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METROPOLITAN MELBOURNE WATER PRICE REVIEW 2009

YARRA VALLEY WATER DETERMINATION

1 JULY 2009 – 30 JUNE 2013

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1. General

1.1 Introduction

- (a) Clause 8 of the **WIRO** requires the Commission to either:
 - (i) approve the prices which a **regulated entity** may charge for **prescribed services** or the manner in which such prices are to be calculated or otherwise determined, as set out in the **regulated entity's Water Plan**; or
 - (ii) specify the prices which a **regulated entity** may charge for **prescribed services** or the manner in which such prices are to be calculated or otherwise determined.
- (b) On 24 June 2009, the Commission made its decision under the **WIRO** in respect of:
 - (i) the prices which Yarra Valley Water Limited (trading as Yarra Valley Water) (ABN 93 066 902 501) (**Yarra Valley Water**) may charge for **prescribed services** during the **regulatory period**; and
 - (ii) the standards and conditions of service and supply which **Yarra Valley Water** has included in its **Water Plan**.
- (c) This Determination is made by the Commission under section 33 of the **ESC Act**, pursuant to clause 8 of the **WIRO**.
- (d) The purpose and reasons for the making of this Determination are to:
 - (i) give effect to the decision of the Commission referred to in clause 1.1(b)(i);
 - (ii) specify the prices which **Yarra Valley Water** may charge for **prescribed services** during the **regulatory period** or the manner in which such prices are to be calculated or otherwise determined;

- (iii) facilitate the achievement of the Commission's objectives in the **ESC Act** and the **WI Act**; and
- (iv) reflect the requirements in the **WIRO**.

1.2 Application

This Determination applies to **Yarra Valley Water** and its successors and assigns in respect of the business carried on by **Yarra Valley Water** at the date of this Determination.

1.3 Effective period

(a) Term

This Determination takes effect on the later of the date on which notice of its making is published in the Government Gazette and 1 July 2009 and, subject to clause 1.3(b), has effect until the earlier of the date on which it is amended or revoked by a later determination or 30 June 2013.

(b) Next regulatory period

Subject to clause 2.3(b)(ii), if the Commission has not made a determination in respect of the prices to apply in the **next regulatory period** on or before 30 June 2013, the prices or the manner in which such prices are to be calculated or otherwise determined as set out in this Determination will continue to apply in respect of **prescribed services** provided by **Yarra Valley Water** between 1 July 2013 and the date on which the determination for the **next regulatory period** comes into effect.

1.4 Modification of time periods

The Commission may, by notice to **Yarra Valley Water** extend or reduce the time by which, or the period within which, **Yarra Valley Water** or the Commission must comply with an obligation under this Determination.

1.5 Summary and structure

Clause 2 of this Determination specifies the prices which will apply to **prescribed services** during the **regulatory period** and sets out the procedure and formula according to which prices may be adjusted during the **regulatory period** on an annual basis. Clauses 3, 4 and 5 provide for the circumstances in which prices may be adjusted during the regulatory period other than in accordance with clause 2.

1.6 Definitions and interpretation

In this Determination, unless the contrary intention appears:

- (a) words and phrases in bold italics have the meanings given to them in part A of Schedule 1 (or, where only used within a clause, the meaning given upon their first use); and
- (b) the rules of interpretation in part B of Schedule 1 will apply.

1.7 Annexure

- (a) For convenience, annexure A to this Determination summarises:
 - (i) the assumptions underpinning the prices to apply to **Yarra Valley Water** during the **regulatory period** or the manner in which such prices are to be calculated or otherwise determined; and
 - (ii) the standards and conditions of services and supply additional to those specified in the **Code** which will be provided by **Yarra Valley Water** pursuant to the decision referred to in clause 1.1(b)(ii).
- (b) For the avoidance of doubt, annexure A does not form part of this Determination.

2. Price control

2.1 General principles

Subject to this Determination:

(a) **Scheduled prices**

Yarra Valley Water must not charge more than:

- (i) the scheduled prices in Schedule 2, during the first **regulatory year**, and
- (ii) the amount determined in accordance with clause 2.3, during each subsequent **regulatory year**,

in respect of those **prescribed services** to which the scheduled prices in Schedule 2 relate, in accordance with Schedule 3.

(b) Application principles

The application principles in Schedule 3 will apply to the prices charged by *Yarra Valley Water* in respect of *prescribed services* during the *regulatory period*.

(c) Pricing principles

During the *regulatory period*, *Yarra Valley Water* must apply the pricing principles in Schedule 4 when determining the prices to apply to the *prescribed services* to which the pricing principles in Schedule 4 relate.

2.2 Operational matters

(a) Contracts

Where *Yarra Valley Water* has entered into a *relevant contract* which relates to the provision of *prescribed services* prior to 1 July 2008, *Yarra Valley Water* may charge the prices for *prescribed services* which are set out in that *relevant contract* until its expiration, termination or a periodic review of the prices set out in the contract. Once a *relevant contract* has expired or been terminated or the prices in a *relevant contract* have been subject to a periodic review, the scheduled prices in Schedule 2 (as adjusted in accordance with this Determination) or the prices determined in accordance with the pricing principles in Schedule 4 will apply for the remainder of the *regulatory period*.

(b) Dispute Resolution

Any question as to whether a price has been set in accordance with this Determination will be determined by the Commission on the basis of the Commission's interpretation of this Determination.

(c) Publication

Yarra Valley Water must publish a list of its current prices and pricing principles for *prescribed services*, and all relevant supporting information that is relied upon to apply the prices or pricing principles, on its website at all times during the *regulatory period* and must provide a written copy of the list to its customers on request. To the extent permissible under the *Trade Practices Act 1974* (Cth), the list must clearly indicate in respect of each price, the amount determined in accordance with this Determination, the amount of GST payable and the total price.

(d) **GST**

Yarra Valley Water will not be considered to be in contravention of this Determination if a price charged by it for a **prescribed service** exceeds the amount applying under this Determination only by reason of the levying of a charge on account of **GST**.

2.3 Annual adjustment of prices

(a) **Adjustment**

Subject to Schedule 2, the scheduled prices in Schedule 2 will be adjusted in each subsequent **regulatory year** in the **regulatory period** in accordance with the formula in clause 2.3(b)(i) and the procedure in clause 2.3(c), and will apply to the **prescribed services** to which the scheduled prices in Schedule 2 relate in that **regulatory year**.

