

Lower Murray Water - PS4

- Water Plan 3
 - Customer relationships and satisfaction
 - Delivery performance
- Developing PS4
 - 21,000 contacts: about 1 in 3
 - Outcomes
- Best Offer:
 - Rural: competitive horticulture
 - Urban: pricing for regional customers



Customer Value Proposition - Rural

1 Engagement



LMW consulted extensively using 8 different methods to ensure we understand our customers and what is important to them.

- Customer overall satisfaction of 81% with services
- 49% satisfied with total cost of service

3 Targets



To ensure the delivery of these outcomes, LMW has following key targets: Deliver water orders on time > 98%, Pipeline bursts and leaks < 65 per 100 km, Deliver price path commitment by containing costs and delivering proposed capital plan on time and on budget, Complaints to EWOV (per 1000 customers) < 0.9, Irrigation operations room calls answered within 60 seconds > 85%, Post-interaction satisfaction survey 150 completed and 80% satisfied, Annual Customer Satisfaction Survey > 80%

6 Bills



The average irrigation customer bill will increase from -1.3% to 2.6% which is **less** than the forecast electricity price effect on pricing being 0% - 4.1%.

7 Reporting

We will report to customers annually our performance against our output targets through the LMW web page, customer committees, six monthly briefings to representative focus group and undertake addition customer surveys to check performance and relevance of outcomes.

2 Outcomes



Customers told LMW that they want LMW to provide: **“Reliable service while containing costs” by deliver water when we need it, minimise costs, maintain and improve services where possible, and be responsive to our needs.** LMW in consultation with customers have designed of a set of outcomes that reflect the desired customer experience

4 Capital Investment



LMW investing \$28.3 million in irrigation and drainage systems. Building on SMP benefits, LMW have committed to invest \$1.4 million to upgrade tight supply irrigation spurs and the renewal of \$9.15 million in irrigation pipelines.

5 Operating Expenditure



Facing large energy cost increases, LMW have promised to maintain or improve service levels by keeping costs to a minimum. LMW's total operating expenditure expected to increase by only 0.16% on average over the PS4 period



Customer Value Proposition - Urban

1 Engagement



LMW has had >21,000 customer engagements over 12 months through 8 different methods.

- Customer overall satisfaction of 97% with services
- 92% believe LMW provide value for money

3 Targets

To ensure the delivery of these outcomes, LMW has set the following key targets: Deliver 1% efficiency improvement on controllable base operating expenditure, Deliver proposed capital plan on time and on budget, Net promoter score increasing to 30%, >94% customer satisfaction with water quality, > 91% customer satisfaction with sewerage service, Reduce CO2 emissions by 16800 tonnes during PS 4, Annual Customer Satisfaction Survey > 95%



2

Outcomes



Customers told LMW that they want LMW to: **Keep my costs to a minimum, Be easy to contact and quick to respond, Provide consistent safe drinking water and reliable sewerage services, Be present and active in the community and Be mindful of the environment**, informing the design of a set of outcomes that reflect the desired customer experience

4

Capital Investment



By absorbing all price increases above CPI and excluding \$27 million in uncertain projects, customers save \$132 on their bill over PS4.

6

Bills



The average urban customer bill will decrease by 0.2% on average in real terms per annum. This is a saving of \$1.93 real per annum.

5

Operating Expenditure



LMW has committed to productivity savings of \$2.6 million saving customers \$71 on their bill over PS4.

7

Reporting

We will report to customers annually our performance against our output targets through the LMW web page, customer committees, six monthly briefings to representative focus group and undertake addition customer surveys to check performance and relevance of outcomes.



PREMO Assessment



REMO Element	Element Rating (self-assessed scores)				
RISK	Leading	Advanced	2.5	Standard	Basic
ENGAGEMENT	Leading	Advanced	2.75	Standard	Basic
MANAGEMENT	Leading	Advanced	2.75	Standard	Basic
OUTCOMES	Leading	Advanced	2.75	Standard	Basic

Questions?



