b>	<b>15,894.60</b>	
Service Charge		100.00
Delivery Share		7,125.12
Delivery Charge		8,766.00
Drainage div 1		601.44
		<b>16,592.56</b>

In comparison against the 2013 tariffs the general effect is for the Customer Charge and Service Point Charge merge into the Service Charge, while the remainder of the charges effectively stay the same.

## **What additional measures has LMW undertaken to improve consultation input from customers?**

From the outset we appreciated that we needed to expend more time/effort to this area. Back in Sept/Oct 2011 we met with our customer committees (rural and urban) and in Oct 2011 we released to all the media within our region an article that we starting our Water Plan and what it was about etc. At this time we also sent emails to rural customers who we had email addresses for advising that we were starting developing our next Water Plan. In Dec 2011 we wrote to Community stakeholders requesting their feedback. We have used the media at key times since then for such occasions as when the draft Water Plan was released, public meetings. We have met with industry groups and associations eg Victorian Farmers Federation who represents a lot of our rural customers.

Our website has had details as released and developed.

LMW met with the Customer Service Advisory Committees and Customer Consultative Committees consistently in preparing the draft and final plan to get feedback from customers. At each meeting we repeated key aspects to improve their understanding of the methodology and key inputs. We spent time on service standards, costs, capital works and the resulting prices.

When we released our initial prices to our customer committees it attracted media coverage, not as a release from LMW. When we released our draft Water Plan, we drafted up a summary plus released the full document for customers who wanted to have more detail. We used the media to let our communities know that we have released our draft Water Plan.

One of the biggest measures taken to improve consultation with customers was to have public meetings after the release of the draft Water Plan. LMW held a separate public meeting for each of the four irrigation districts, and three public meetings for the urban business in Mildura Swan Hill and Kerang. Although attendance was not strong, the ability was there for customers to personally come to a public meeting and ask questions, put forward opinions, provide feedback etc. As a note the customers who did attend the sessions were ones that we don't see a lot of or hear from so that was a good outcome as it broaden the feedback.

In March 2012 we included an article on our Water Plan in an urban customer newsletter.