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## 2008 WATER PRICE REVIEW

COLIBAN WATER DETERMINATION

1 JULY 2008 – 30 JUNE 2013

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## 1. General

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### 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 20 June 2008, the Commission made its decision under the *WIRO* in respect of:
  - (i) the prices which Coliban Region Water Corporation (trading as Coliban Water) (ABN 96 549 082 360) (*Coliban Water*) may charge for *prescribed services* during the *regulatory period*; and
  - (ii) the standards and conditions of service and supply which *Coliban 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 *Coliban 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 **Coliban Water** and its successors and assigns in respect of the business carried on by **Coliban 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 2008 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 **Coliban 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 **Coliban Water**, extend or reduce the time by which, or the period within which, **Coliban 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** otherwise 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; 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 ***Coliban 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 ***Coliban 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

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### 2.1 General principles

Subject to this Determination:

(a) **Scheduled prices**

***Coliban 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.

**(b) Application principles**

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

**(c) Pricing principles**

During the **regulatory period**, **Coliban 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 Ancillary matters**

**(a) Contracts**

Where **Coliban Water** has entered into a contract (a **relevant contract**) which relates to the provision of **prescribed services** prior to 1 July 2008, **Coliban 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**

**Coliban Water** must publish a schedule 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 schedule to its customers on request. To the extent permissible under the *Trade Practices Act 1974* (Cth), the schedule 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**

**Coliban 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 determined in accordance with clause 2 only by reason of the levying of a charge on account of **GST**.

## 2.3 Annual adjustment of prices

(a) **Adjustment**

(i) 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<sub>t</sub> 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<sub>t</sub> 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, Coliban Water** must submit its proposed prices for the **prescribed services** referred to in clause 2.3(a) to apply in that subsequent **regulatory year** (the **revised prices**) to the Commission for approval, together with sufficient information to enable the Commission to assess whether the proposed prices comply with this Determination.
- (ii) The Commission will approve the **revised 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 prices** if it has not provided notice under clause 2.3(c)(iv) to **Coliban Water** within 20 **business days** from the date of its receipt of the **revised prices**.
- (iv) If the Commission does not approve the **revised prices**, the Commission:
  - (A) will provide notice to **Coliban Water** (including a statement of its reasons);
  - (B) may request **Coliban Water** to provide any additional information specified by the Commission;
  - (C) will take any additional information provided by **Coliban Water** into account; and
  - (D) will determine the **revised prices**.

## 2.4 Price changes during a billing period

### (a) Application of this clause

This clause 2.4 applies where **Coliban 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

**Coliban 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) **Coliban 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 **Coliban Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **Coliban Water** enters into a **new contract** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 4 relate, **Coliban 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 **Coliban 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 **Coliban 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, **Coliban 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

- (i) **Coliban 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 t** (the **relevant regulatory year**) and all subsequent **regulatory years** remaining in the **regulatory period** (the **revised tariff schedule**).
- (ii) 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.

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

where **Coliban 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:

$p^{ij}$  is the tariff charged in **regulatory year t-1** for

$t-1$  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 **Coliban 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** 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(i)(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 **Coliban 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 **Coliban 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 schedule** and actions proposed by **Coliban 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 **Coliban Water** under this clause 3 if it is satisfied that:
- (A) **Coliban 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)(ii);
  - (C) the **revised tariff schedule** is consistent with the **relevant tariff strategy**;
  - (D) **Coliban 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) **Coliban 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 **Coliban 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) The Commission will be deemed to have not approved a **revised tariff schedule** if it has not provided notice to **Coliban Water** within 40 **business days** from the date of its receipt of **Coliban Water's** application under this clause 3.

## 4. Uncertain or unforeseen events

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### 4.1 General principle

- (a) **Coliban 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 **Coliban Water** and/or increased or decreased revenue received by **Coliban 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 **Coliban 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 **Coliban 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 **Coliban Water** in one or more **regulatory years** during the **regulatory period**;
- (iv) amounts payable by **Coliban Water** for purchases of bulk water during a particular **regulatory year** during the **regulatory period** which differ from the forecast bulk water payments set out in annexure A for that **regulatory year**, and
- (v) 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);
  - (B) any licence issued pursuant to any of the Acts referred to in clause 4.2(a)(v)(A);
  - (C) a **relevant tax**; or
  - (D) the Statement of Obligations,
    - or 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 **Coliban Water's** control;
- (ii) were or should have been known by **Coliban Water** at the time the Determination was made;
- (iii) could reasonably have been foreseen by **Coliban Water**;
- (iv) should be or should have been planned for or managed by **Coliban Water**, and/or
- (v) reflect inefficient expenditure by **Coliban 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 ***Coliban Water's*** operating and/or capital expenditure and/or revenue and may decide to take action under clause 4.3(b) in the absence of an ***uncertain events application*** by ***Coliban Water***.
- (iii) The Commission may request ***Coliban 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 of 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 **Coliban Water** may charge for **prescribed services** in the **next regulatory period**.