(b) **Formula**

- (i) Subject to Schedule 2, each price for the **prescribed services** referred to in clause 2.3(a) will be adjusted in accordance with the following formula with effect from the beginning of each subsequent **regulatory year** in the **regulatory period**:

$$P_t = P_{t-1} * CPI_t * (1 + PPM_t)$$

where:

P_t is the price component for **regulatory year t**

P_{t-1} is the price component for **regulatory year t-1**

CPI_t for the particular **regulatory year** is:

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the start of the relevant **regulatory year**

divided by

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the March quarter referred to above

PPM_t is the prescribed price movement for the price component for **regulatory year** t determined in accordance with Schedule 2.

- (ii) If the Commission has not made a determination in respect of the prices to apply in the **next regulatory period** on or before 30 June 2013, PPM_t will be set equal to zero for the purpose of adjusting prices in accordance with the formula in clause 2.3(b)(i) for **regulatory years** commencing on or after 1 July 2013 until the date on which this determination is amended or revoked by a later determination.

(c) Adjustment procedure

- (i) At least 30 **business days** prior to the commencement of each subsequent **regulatory year** in the **regulatory period, Yarra Valley Water** must submit its calculation of maximum prices for the **prescribed services** referred to in clause 2.3(a) to apply in that subsequent **regulatory year** (the **revised schedule prices**) to the Commission for approval, together with sufficient information to enable the Commission to assess whether those maximum prices comply with this Determination.
- (ii) The Commission will approve the **revised schedule prices** if it considers that they have been calculated in accordance with the formula set out in clause 2.3(b)(i).
- (iii) The Commission will be deemed to have approved the **revised schedule prices** if it has not provided notice under clause 2.3(c)(iv) to **Yarra Valley Water** within 20 **business days** from the date of its receipt of the submitted calculation of the **revised schedule prices**.
- (iv) If the Commission does not approve the **revised schedule prices**, the Commission:
 - (A) will provide notice to **Yarra Valley Water** (including a statement of its reasons);
 - (B) may request **Yarra Valley Water** to provide any additional information specified by the Commission;
 - (C) will take any additional information provided by **Yarra Valley Water** into account; and

(D) will determine the *revised schedule prices*.

2.4 Price changes during a billing period

(a) Application of this clause

This clause 2.4 applies where *Yarra Valley Water* issues an invoice in respect of a billing period during which a change to any price for a *prescribed service* comes into effect in accordance with this Determination.

(b) Method of charging

Yarra Valley Water must not charge the prices determined in accordance with this Determination in respect of any part of a billing period prior to the effective date of the change, but may charge for *prescribed services* in respect of the periods before and after the effective date of the change at the prices applicable for each of those periods on a pro-rata basis.

2.5 Reporting requirements

- (a) *Yarra Valley Water* must make available to the Commission all information reasonably requested by the Commission from time to time for the purpose of enabling it to confirm that *Yarra Valley Water* is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the *regulatory period*, *Yarra Valley Water* enters into a *new contract* which relates to the provision of a *prescribed service* to which the pricing principles in Schedule 4 relate, *Yarra Valley Water* must, within 30 *business days* of the date of the *new contract*, provide the Commission with a notice specifying:
- (i) details of the *new contract*, and
 - (ii) information which demonstrates the way in which the prices in the *new contract* reflect the relevant pricing principles.
- (c) Without limiting clause 2.5(a), if *Yarra Valley Water* proposes to stop providing a *prescribed service* or refuses to provide a *prescribed service* to a customer, or potential customer, during the *regulatory period*, it must:
- (i) in the case of a proposal to stop providing a *prescribed service*, provide a notice to the Commission stating the

nature of the **prescribed service** which it proposes to stop providing and the reason why it proposes to stop providing the **prescribed service**. This notice must be provided at least 30 **business days** prior to the date upon which **Yarra Valley Water** proposes to stop providing the **prescribed service**; and

- (ii) in the case of a refusal to provide a **prescribed service** to a customer, or potential customer, **Yarra Valley Water** must provide a notice to the Commission within 5 **business days** of the refusal, stating the nature of the **prescribed service** and the reason for the refusal.

3. Amendment of Schedule 2

(a) **Amendment proposals**

- (i) **Yarra Valley Water** may apply to the Commission in accordance with this clause 3 for the amendment of the prescribed price movements and/or price components included in Schedule 2 for the following **regulatory year** (the **relevant regulatory year**) and all subsequent **regulatory years** remaining in the **regulatory period** (the **revised tariff schedule**).
- (ii) **Yarra Valley Water** must apply to the Commission pursuant to clause 3(a)(i) for amendment of prescribed price movements and/or price components in respect of trade waste set out in Schedule 2 within 80 **business days** of a request by the Commission to do so.
- (iii) **Yarra Valley Water** must apply to the Commission pursuant to clause 3(a)(i) for amendment of the prescribed price movements and/or price components in respect of recycled water set out in Schedule 2 within 80 **business days** of each change in the level of water restrictions.
- (iv) The average price movement for the **relevant regulatory year** and for each subsequent **regulatory year** in the **regulatory period** determined in accordance with the **revised tariff schedule** must not exceed the average price movement that would otherwise have applied under

this Determination as calculated in accordance with the following formula:

$$\frac{\sum_{i=1}^n \sum_{j=1}^m p_t^{ij} q_{t-2}^{ij}}{\sum_{i=1}^n \sum_{j=1}^m p_{t-1}^{ij} q_{t-2}^{ij}} \geq \frac{\sum_{i=1}^n \sum_{j=1}^m ap_t^{ij} q_{t-2}^{ij}}{\sum_{i=1}^n \sum_{j=1}^m p_{t-1}^{ij} q_{t-2}^{ij}}, i = 1, \dots, n; j = 1 \dots m$$

where **Yarra Valley Water** has n tariff categories, which each have up to m tariff components, and where, for each **regulatory year** t for which the calculation is undertaken:

p_{t-1}^{ij} is the tariff charged in **regulatory year** $t-1$ for component j of tariff i

p_t^{ij} is the proposed tariff for component j of tariff i determined in accordance with Schedule 2 where the **revised tariff schedule** is not applied

ap_t^{ij} is the proposed tariff for component j of tariff i determined in accordance with Schedule 2 where the **revised tariff schedule** is applied

q_{t-2}^{ij} is the quantity of component j of tariff i that was sold in **regulatory year** $t-2$, or, if an actual quantity is not available, either an estimate of the quantity of component j of tariff i that would have been sold in **regulatory year** $t-2$ or a forecast of the quantity of component j of tariff i that is expected to be sold in **regulatory year** $t-2$

(b) Amendment procedure

- (i) An application by **Yarra Valley Water** under this clause 3 must be received by the Commission at least 80 **business days** prior to the commencement of the **relevant regulatory year** (unless it is also pursuant to clause

3(a)(ii) or (iii)) and must be accompanied by the following information:

