

WESTERN WATER

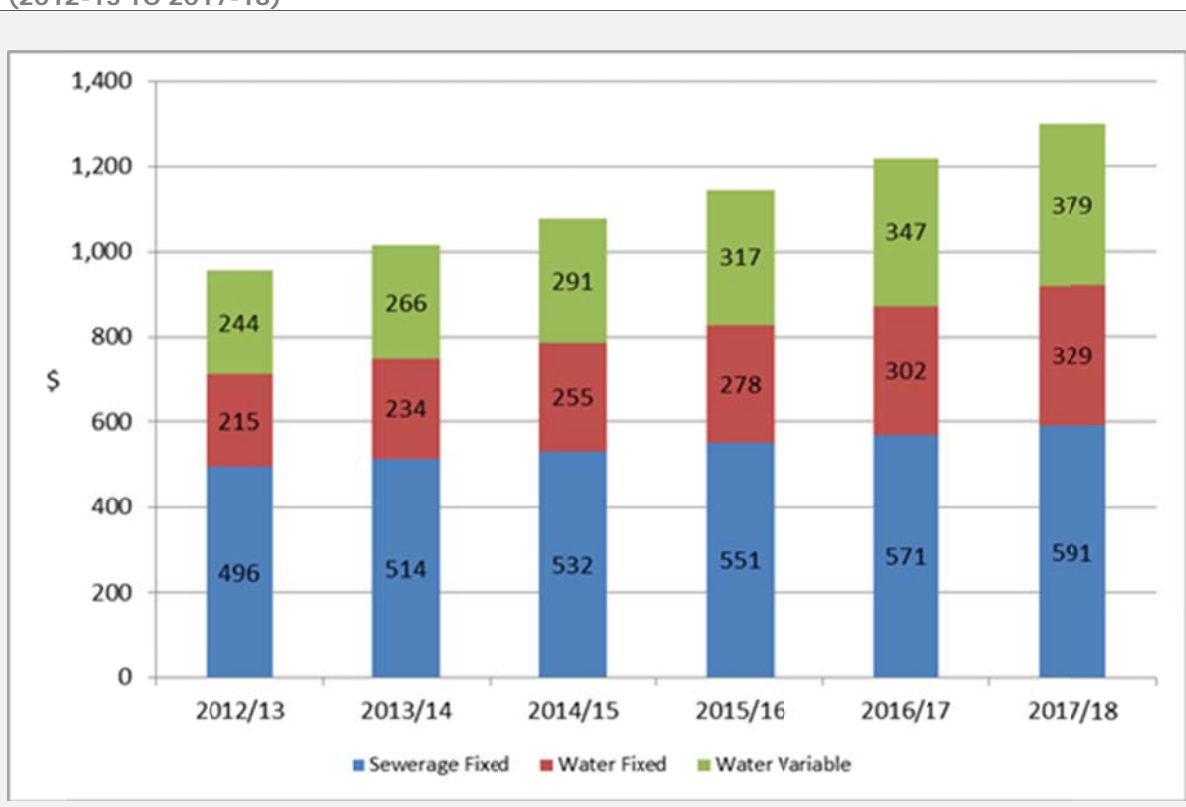
SUMMARY OF 2013-18 WATER PLAN

Western Water provides water and wastewater services to approximately 51 000 customers to the north west of Melbourne, including Melton and Sunbury. It purchases bulk water from Southern Rural Water and Melbourne Water.

KEY OUTCOMES

- The annual water and sewerage bill for an indicative residential owner occupier is estimated to increase from \$956 in 2012-13 to \$1 299 in 2017 18.
- Western Water proposes to retain the three tier inclining block tariff for residential customers.
- Among the largest proposed projects are recycled water plants in Sunbury (\$33.1m), Surbiton (\$8.8m) and Bacchus Marsh (\$5.3m).
- Introduction of d factor to deal with variable desalination payments.

INDICATIVE ANNUAL HOUSEHOLD BILL, OWNER OCCUPIER (2012-13 TO 2017-18)



Note: Household tenants only pay the variable water charge. Annual household bills are calculated using 2011-12 average customer consumption of 169kL per annum.. Note that water businesses may have used a different assumption for average customer consumption in developing their Water Plans.

PROPOSED PRICING STRUCTURES

- Water - retain three tier inclining block tariffs for residential customers. Fixed charges based on meter size for residential and non-residential customers. Non-residential customers' usage charge is set at the second tier of the residential charge.
- Sewerage - fixed charge for residential and non-residential customers.

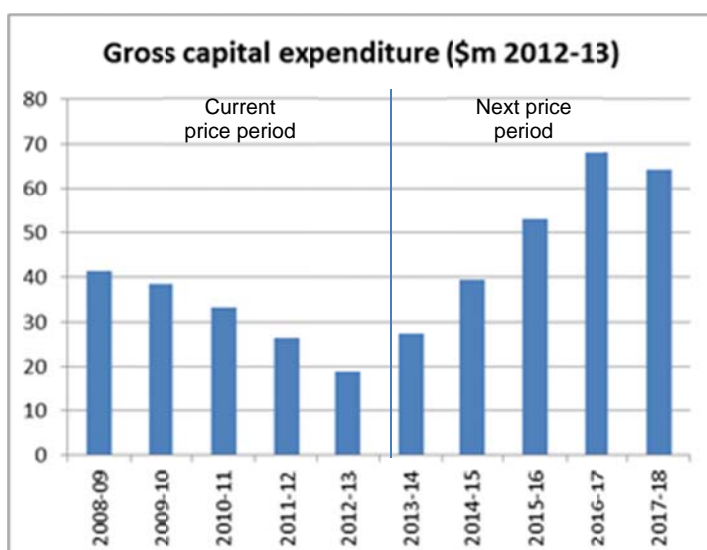
- Trade Waste -flat fee for applications and minor trade, and waste differentiated by four types of customer risk ranking. There is also a variable tariff.
- Recycled water - a fixed charge differentiated by meter size, and a variable charge.
- Form of price control - individual price caps.
- Customer tariff choice - there are no proposals for customer choice in the Water Plan.