## 5. Other adjustments during regulatory period

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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

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## 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 2008 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 2008.

## **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 ' $\Sigma$ ' 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 tradewaste 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 2008)</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>	<i>PPM Year 5</i>
<b>1.1 Water Volume Charge (per kL)</b>					
Central Districts (all non-residential)	1.1271	27.50%	11.69%	11.69%	7.79%
Central Districts Residential Step 1	1.0276	27.51%	11.69%	11.69%	7.79%
Central Districts Residential Step 2	1.2430	27.51%	11.69%	11.69%	7.79%
Central Districts Residential Step 3	2.0390	27.50%	11.69%	11.69%	7.79%
Central Districts Agreement	1.1271	27.50%	11.69%	11.69%	7.79%
Northern River Districts (all non-residential)	0.7128	10.01%	7.79%	7.79%	3.90%
Northern River Districts Residential Step 1	0.6448	10.00%	7.79%	7.79%	3.90%
Northern River Districts Residential Step 2	0.7978	10.01%	7.79%	7.79%	3.90%
Northern River Districts Residential Step 3	1.2900	10.00%	7.79%	7.79%	3.90%
Northern River Districts Agreement	0.7128	10.01%	7.79%	7.79%	3.90%
Non Potable Systems (all non-residential)	0.6407	2.50%	1.95%	1.95%	1.95%
Non Potable Systems Residential Step 1	0.5728	2.50%	1.95%	1.95%	1.95%
Non Potable Systems Residential Step 2	0.7002	2.50%	1.95%	1.95%	1.95%
Non Potable Systems Residential Step 3	1.1457	2.50%	1.95%	1.95%	1.95%
Non Potable Systems Agreement	0.6407	2.50%	1.95%	1.95%	1.95%
<b>1.2 Access Fees all districts (per annum)</b>					
Vacant Unconnected Land	0.00	NA	NA	NA	NA
0 & 20 mm Meter	100.81	-2.82%	-2.82%	-2.82%	-2.82%
25 mm Meter	137.56	-2.82%	-2.82%	-2.82%	-2.82%
32 mm Meter	234.82	-2.82%	-2.82%	-2.82%	-2.82%
40 mm Meter	345.45	-2.82%	-2.82%	-2.82%	-2.82%
50 mm Meter	505.94	-2.82%	-2.82%	-2.82%	-2.82%
80 mm Meter	1,209.07	-2.82%	-2.82%	-2.82%	-2.82%
100 mm Meter	1,889.18	-2.82%	-2.82%	-2.82%	-2.82%
150 mm + Meter	3,969.92	-2.82%	-2.82%	-2.82%	-2.82%
<b>1.3 Access Fees Fire Services all districts (per annum)</b>					
32 mm Meter	35.22	-2.82%	-2.82%	-2.82%	-2.82%
40 mm Meter	51.82	-2.82%	-2.82%	-2.82%	-2.82%
50 mm Meter	75.89	-2.82%	-2.82%	-2.82%	-2.82%
80 mm Meter	181.36	-2.82%	-2.82%	-2.82%	-2.82%
100 mm Meter	283.38	-2.82%	-2.82%	-2.82%	-2.82%
150 mm + Meter	595.49	-2.82%	-2.82%	-2.82%	-2.82%
<b>1.5 Wastewater Access Fees (per annum)</b>					
<b>Sewer Access - Major</b>					
Vacant Land	0.00	NA	NA	NA	NA
Residential	389.91	14.97%	7.79%	3.90%	3.90%
Non Residential					
Minimum & 0mm Meter	278.69	14.97%	7.79%	3.90%	3.90%