- (A) (1) a clearly articulated new tariff strategy that is consistent with the regulatory principles in clause 14(1)(a) of the **WIRO** (the **revised tariff strategy**); or
 - (2) an explanation of how the **revised tariff schedule** is consistent with the tariff strategy for **Yarra Valley Water** approved by the Commission in connection with this Determination,
(the **relevant tariff strategy**);
 - (B) a **revised tariff schedule** that specifies proposed prices for the **relevant regulatory year** and prescribed price movements for each subsequent **regulatory year** in the **regulatory period** that is consistent with the **relevant tariff strategy**;
 - (C) a statement setting out evidence demonstrating that **Yarra Valley Water** has provided information to its customers explaining the **revised tariff schedule** and how it relates to the **relevant tariff strategy** and has consulted effectively with its customers on the **revised tariff strategy** (if clause 3(b)(i)(A)(1) applies) and the **revised tariff schedule**;
 - (D) a statement setting out the customer impacts resulting from the **revised tariff strategy** and actions proposed by **Yarra Valley Water** to address these customer impacts; and
 - (E) an explanation of the calculation of the relevant quantities “ q_{t-2}^{ij} ”.
- (ii) The Commission may approve the **revised tariff schedule** submitted by **Yarra Valley Water** under this clause 3 if it is satisfied that:
- (A) **Yarra Valley Water** has complied with clause 3(b)(i)(A);

- (B) the average price movements calculated in accordance with the **revised tariff schedule** comply with the formula in clause 3(a)(iv);
 - (C) the **revised tariff schedule** is consistent with the **relevant tariff strategy**;
 - (D) **Yarra Valley Water** has consulted effectively with its customers on the **revised tariff strategy** (if clause 3(b)(i)(A)(1) applies) and the **revised tariff schedule**;
 - (E) **Yarra Valley Water** has effectively addressed customer impacts resulting from the **revised tariff schedule**; and
 - (F) the basis for calculating the relevant quantities “ q_{t-2}^{ij} ” is reasonable.
- (iii) In determining whether it will approve the **revised tariff schedule**, the Commission may request **Yarra Valley Water** to provide any additional information specified by the Commission and/or to resubmit any of the matters in clause 3(b)(i)(A)-(E).
 - (iv) For the avoidance of doubt, the Commission will be deemed to have not approved a **revised tariff schedule** if it has not provided notice to **Yarra Valley Water** within 40 **business days** from the date of its receipt of **Yarra Valley Water’s** application under this clause 3.
 - (v) An approved **revised tariff schedule** will be taken to amend Schedule 2 to the extent of any inconsistency.

4. Uncertain or unforeseen events

4.1 General principle

- (a) **Yarra Valley Water** may apply to the Commission for the amendment of this Determination and/or the adjustment of the scheduled prices in Schedule 2 to reflect increased or decreased costs incurred by **Yarra Valley Water** and/or increased or decreased revenue received by **Yarra Valley Water** as a result of

events which were uncertain or unforeseen at the time this Determination was made (an ***uncertain events application***).

- (b) The Commission may take action under clause 4.3(b) in respect of an ***uncertain events application*** where the Commission is satisfied that such action is necessary or desirable to take account of events that were uncertain or unforeseen at the time of making this Determination provided that the Commission is satisfied that such action takes into account the interests of customers.

4.2 Consideration by the Commission

(a) Examples of uncertain and unforeseen events

The matters that may, at the discretion of the Commission, be taken into account by the Commission under this clause 4 include:

- (i) actual licence fees or contributions payable by ***Yarra Valley Water*** during a particular ***regulatory year*** during the ***regulatory period*** under section 51 of the *Safe Drinking Water Act 2003* (Vic), section 24 of the *Environment Protection Act 1970* (Vic) and section 4H(2) of the ***WI Act*** which differ from the forecast licence fees or contributions set out in annexure A for that ***regulatory year***;
- (ii) changes in the timing or scope of expenditure by ***Yarra Valley Water*** on major capital projects;
- (iii) instances where the Commission is satisfied that there is a material difference between the forecast demand levels set out in annexure A and actual demand levels for ***Yarra Valley Water*** in one or more ***regulatory years*** during the ***regulatory period***; and
- (iv) a change in or to any of the following:
 - (A) the ***WI Act***, the *Water Act 1989* (Vic), the *Safe Drinking Water Act 2003* (Vic), the *State Owned Enterprises Act 1992* (Vic) and the *Environment Protection Act 1970* (Vic) or regulations made under any of them;
 - (B) any licence issued pursuant to any of the Acts referred to in clause 4.2(a)(iv)(A);
 - (C) a ***relevant tax***; or

- (D) the Statement of Obligations, or
- (E) the introduction of a national emissions trading scheme or other scheme relating to the reduction of greenhouse gas emissions.

(b) Exclusions

In considering an *uncertain events application*, the Commission will not take into account matters that:

- (i) are or should be within *Yarra Valley Water's* control;
- (ii) were or should have been known by *Yarra Valley Water* at the time the Determination was made;
- (iii) could reasonably have been foreseen by *Yarra Valley Water*;
- (iv) should be or should have been planned for or managed by *Yarra Valley Water*; and/or
- (v) reflect inefficient expenditure by *Yarra Valley Water*.

(c) Dispute resolution

Any question as to whether a matter should be taken into account by the Commission under this clause 4 will be determined by the Commission in its absolute discretion.

4.3 Procedure

(a) Application process

- (i) An *uncertain events application* must be accompanied by a statement setting out:
 - (A) the details of the relevant uncertain or unforeseen event;
 - (B) the amount and timing of any increase or decrease in operating and/or capital expenditure associated with the relevant event during the *regulatory period* and/or the amount and timing of any increase or decrease in revenue associated with the relevant event during the *regulatory period*;
 - (C) the basis for calculating the increase or decrease in operating and/or capital expenditure and/or revenue referred to in clause 4.3(a)(i)(B); and

- (D) details of the proposed action to be taken by the Commission under clause 4.3(b).
- (ii) The Commission may identify an event or events which it considers has had or may have a material impact on **Yarra Valley Water's** operating and/or capital expenditure and/or revenue and may decide to take action under clause 4.3(b) (including, without limitation, deciding to recognise it as an offset to an adjustment applied for by **Yarra Valley Water**.
- (iii) The Commission may request **Yarra Valley Water** to provide any additional information specified by the Commission in connection with an **uncertain events application**.

(b) Action by the Commission

If the Commission is satisfied about the matters set out in clause 4.1(b) in respect of an **uncertain events application**, the Commission may, in its absolute discretion:

- (i) amend this Determination or adjust the scheduled prices in Schedule 2 with effect from **regulatory year** t at the same time as prices are adjusted pursuant to clause 2.3; or
- (ii) take the **uncertain events application** into account in making its determination in respect of the prices which **Yarra Valley Water** may charge for **prescribed services** in the **next regulatory period**.