KEY PROJECTS FROM THE WATER PLAN

	Reason	Forecast cost (\$m 2012-13)
Sunbury RWP Upgrade	Current recycled water plant is at capacity and requires major upgrade to cater for future sewer flows.	33.1
Toolern Stormwater Infrastructure	Harvesting stormwater from Toolern with transfer to Melton Reservoir.	18.7
IT Systems Improvement	Drive innovative solutions to deliver efficiencies, streamline processes, mitigate risk and enable real time reporting.	17.3
Recycled water facility upgrades	Bacchus Marsh expansion of winter storage capacity to facilitate reuse strategy. Plant upgrade in Melton will increase storage capacity to 7.5ML to cater for additional demand from Toolern, Eynesbury and Rockbank.	10.5
Sewer Spills Prevention Strategy	Sewage Spill Prevention Strategy includes a rolling 5 year program to CCTV survey all sewer mains (>300mm) and all problematic reticulation sewers to identify where and when renewals are required.	9.0
Surbiton Park RWP Upgrade	Upgrade of the Surbiton Park Recycled Water Plant to cater for future flows.	8.8

PROPOSED EXPENDITURE

- Total **capital expenditure** forecast is \$252m, up from \$158m estimated capital expenditure for the current price period. Total **operating expenditure** forecast is \$256m, around 17 per cent higher than the estimated \$219 for the current regulatory period.



BREAKDOWN OF PROPOSED REVENUE (\$M 2012-13)

	2013-14	2014-15	2015-16	2016-17	2017-18
Operating expenditure	44.10	46.47	47.63	55.13	62.94
Return on assets	14.55	15.52	17.06	19.30	21.80
Depreciation	4.30	4.62	5.08	5.80	6.67
Tax Liability	0.00	5.68	9.90	10.00	8.52
TOTAL	62.95	72.29	79.67	90.23	99.93

PROPOSED SERVICE STANDARDS

	Actual average 2007-08 to 2011-12	Proposed average 2013-14 to 2017-18
Water		
Unplanned water supply interruptions (per 100km)	14.2	17.9
Average time taken to attend bursts and leaks (priority 1)	7.0	25.0
Average time taken to attend bursts and leaks (priority 2)	19.8	25.0
Average time taken to attend bursts and leaks (priority 3)	56.1	90.0
Unplanned water supply interruptions restored within 5 hours (per cent)	98.8%	98.0%
Planned water supply interruptions restored within 5 hours (per cent)	95.3%	95.0%
Average unplanned customer minutes off water supply	14.9	12.7
Average planned customer minutes off water supply	14.0	12.1
Average unplanned frequency of water supply interruptions per customer	0.2	0.2
Average planned frequency of water supply interruptions per customer	0.1	0.1
Average duration of unplanned water supply interruptions (minutes)	87.9	87.8
Average duration of planned water supply interruptions (minutes)	148.6	180.0
Number of customers experiencing more than 5 unplanned water supply interruptions in the year	4.0	2.0
Unaccounted for water	10.3%	9.6%
Sewerage		
Sewerage blockages (per 100km)	24.7	24.7
Average time to attend sewer spills and blockages (minutes)	23.3	24.2
Average time to rectify a sewer blockage (minutes)	89.3	92.3
Spills contained within 5 hours (per cent)	99.9%	99.9%
Customers receiving more than 3 sewer blockages in the year	0.2	2.0
Customer service		
Telephone calls answered within 30 seconds (Accounts Line) (% of Calls)	94.5%	94.4%

Note that water businesses may have used a different time period for estimating actual average outcomes in their Water Plans due to data availability.

PROPOSED GUARANTEED SERVICE LEVELS

GSL Measure	Customer rebate for breach of GSL (\$)
Planned interruptions during peak hours (5-9am and 5-11pm)	50
Planned water supply interruptions longer than notification given	50
No more than three sewer interruptions in 12 months	50
Sewer spills inside a house, not contained within one hour of notification	500
Restricting the water supply of, or taking legal action against, a residential customer prior to taking reasonable endeavours to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying	300

CUSTOMER CONSULTATION

- Deliberative forum informed drafting of the Water Plan.
- Online panel.
- Community forums refined feedback on the draft Water Plan.

ISSUES IDENTIFIED BY THE COMMISSION FOR FURTHER INVESTIGATION

- Increases in controllable operating expenditure costs.
- Increases in labour costs above industry averages.
- Increases in IT costs.
- Continuation of inclining block tariff.
- Level of water demand "bounce back".
- Higher than forecast in period 2.

More information: View Western Water's Water Plan at www.esc.vic.gov.au