<i>Tariff and Price Component</i>	<i>Price (1 July 2008)</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>	<i>PPM Year 5</i>
20 mm Meter	278.69	14.97%	7.79%	3.90%	3.90%
25 mm Meter	355.31	14.97%	7.79%	3.90%	3.90%
32 mm Meter	606.43	14.97%	7.79%	3.90%	3.90%
40 mm Meter	891.84	14.97%	7.79%	3.90%	3.90%
50 mm Meter	1,306.35	14.97%	7.79%	3.90%	3.90%
80 mm Meter	3,121.50	14.97%	7.79%	3.90%	3.90%
100 mm Meter	4,528.91	14.97%	7.79%	3.90%	3.90%
150 mm + Meter	9,406.26	14.97%	7.79%	3.90%	3.90%
<b>Sewer Access - Enviro 1</b>					
Vacant Land	0.00	NA	NA	NA	NA
Residential	392.61	14.99%	7.79%	3.90%	3.90%
Non Residential					
Minimum & 0mm Meter	280.69	14.99%	7.79%	3.90%	3.90%
20 mm Meter	280.69	14.99%	7.79%	3.90%	3.90%
25 mm Meter	357.86	14.99%	7.79%	3.90%	3.90%
32 mm Meter	610.78	14.99%	7.79%	3.90%	3.90%
40 mm Meter	898.23	14.99%	7.79%	3.90%	3.90%
50 mm Meter	1,315.71	14.99%	7.79%	3.90%	3.90%
80 mm Meter	3,143.89	14.99%	7.79%	3.90%	3.90%
100 mm Meter	4,561.38	14.99%	7.79%	3.90%	3.90%
150 mm + Meter	9,473.71	14.99%	7.79%	3.90%	3.90%
<b>Sewer Access - Enviro 2</b>					
Vacant Land	0.00	NA	NA	NA	NA
Residential	360.84	15.17%	7.79%	3.90%	3.90%
Non Residential					
Minimum & 0mm Meter	256.32	15.17%	7.79%	3.90%	3.90%
20 mm Meter	256.32	15.17%	7.79%	3.90%	3.90%
25 mm Meter	326.79	15.17%	7.79%	3.90%	3.90%
32 mm Meter	557.75	15.17%	7.79%	3.90%	3.90%
40 mm Meter	820.25	15.17%	7.79%	3.90%	3.90%
50 mm Meter	1,201.48	15.17%	7.79%	3.90%	3.90%
80 mm Meter	2,870.93	15.17%	7.79%	3.90%	3.90%
100 mm Meter	4,165.36	15.17%	7.79%	3.90%	3.90%
150 mm + Meter	8,651.19	15.17%	7.79%	3.90%	3.90%
<b>1.6 Wastewater Volume Charge non-residential customers</b>					
<b>all Districts (per kL)</b>					
Wastewater Volume Charge	0.4971	14.99%	3.90%	3.90%	3.90%
<b>1.7 Rural district volumetric charges (per ML)</b>					
Volume Charge	84.2607	35.00%	23.38%	23.38%	23.38%
Capacity Charge	124.3782	5.00%	0.00%	0.00%	0.00%
<b>1.8 Rural district access fees (per annum)</b>					
Pipeline	808.47	-2.82%	-2.82%	-2.82%	-2.82%
Channel	707.48	-2.82%	-2.82%	-2.82%	-2.82%
Storage Access	100.75	-2.82%	-2.82%	-2.82%	-2.82%
<b>1.9 Rural district outlet charges</b>					
2-5 Outlets (Total Fee)	25.25	-2.82%	-2.82%	-2.82%	-2.82%
6-10 Outlets (Total Fee)	35.38	-2.82%	-2.82%	-2.82%	-2.82%
11+ Outlets (Total Fee)	45.47	-2.82%	-2.82%	-2.82%	-2.82%