5. Material error and unintended consequences

Where the Commission is satisfied that:

- (a) there is a manifest and material error in this Determination;
- (b) any information on which this Determination was based was false or misleading in a material respect; or
- (c) such amendment or adjustment is necessary or desirable to avoid an unintended consequence of this Determination,

the Commission may decide to amend this Determination and/or specify a price adjustment, provided that it is satisfied that such amendment and/or price adjustment takes into account the interests of customers.

Schedule 1 – Definitions and Interpretation

A. Definitions

business day means a day on which banks are open for general banking business in Melbourne, not being a Saturday or a Sunday.

Code means the *Customer Service Code Metropolitan Retail and Regional Water Businesses* made under the **WI Act**.

developer charges has the meaning given in the **WIRO**.

ESC Act means the *Essential Services Commission Act 2001* (Vic).

GST has the meaning given in section 195-1 of the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

miscellaneous services means services that are provided in direct connection with **prescribed services**, prices in respect of which are either included in Schedule 2 or determined in accordance with the relevant pricing principles in Schedule 4.

new contract means any contract for **prescribed services** which is renewed, renegotiated or entered into during the **regulatory period**.

next regulatory period means the period commencing on 1 July 2013 and ending on a date specified by the Commission.

prescribed services has the meaning given in the **WIRO** and includes **miscellaneous services**.

regulated entity has the meaning given in the **WIRO**.

regulatory period means the period commencing on 1 July 2009 and ending on 30 June 2013.

regulatory year means each period of twelve months commencing on 1 July and ending on 30 June.

relevant contract means a contract which relates to the provision of **prescribed services**.

relevant tax means any tax imposed by or payable directly or indirectly to any authority of the Commonwealth of Australia (including **GST**) but excluding:

- (a) the licence fees referred to in clause 4.2 of this Determination;
- (b) penalties and interest for late payment of any tax; or

- (c) any tax that replaces any of the taxes referred to in (a) and (b), where tax includes any rate, duty, charge or other like or analogous impost.

Water Plan has the meaning given in the **WIRO**.

WI Act means the *Water Industry Act 1994* (Vic).

WIRO means the Water Industry Regulatory Order 2003 as at 30 June 2009.

B. Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (d) A reference to a clause or schedule is a reference to a clause of or schedule to, this document.
- (e) A reference to a determination, agreement or document (including a reference to this document) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
- (f) A reference to an Act, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (g) If a period of time is specified and commences on a given day or on a day of an act or event, the period of time is to be calculated inclusive of that day.
- (h) Any 'notice' to be given or matter to be 'notified' must be in writing.
- (i) The symbol ' Σ ' requires a summation to be performed over the range of variables specified in respect of the algebraic terms specified.

- (j) All data which is utilised in calculations made under this Determination will be utilised to the accuracy, in terms of the number of decimal places, to which it is given.
- (k) A fixed price, charge or fee determined in accordance with this Determination is to be rounded down and specified to two decimal places.
- (l) A volumetric price, charge or fee determined in accordance with this Determination is to be rounded down and specified to four decimal places.
- (m) When a calculation is required under this document:
 - (i) **regulatory year 't'** is the **regulatory year** in respect of which the calculation is being made;
 - (ii) **regulatory year 't-1'** is the **regulatory year** immediately preceding **regulatory year 't'**;
 - (iii) **regulatory year 't-2'** is the **regulatory year** immediately preceding **regulatory year 't-1'**.

Schedule 2 - Prices

This schedule should be read in conjunction with Schedule 3 and Schedule 4. Variable water, wastewater and trade waste charges are rounded down to 4 decimal places. All other charges are rounded down to 2 decimal places. Prices for services marked with an asterisk are not subject to the adjustments pursuant to clause 2.3 of this Determination.

<i>Tariff and Price Component</i>	<i>Price (1 July 2009)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>
1.1 Residential water tariff				
Service charge (per annum)	89.40	14.0%	11.0%	8.0%
Usage charge (per kL)				
Block 1 (0-440 litres/day)	1.2532	19.0%	12.0%	8.0%
Block 2 (441-880 litres/day)	1.4702	19.0%	12.0%	8.0%
Block 3 (881 + litres/day)	2.1721	19.0%	12.0%	8.0%
1.2 Non-residential water tariff				
Service charge (per annum)	145.11	14.0%	11.0%	8.0%
Usage charge (per kL)	1.3504	19.0%	12.0%	8.0%
1.3 Residential sewerage tariff				
Sewer service charge (per annum)	226.90	19.0%	12.0%	8.0%
Sewerage disposal charge (per kL)	1.5126	10.5%	10.0%	8.0%
1.4 Non-residential sewerage tariff				
Sewer service charge (per annum)	353.11	19.0%	12.0%	8.0%
Sewerage disposal charge (per kL)	1.4687	10.5%	10.0%	8.0%
1.5 Residential recycled water tariff (Supplied via third pipe)				
Service charge (per annum)	20.49	0.0%	0.0%	0.0%
Usage charge (per kL)	1.2532	19.0%	12.0%	8.0%
1.6 Non-Residential recycled water tariff (Supplied via third pipe)				
Service charge (per annum)	20.49	0.0%	0.0%	0.0%
Usage charge (per kL)	1.2532	19.0%	12.0%	8.0%
1.7 Trade waste charges				
Contract Fee (per annum)				
Service charge < 2,500 kL/year	393.17	13.5%	11.6%	11.5%
Service charge 2 500.1 - 25 000 kL/year	1,180.54	13.5%	11.6%	11.5%
Service charge 25 000.1 - 100 000 kL/year	3,936.65	13.5%	11.6%	11.5%
Trade Waste Service charge > 100,000 kL/year	11,810.81	13.5%	11.6%	11.5%
Volumetric and Load				