LMW's Urban Prices

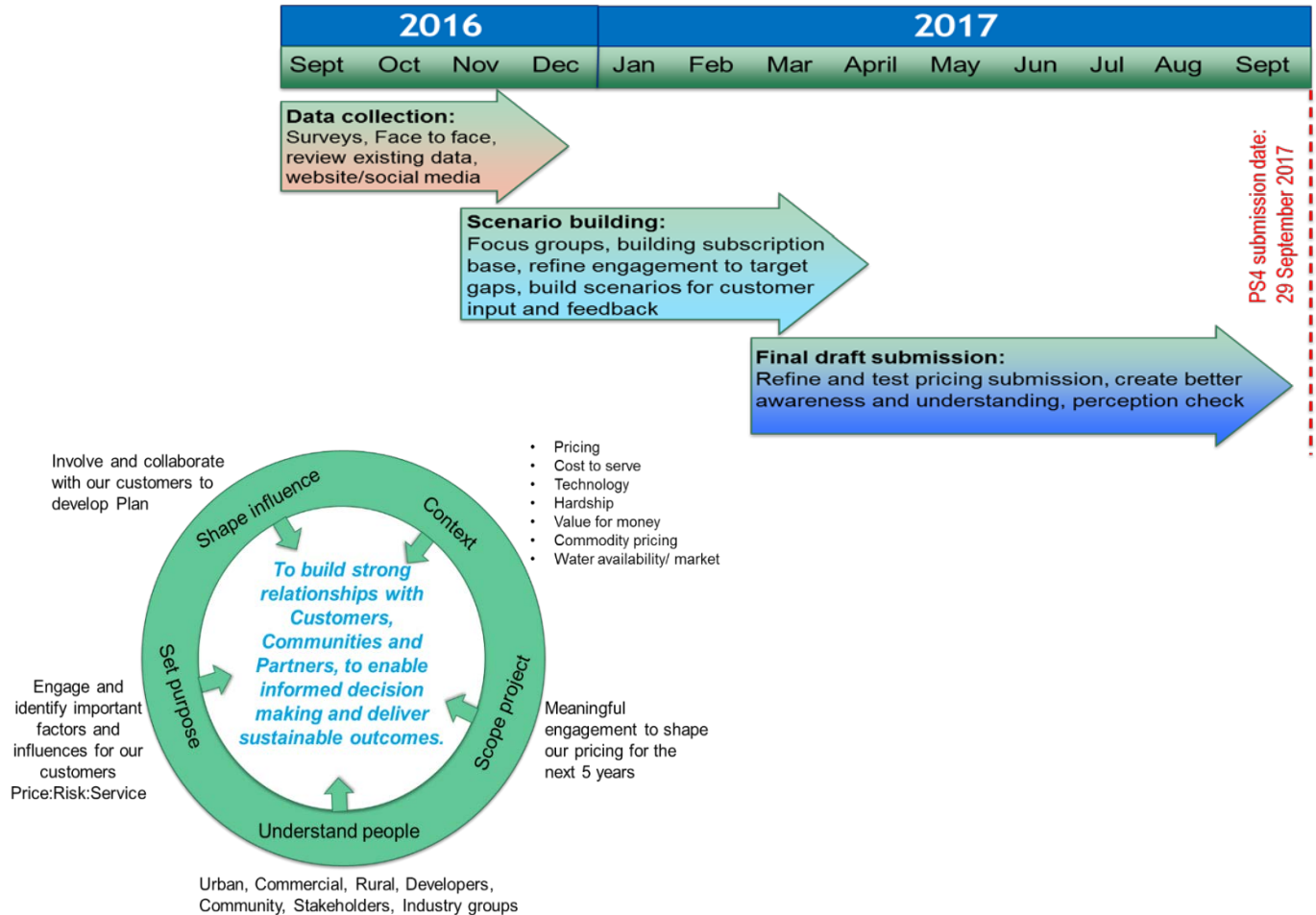
Real prices proposed to decrease by 0.2% per annum.

\$1/1/18	Current	Fourth Regulatory Period				
		2017-18	2018-19	2019-20	2020-21	2021-22
RESIDENTIAL	Total Bill	Increase from previous year				
400 kL	895.63	-1.82	-1.81	-1.81	-1.81	-1.80
477 kL (average)	957.48	-1.94	-1.94	-1.93	-1.93	-1.93
1,200 kL	1675.67	-3.40	-3.39	-3.39	-3.38	-3.37
NON-RESIDENTIAL	Total Bill	Increase from previous year				
400 kl	524.52	-2.04	-2.03	-2.03	-2.02	-2.02
3,000 kl	2,613.10	-6.27	-6.26	-6.25	-6.24	-6.22
30,000 kl	24,302.20	-50.27	-50.17	-50.06	-49.96	-49.86
220,000 kl	176,929.20	-359.86	-359.13	-358.41	-357.68	-356.95