<i>Tariff and Price Component</i>	<i>Price (1 July 2009)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>
Volume (per kL)	0.7254	13.5%	11.6%	11.5%
BOD (per kg)	0.5668	13.5%	11.6%	11.5%
SS (per kg)	0.3299	13.5%	11.6%	11.5%
TKN (per kg)	1.2978	13.5%	11.6%	11.5%
TDS (per kg)	0.0131	13.5%	11.6%	11.5%
Food Waste Charges				
Health Care Institutions				
Charge per bed	36.12	13.5%	11.6%	11.5%
Accommodation Premises and Restaurants - Rating of Food Waste Unit (per unit per annum)				
180 - <400 watts	1,027.14	13.5%	11.6%	11.5%
400 - <700 watts	5,259.93	13.5%	11.6%	11.5%
700 - <1500 watts	10,596.64	13.5%	11.6%	11.5%
Potato Peelers - Rating of Food Waste Unit (per unit per annum)				
180 - <400 watts	0.00	0.0%	0.0%	0.0%
400 - <700 watts	589.38	13.5%	11.6%	11.5%
700 - <1500 watts	1,208.54	13.5%	11.6%	11.5%
Trade Waste – Application fee for trade waste agreement				
< 0.5kL	0.00	13.5%	11.6%	11.5%
> 0.5kL - 4kL	44.02	13.5%	11.6%	11.5%
> 4kL - 20kL	107.64	13.5%	11.6%	11.5%
> 20kL - 50kL	249.19	13.5%	11.6%	11.5%
> 50kL - 100kL	274.56	13.5%	11.6%	11.5%
> 100kL - 1000kL	1,081.26	13.5%	11.6%	11.5%
> 1000kL	2,163.00	13.5%	11.6%	11.5%
Trade Waste Time and Material Basis (minimum of 2 hours will be charged)				
Monday-Friday (per hour)	146.21	13.5%	11.6%	11.5%
Saturday (per hour)	198.19	13.5%	11.6%	11.5%
Sunday (per hour)	221.97	13.5%	11.6%	11.5%
1.8 New Customer Contributions				
Water (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%
Sewer (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%
New Customer Contributions for dual pipe recycled water developments or subdivisions				
Recycled water (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%

<i>Tariff and Price Component</i>	<i>Price (1 July 2009)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%
Water (per lot)				
Category one charge - Lot size < 450 sq m	281.78	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	563.56	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Sewer (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%

1.9 Core miscellaneous fees and charges

Information Statement Fees

Standard Application - response within three business days	30.06	-10.0%	-10.0%	-10.0%
Urgent application - response within 30 minutes	45.18	-10.0%	-10.0%	-10.0%

Land Development Fees

Simple Applications - Greenfields 0 to 9 lots	740.84	0.0%	0.0%	0.0%
Complex Applications - – Greenfields more than 9 lots	1,655.58	0.0%	0.0%	0.0%

20mm Potable and Recycled Water Connection Fees

Wet Tapping including Meter (Customer excavation)	225.57	0.0%	0.0%	0.0%
Complete Short Tapping	1,072.57	-7.7%	0.0%	0.0%
Complete Long Tapping	1,284.69	0.0%	0.0%	0.0%
Dry Tapping Meter Installation	301.81	-10.0%	-4.3%	0.0%
First meter (Supply and Installation)	157.57	0.0%	0.0%	0.0%
Each additional Meter (Supply and Installation)	110.18	0.0%	0.0%	0.0%
First Remote Meter (Supply and installation)	375.10	8.6%	0.0%	0.0%
Each Additional Remote Meter (Supply and Installation)	333.77	10.5%	0.0%	0.0%

Other Products

Fire service charge	45.09	14.0%	11.0%	8.0%
Standard sewer application	29.71	8.2%	0.0%	0.0%
Property Service Plan	18.08	0.0%	0.0%	0.0%
Build Over Easement (BOE) Application	57.77	0.0%	0.0%	0.0%
Non-core miscellaneous services	Actual cost	Actual cost	Actual cost	Actual cost

Schedule 3 – Application of prices

3.1 Service charges only to be imposed on certain properties

- (a) A water service charge and a sewerage service charge shall only be imposed in respect of a property.
- (b) For the purposes of this clause, a property means:
 - (i) if the land is under the operation of the *Transfer of Land Act 1958*, the land for which there is a single folio of the register; and
 - (ii) if the land is not under the operation of the *Transfer of Land Act 1958*
 - (A) land owned by a single owner or joint owners; or
 - (B) in the case of Crown land, land occupied by a single occupier or joint occupiers.

3.2 Service charges only to be imposed on connected properties

- (a) A water service charge shall only be imposed if pipes and fittings have been installed which provide or are able to provide a supply of water to the property from **Yarra Valley Water's** water main and the water main has been charged.
- (b) A sewerage service charge shall only be imposed if pipes and fittings have been installed which convey or are able to convey sewage or trade waste from the property to **Yarra Valley Water's** sewerage system.
- (c) A recycled water service charge shall only be imposed if pipes and fittings have been installed which provide or are able to provide a supply of recycled water to the property from Yarra Valley Water's recycled water main and the recycled water main has been charged.
- (d) Each habitable property within a subdivision with an owners' corporation shall be deemed connected if under 3.2(a) to (c) the common property is determined to be liable for service charges.
- (e) A fire service charge shall only be imposed if pipes and fittings have been installed which provide or are able to provide a supply of water or recycled water to the property for fire protection from **Yarra Valley Water's** water or recycled water main and the water or recycled water main has been charged.

3.3 Water usage charges

- (a) A water usage charge shall only be imposed where a meter or meters have been installed to measure the amount of water supplied to a property or to a property together with other properties.
- (b) A water usage charge shall be calculated by reference to the volume, expressed in kilolitres, or part thereof, of water supplied during a meter reading period to a property or properties.

3.4 Recycled water usage charges

- (a) A recycled water usage charge shall only be imposed where a meter or meters have been installed to measure the amount of recycled water supplied to a property or to a property together with other properties.
- (b) A recycled water usage charge shall be calculated by reference to the volume, expressed in kilolitres or part thereof, of recycled water supplied during a meter reading period to a property or properties.

3.5 Residential property

A residential property means:

- (a) a property used or intended to be used primarily as a residence or residences; and
- (b) in the case of vacant land, land zoned for residential purposes.

But does not include a property used or intended to be used as:

- (i) a guest house, motel, hotel or caravan park;
- (ii) a farming enterprise; and
- (iii) a residence attached to a shop or professional suites.

3.6 Non residential property

A non-residential property is a property which is not a residential property.

3.7 Sewage disposal charges

- (a) A sewage disposal charge shall only be imposed where a meter has been installed:
 - (i) to measure the amount of water supplied to a property or to a property together with other properties; or
 - (ii) to measure the amount of sewage discharged from a property.
- (b) A sewage disposal charge shall be calculated by reference to the volume, expressed in kilolitres, or part thereof, of sewage discharged or estimated to have been discharged during a meter reading period from a property or properties.
- (c) Except as provided for in paragraph (d)-(f), the volume of sewage discharged to the sewerage system from a property or properties during a meter reading period shall be calculated according to the formula specified in Clause 3.8 of this Schedule, for residential and non-residential properties, as the case may be.
- (d) If **Yarra Valley Water** is satisfied that the use of the formula specified in Clause 3.8 of this Schedule is likely to systematically and substantially overestimate the volume of sewage discharged from a property, **Yarra Valley Water** may use another formula or method for estimating the volume.

- (e) If the property or properties are provided with an alternative source of water (eg. rainwater tanks or third pipe recycled water supply), **Yarra Valley Water** may apply 'property specific' sewage disposal charge factors which take into account water from all sources that may discharge into the sewerage system.
- (f) A customer can seek a customised discharge factor using the consumption history at the property to determine the percentage of water disposed to the sewer annually. In the majority of cases, the formula used to calculate the volume of sewage differs to that applied in the default method with the seasonal factor and discharge factor replaced by the customised discharge factor

3.8 Calculation of volume of sewage

3.8.1 Residential properties

The formula for calculating the volume of sewage from residential properties and premises is:

$$VS_r = VW * SF * DF$$

where:

VW is the volume of water supplied to the property or premises, being the volume determined for the purpose of calculating a water usage charge for the same meter reading period or that volume rounded down to the nearest kilolitre;

SF is the seasonal factor which is derived from dividing:

- (a) the total number of days in the meter reading period;

by the sum of

- (b) the number of days which fall within each particular month within the meter reading period multiplied by the relevant seasonal index shown in Table 1 for that month for a House or a Unit. Different seasonal indices are used for third pipe recycled water customers as shown in Table 1.

DF is the discharge factor shown in table 2 below in respect of the relevant **quarterly equivalent volume of water**. The quarterly equivalent volume of water is the volume of water calculated by multiplying the volume of water supplied to or apportioned to the property or premises by 91.25 and dividing the result by the number of days in the meter reading period, except in the case of water supplied to:

- (a) a separately metered property used or intended to be used for more than one residence where those residences are not separately metered; or
- (b) to a property which is not separately metered and to which a volume of water has not been apportioned, in which case, the quarterly equivalent volume of water is the volume of water calculated by dividing the volume of water supplied to all residences or properties sharing the meter by the

number of residences or properties supplied and multiplying the result by 91.25 and dividing that result by the number of days in the meter reading period.

where:

a **House** means a building, excluding a Unit, which is used or intended to be used as one residence.

a **Unit** means a unit within the meaning of the *Valuation of Land Act 1960*, a group of units within that meaning, a building used or intended to be used for more than one residence and a part of a building used or intended to be used as one residence.

Notes: For third pipe recycled water customers, volume of water is the sum of metered potable water and metered recycled water. The calculation of the sewage disposal charge is subject to clauses 3.7 (c)-(f).

Table 1 - Seasonal Indices

Month	House						Unit		
	Recycled Water Properties	Restriction level					Recycled Water Properties	Restriction level	
		PWSR	Level 1	Level 2	Level 3A	Level 4		PWSR to Stage 3a	Level 4
January	1.7	1.575	1.45	1.325	1.2	1	1.2	1.2	1
February	1.7	1.575	1.45	1.325	1.2	1	1.2	1.2	1
March	1.5	1.425	1.35	1.275	1.2	1	1.2	1.2	1
April	1.2	1.175	1.15	1.125	1.1	1	1.1	1.1	1
May	1.1	1.075	1.05	1.025	1	1	1	1	1
June	1	1	1	1	1	1	1	1	1
July	1	1	1	1	1	1	1	1	1
August	1	1	1	1	1	1	1	1	1
September	1.1	1.075	1.05	1.025	1	1	1	1	1
October	1.2	1.175	1.15	1.125	1.1	1	1.1	1.1	1
November	1.4	1.325	1.25	1.175	1.1	1	1.1	1.1	1
December	1.5	1.425	1.35	1.275	1.2	1	1.2	1.2	1

Table 2 - Discharge Factors

<i>Quarterly equivalent volume of water</i>		<i>Discharge factor</i>
Less than or equal to 125 kL		0.9
More than 125 kL and less than or equal to 250 kL		0.9 less 0.0036 per kL in excess of 125 kL
More than 250 kL		0.45

3.8.2 Non-residential properties

The formula for calculating the volume of sewage from non-residential properties and premises is:

$$VS_{NR} = (VW - VTW) * DF$$

where:

VW is the volume of water supplied to the property or premises, being the volume determined for the purpose of calculating a water usage charge for the same meter reading period;

VTW is the volume of **Category 3 Trade Waste** discharged or estimated to have been discharged from the property or premises in the meter reading period; and

DF is the discharge factor, which is 0.9 or a lesser figure determined by **Yarra Valley Water** which results in a more accurate estimate of the volume of sewage discharged.

Notes: For third pipe recycled water customers, volume of water is the sum of metered potable water and metered recycled water. The calculation of the sewage disposal charge is subject to clauses 3.7 (c)-(f).

3.9 Trade waste

3.9.1 Assignment of trade waste category

Each trade waste discharger is placed into one of two charging categories depending on the annual volume of discharge and the concentration of 5-day Biochemical Oxygen Demand (BOD(5)) and Suspended Solids (SS) in their waste. The categories are:

Category 1 — Dischargers of waste having a mean concentration of BOD(5) and SS each not greater than 600 milligrams per litre (mg/l) and an annual volume not greater than 750 kL

Category 3 — Dischargers of waste having a mean concentration of BOD(5) or SS greater than 600 mg/l or an annual volume greater than 750 kL.

3.9.2 Trade waste contract fee

A charge imposed by a licensee in respect of a trade waste agreement shall vary according to the annual maximum discharge limit derived from the daily maximum discharge limit specified in the agreement.

3.9.3 Variable charges for categories of trade waste

A charge imposed by a licensee for each kilolitre of trade waste discharged or estimated to have been discharged to its sewerage system.

Food waste charges

Food waste charges apply in respect to the discharge of food waste not attracting Category 3 trade waste charges. Food waste includes any matter, whether water borne or not, consisting solely or partly of food, food particles or food scraps, which had constituted part or had been generated during production of a meal other than on residential premises or residential property.

For hospitals and institutions the charge applies on a per bed basis. For accommodation premises and restaurants the charge is applied to the number and power rating of food disposal units.

For properties where waste is discharged through a potato peeler, the charge is applied to the number and power rating of the potato peeler unit.

3.9.4 Trade waste application fees

A fee imposed by a licensee for an application for a trade waste agreement shall vary according to the daily maximum discharge limit specified in the application.

3.9.5 Trade waste time and material fees

Time and material fees are applied when a trade waste customer requests:

- a site visit to check locked batch compliance prior to discharge;
- a variation from the trade waste standards; or
- a meeting to discuss non-compliance events and actions to prevent reoccurrence.

3.10 Inclining block tariffs

Where multiple customers are being serviced by a single meter, the consumption tiers will be applied on a pro-rata basis.

3.11 Miscellaneous fees and charges

Information statement fees – statement provides details of any encumbrance or caveats placed on the property by **Yarra Valley Water** (excluding those shown on land titles), works required to be carried out, matters outstanding and any outstanding rate or charge on the land.