Rural Prices

Real \$ 01/01/2018	4th Regulatory Period					Average Annual Price	Electricity Effect on Price
	2018/19	2019/20	2020/21	2021/22	2022/23	% Increase	% Increase
\$ per ML							
Mildura	\$138.49	\$138.80	\$139.12	\$139.45	\$139.80	0.2%	1.1%
Mildura HPS	\$196.87	\$201.58	\$206.85	\$212.73	\$219.25	2.6%	4.1%
Merbein	\$111.91	\$111.90	\$111.90	\$111.92	\$111.95	0.0%	1.5%
Red Cliffs	\$119.38	\$120.24	\$121.11	\$122.00	\$122.91	0.7%	1.4%
Robinvale	\$210.94	\$208.14	\$205.39	\$202.68	\$200.03	-1.3%	3.7%
Diversions	\$11.91	\$12.10	\$12.31	\$12.53	\$12.77	1.7%	0.0

Urban Customer Engagement Overview

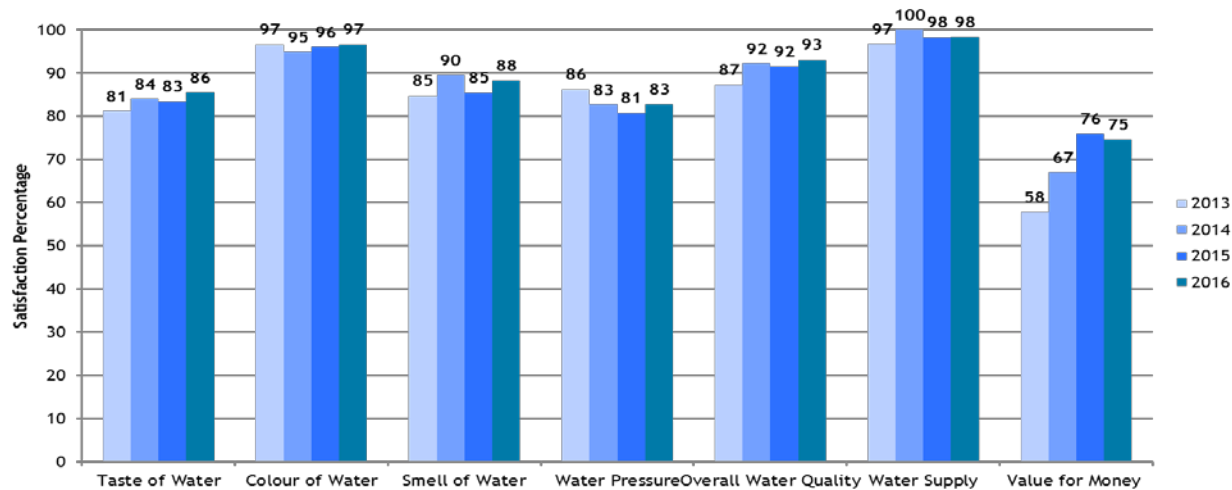


Customer Outcome	Performance Assessment Criteria	Change Over PS4
Keep my costs to a minimum	NEW Deliver 1% efficiency improvement on controllable base (2016-17) operating expenditure	
	NEW Deliver capital plan on budget and on time	
Be easy to contact and quick to respond	NEW Post-interaction satisfaction survey: # completed	
	NEW Post-interaction satisfaction survey: % satisfied	
	Number of complaints to EWOV per year.	➡
	NEW Net promoter score	>
Provide me with consistent, safe drinking water	% compliance with Safe Drinking Water Regulations 2015	➡
	NEW Percentage of customers satisfied with water quality.	>
	NEW Number of water quality complaints per year.	⬆
	NEW Number of boil water notices per year.	➡
	Number of customers experiencing > 5 unplanned water supply interruptions in a year.	⬆
	Unplanned water supply interruptions per 100 km.	⬆
Provide me with reliable sewerage services	Sewerage blockages per 100 km of sewer	⬆
	Number of customers receiving more than 3 sewer blockages in the year.	➡
	NEW Number of spills in houses caused by LMW assets	
	NEW Annual customer survey satisfaction with sewerage service %	>
	NEW Number of odour complaints per year	➡
Be present and active in the community	NEW Community satisfaction survey with % satisfaction maintained or increased.	>
Be mindful of our environment	NEW Number of EPA reportable sewage spills per annum	
	% compliance of WWTPs with EPA license conditions	>

Legend		
	Consistent with WP3	➡
	Progressive improvement over PS4	>
	Step change improvement to PS4	⬆

What do the Urban Customers say?

- How are we performing?



LMW's strategic alignment to urban customer's outcomes