Land development fees (simple applications) – an application for development where one or all of the following conditions apply:

- less than 9 lots in the application (except Greenfield developments)
- small industrial commercial properties.

Land development fees (complex applications) – an application for development where one or all of the following conditions apply:

- more than 9 lots in the application
- Greenfield applications of any size
- large water services.

20mm potable and recycled water connection fees

- Wet tapping including meter – standard sized connection to a water main allowing for provision of water and/or recycled water to a property. Customer arranges excavation.
- Complete tapping – optional alternative service for standard sized connection to a water or recycled water main allowing for provision of water to a property.
Yarra Valley Water provides the road opening permits, excavation of the main,

- tapping band (ferrule), laying the service from main to meter, installation of the meter assembly and the supply and installation of the water meter.
- Dry tapping meter installation – standard sized water or recycled water connection required where provision of water or recycled water has already been made by the developer. Main is already tapped and a service is laid below ground to the property. **Yarra Valley Water** locates the dry tapping and installs the remainder of the service to the property boundary including the meter assembly and meter.
 - First meter (supply and installation) – standard sized water or recycled water meter usually supplied as check meter on multi-tenement developments. First meter supplied under this description contains delivery component. The customer installs the meter assembly and spacer. **Yarra Valley Water** supplies and installs the meter.
 - Each additional Meter (supply and installation) – standard sized water or recycled water meter usually supplied as check meter on multi-tenement developments where an initial meter has already been ordered. The customer installs the meter assembly and spacer. **Yarra Valley Water** supplies and installs the meter.
 - First remote meter (supply and installation) – standard sized remote read water or recycled water meter usually supplied as check meter on multi-tenement developments. First meter supplied under this description contains delivery component. Remote read meter is required where meter will be inaccessible for reading. The customer installs the meter assembly and spacer. **Yarra Valley Water** supplies and installs the meter.
 - Each additional remote meter (supply and installation) – standard sized remote read water or recycled water meter usually supplied as check meter on multi-tenement developments where an initial meter has already been ordered. The customer installs the meter assembly and spacer. **Yarra Valley Water** supplies and installs the meter.

Other products

- Standard sewer application – an application requesting approval to carry out sanitary plumbing and/or drainage work. Approval is issued detailing any conditions that apply and contains a Plumbing Industry Commission consent number.
- Property service plan – plan showing the location of property service drains or internal sewers laid within a property.
- Build Over Easement (BOE) application – an application for approval to build any structure or carry out earthwork over an easement and/or within 1 metre of a **Yarra Valley Water** asset.

Schedule 4 – Pricing principles

4.1 Recycled water pricing principles

Recycled water prices should be set so as to:

- have regard to the price of any substitutes and customers' willingness to pay;
- cover the full cost of providing the service (with the exception of services related to specified obligations or maintaining balance of supply and demand); and
- include a variable component.

Where **Yarra Valley Water** does not propose to fully recover the costs associated with recycled water, it must demonstrate to the Commission that:

- it has assessed the costs and benefits of pursuing the recycled water project;
- it has clearly identified the basis on which any revenue shortfall is to be recovered; and
- if the revenue shortfall is to be recovered from non-recycled water customers, either the project is required under the Statement of Obligations which applies to **Yarra Valley Water** or pursuant to other Government policies that apply to **Yarra Valley Water** or there has been consultation with the affected customers about their willingness to pay for the benefits of increased recycling.

4.2 Pricing principles where scheduled prices do not apply

Where the prices set out in Schedule 2 do not apply because the nature of the service provided to a particular customer (including, in the case of trade waste customers, the volume or load of waste treated) is unique, prices must be set as follows:

- variable prices (including, in the case of trade waste customers, load-based charges) should reflect the long run marginal cost (LRMC) of providing services (including, in the case of trade waste customers, trade waste transfer, treatment and disposal);
- the total revenue received from each customer should be greater than the cost that would be avoided from ceasing to serve that customer, and (subject to meeting avoidable cost) less than the stand alone cost of providing the service to the customer in the most efficient manner;
- the methodology used to allocate common and fixed costs to that customer should be clearly articulated and be consistent with any guidance provided by the Commission;
- prices should reflect reasonable assumptions regarding the customer's demand for services (including, in the case of trade waste customers, the

volume and strength of trade waste anticipated to be produced by that customer);

- depreciation rates and rates of return used to determine prices should be consistent with those adopted by the Commission for the purposes of making this Determination;
- customers should be provided with full details of the manner in which prices have been calculated and any new, renewed or renegotiated contractual agreements with customers should indicate that the prices to apply are subject to any Determination made by the Commission;
- where applying these principles results in significant changes to prices or tariff structures, arrangements for phasing in the changes may be considered and any transitional arrangements should be clearly articulated.

4.3 Pricing principles for developer charges for new customers

Schedule 2 sets out **developer charges** for new customers.

The scheduled charge applies on a per lot basis, and may be levied on any connection of a new customer that is, or can be, individually metered.

When connecting to **Yarra Valley Water's** water and sewerage network, the developer must provide the reticulation assets that are required to service their development and connect to **Yarra Valley Water's** network.

Reticulation assets are infrastructure assets that are explicitly provided in relation to prescribed services for one development and are not required to be upsized to support other future developments. A water main that is 150mm or less in diameter and a sewerage main that is 225mm or less in diameter, and all associated assets that relate to these sized assets are generally considered to be reticulation assets although there may be some situations where these sizes are inappropriate.

Shared distribution assets are infrastructure assets that are generally provided in relation to prescribed services for more than one development and do not include:

- reticulation assets; or
- headworks and tailworks.

If a developer is required to provide reticulation assets that exceed the requirements of their development in a material respect, the developer can only be required to contribute to the costs of the reticulation assets an amount that reflects the requirements of their development.

The balance of the costs of the reticulation assets in such a case is to be recovered from future developers.

At any time during the regulatory period, **Yarra Valley Water** may levy a charge greater than the scheduled charge that will cover the costs associated with bringing forward the provision of shared distribution assets. In doing so, **Yarra Valley Water** must set out the pricing principles for determining **developer charges** as contained in this Determination, and also notify the developer of their right to

appeal any non-scheduled charge to the Commission. The proposed charge is to be calculated on the basis of:

- the development-specific capital costs associated with connecting a customer or group of customers. For the avoidance of doubt, development-specific capital costs do not include any costs associated with:
 - assets in place prior to the development;
 - shared network assets; or
 - headworks, tailworks and treatment plants.
- where relevant, the financing costs that may be attributable to bringing forward the timing of the provision of shared assets required to connect to the existing network.

The brought forward financing costs associated with developments requiring the construction of shared network assets are to be calculated on the basis of the extent to which the assets being constructed form part of a logical extension to **Yarra Valley Water's** existing water and sewerage networks:

- Where the shared assets could be reasonably considered to form part of a logically sequenced network expansion and could reasonably be expected to be required by **Yarra Valley Water** within a short to medium term planning horizon, no bring forward **developer charge** is to apply (scheduled charge applies).
- Where the shared assets do not form part of a logically sequenced network expansion, but could reasonably be expected to have been required by **Yarra Valley Water** in respect of a long term planning horizon, then a non-scheduled **developer charge** equivalent to 40 per cent of the as constructed cost of the shared assets will apply.
- Where the shared assets do not form part of a logically sequenced network expansion, and could not reasonably be expected to have been required by **Yarra Valley Water** in respect of a long term planning horizon, then a non-scheduled **developer charge** equivalent to 70 per cent of the as constructed cost of the shared assets will apply.

Non-scheduled new customer contributions in sewerage backlog areas are to be calculated according to the following formula:

$$NCC = 1 - \left[\frac{1}{(1+r)^n} \right]$$

where:

NCC is the non-scheduled new customer contribution, expressed as a percentage and applied to final construction costs

r is the implied pre-tax weighted average cost of capital as approved by the Commission and

n is the number of years the backlog sewerage works have been brought forward.

4.4 Pricing principles for developer charges for existing property owners

At any time during the regulatory period, *Yarra Valley Water* must seek the Commission's approval where it proposes to levy a **developer charge** to apply to existing property owners connecting to water and/or sewerage services. This charge must not be greater than:

- the full efficient cost of installing the local reticulation mains; and
- any cap as specified by the Minister for Water in accordance with the requirements of the Statement of Obligations.

4.5 Pricing principles for miscellaneous services not included in Schedule 2

Prices for miscellaneous services must be set according to actual cost calculated on the basis of the aggregate of:

- direct third party or contractor invoice cost;
- direct marginal internal costs, including labour, materials and transport costs; and
- a fair contribution to overheads.

For bank dishonour, debt collection and legal fees, the third party costs must be charged directly to the customer with no contribution for internal costs or a contribution to overheads.

4.6 Guidelines

Yarra Valley Water must comply with any guidelines issued by the Commission from time to time which relate to the setting of prices for **prescribed services** to which Schedule 4 relates.

**The Common Seal of the
Essential Services Commission**
was affixed to this Determination
with the authority of the
Commission.

Date: 25 June, 2009



Dr Ron Ben-David
Chairperson

Annexure A

Table 1 **Additional service standards**

<i>Service standard</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
CO ₂ emissions (net tonnes)	20788	20788	20788	20788
Recycled water (per cent)	27	27	27	27
Biosolids reused/recycled (per cent)	0	0	0	0
Sewer backlog connections (number)	147	147	147	147
Compliance with environment discharge licence requirement (per cent)	100	100	100	100
Compliance with drinking water quality regulations	100	100	100	100
Water quality complaints (per 1000 customers)	5.6	5.6	5.6	5.6
Non-revenue water (GL)	21.3	21.3	21.3	21.3
Residential potable water use targets (litres per person per day)	155	162	161	164
Total potable water use (litres per person per day)	232	237	235	238

Table 2 **Weighted average cost of capital**
(per cent)

<i>Post tax WACC</i>	<i>Implied pre-tax WACC</i>
5.1	5.1

Table 3 **Benchmark revenue requirement**
\$ million in January 2009 prices

	<i>2009-10</i>	<i>2010-11</i>	<i>2011-2012</i>	<i>2012-13</i>
Operating expenditure	344.21	376.40	446.89	539.10
Return on existing assts	108.21	106.02	104.08	102.26
Return on new investments	16.65	30.18	41.95	52.70
Regulatory depreciation	50.48	47.86	45.59	49.57
Tax liability	0.00	0.00	0.00	0.00
Total	519.55	560.46	638.52	743.63

Table 4 **Updated regulatory asset base**
\$ million in January 2009 prices

	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
Opening RAB	1 798.78	1 863.38	1 974.96	2 090.95
<i>Plus</i> Gross capital expenditure	135.17	170.32	178.79	164.40
<i>Less</i> Government contributions	0.00	0.00	0.00	0.00
<i>Less</i> Customer contributions	27.20	10.14	8.90	14.40
<i>Less</i> Proceeds from disposals	0.03	0.03	0.27	0.26
<i>Less</i> Regulatory depreciation	43.34	48.57	53.63	47.17
Closing RAB	1 863.38	1 974.96	2 090.95	2 193.51

Table 5 **Rolled forward regulated asset base**
\$ million in January 2009 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Opening RAB	2 193.51	2 332.67	2 563.99	2 777.27	2 949.53
<i>Plus</i> Gross capital expenditure	204.59	296.84	277.86	233.04	242.44
<i>Less</i> Government contributions	0.21	0.16	1.82	0.00	0.00
<i>Less</i> Customer contributions	14.83	14.85	14.88	15.15	15.20
<i>Less</i> Proceeds from disposals	0.03	0.03	0.03	0.03	0.03
<i>Less</i> Regulatory depreciation	50.37	50.48	47.86	45.59	49.57
Closing RAB	2 332.67	2 563.99	2 777.27	2 949.53	3 127.17

Table 6 **Approved licence fee and environmental contribution assumptions**
\$ million in January 2009 prices

	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Essential Services				
Commission licence fee	0.40	0.40	0.40	0.56
Environment Protection Authority licence fee	0.13	0.13	0.13	0.13
Department of Human Services licence fee	0.22	0.22	0.22	0.22
Environmental contribution	17.08	16.67	16.26	15.86

Table 7 Demand forecasts

	2009-10	2010-11	2011-12	2012-13
Water connections (no.)				
Residential	597 300	605 400	613 400	621 500
Non-residential	40 700	41 200	41 600	42 100
Total	638 000	646 600	655 000	663 600
Sewerage connections (no.)				
Residential	563 700	570 900	578 500	585 800
Non-residential	37 300	37 700	38 200	38 600
Total	601 000	608 600	616 700	624 400
Billable water consumption (ML)				
Residential	92 860	97 137	97 715	100 268
Non-residential	25 464	26 339	26 264	26 833
Total	118 324	123 476	123 979	127 101
Sewage volumes (ML)				
Residential	71 873	72 172	72 602	71 692
Non-residential	11 459	11 853	11 819	12 075
Total	83 332	84 025	84 421	83 767

Table 8 Key capital projects

	<i>Expected completion date</i>
Northern sewer project	2012-13
Epping-Craigieburn – Section 1	2011
Epping-Craigieburn - Sections 2 and 3	2009
High risk sewers planned rehabilitations	2012-13
Mitcham office extension	2011-12
Wonga Park sewer backlog	2011-12