<i>Tariff and Price Component</i>	<i>Price (1 July 2008)</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>	<i>PPM Year 5</i>
<b>1.10 Recycled Water</b>					
Recycled Access - prices as per water access					
Recycled Variable (Central Only)	0.8466	27.32%	11.69%	11.69%	7.79%
<b>1.11 Trade Waste*</b>					
<b>Bendigo – Schedule 1</b>					
Volume (per kilolitre)	0.2179	0.00%	0.00%	0.00%	0.00%
COD (per kg)	0.5024	0.00%	0.00%	0.00%	0.00%
Suspended solids (per kg)	0.6671	0.00%	0.00%	0.00%	0.00%
TKN (per kg)	2.3746	0.00%	0.00%	0.00%	0.00%
Phosphorus (per kg)	4.5877	0.00%	0.00%	0.00%	0.00%
<b>Bendigo – Schedule 2</b>					
Volume (per kL)	0.3815	0.00%	0.00%	0.00%	0.00%
COD (per kg)	0.6995	0.00%	0.00%	0.00%	0.00%
Suspended Solids (per kg)	0.7547	0.00%	0.00%	0.00%	0.00%
TKN (per kg)	2.9448	0.00%	0.00%	0.00%	0.00%
Phosphorus (per kg)	8.4967	0.00%	0.00%	0.00%	0.00%
<b>Bendigo – Schedule 3</b>					
Volume (per kL)	0.2179	0.00%	0.00%	0.00%	0.00%
COD (per kg)	0.5024	0.00%	0.00%	0.00%	0.00%
Suspended solids (per kg)	0.6671	0.00%	0.00%	0.00%	0.00%
TKN (per kg)	2.3746	0.00%	0.00%	0.00%	0.00%
Phosphorus (per kg)	4.5877	0.00%	0.00%	0.00%	0.00%
<b>Castlemaine – Schedule 1</b>					
Fixed Fee – Victoria Carpets	10,710.40	0.00%	0.00%	0.00%	0.00%
Fixed Fee – Mt Alexander	12,860.06	0.00%	0.00%	0.00%	0.00%
Volume (per kL)	0.2512	0.00%	0.00%	0.00%	0.00%
Volume (per kL) Excess	0.4920	0.00%	0.00%	0.00%	0.00%
BOD (per kg)	0.5785	0.00%	0.00%	0.00%	0.00%
BOD (per kg) Excess	1.1383	0.00%	0.00%	0.00%	0.00%
Suspended solids (per kg)	0.7547	0.00%	0.00%	0.00%	0.00%
Suspended Solids (per kg) Excess	1.4771	0.00%	0.00%	0.00%	0.00%
TKN (per kg)	2.7145	0.00%	0.00%	0.00%	0.00%
TKN (per kg) Excess	5.3653	0.00%	0.00%	0.00%	0.00%
Phosphorus (per kg)	5.2329	0.00%	0.00%	0.00%	0.00%
Phosphorous (per kg) Excess	10.3700	0.00%	0.00%	0.00%	0.00%
<b>Castlemaine – Schedule 2</b>					
Fixed Fee – KR Castlemaine	381,734.55	0.00%	0.00%	0.00%	0.00%
Volume (per kL)	0.2398	0.00%	0.00%	0.00%	0.00%
BOD (per kg)	0.5577	0.00%	0.00%	0.00%	0.00%
Suspended solids (per kg)	0.7328	0.00%	0.00%	0.00%	0.00%
TKN (per kg)	2.6279	0.00%	0.00%	0.00%	0.00%
Phosphorus (per kg)	5.0693	0.00%	0.00%	0.00%	0.00%
Testing	Cost recovery	NA	NA	NA	NA
<b>Kyneton – Schedule 1</b>					
Fixed Fee – Kyneton Abattoirs (per annum)	19,021.24	0.00%	0.00%	0.00%	0.00%
Fixed Fee – Hardwicks (per annum)	11,028.34	0.00%	0.00%	0.00%	0.00%
Fixed Fee – Saleyards (per annum)	4,416.46	0.00%	0.00%	0.00%	0.00%
Volume (per kL)	0.1407	0.00%	0.00%	0.00%	0.00%
Volume (per kL) Excess	0.2616	0.00%	0.00%	0.00%	0.00%
BOD (per kg)	0.2398	0.00%	0.00%	0.00%	0.00%
BOD (per kg) Excess	0.4701	0.00%	0.00%	0.00%	0.00%
Testing	Cost recovery	NA	NA	NA	NA
<b>Echuca – Schedule 1</b>					



<i>Tariff and Price Component</i>	<i>Price (1 July 2008)</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>	<i>PPM Year 5</i>
Fixed Charge (based on max individual month discharge over prior rolling 12 month discharge (per ML))	388.21	0.00%	0.00%	0.00%	0.00%
Volume (per ML)	0.3492	0.00%	0.00%	0.00%	0.00%
COD (per kL)	0.5911	0.00%	0.00%	0.00%	0.00%
Suspended solids (per kg)	0.8318	0.00%	0.00%	0.00%	0.00%
SS (per kg) Excess	0.8527	0.00%	0.00%	0.00%	0.00%
<i>Echuca Saleyards</i>					
Volume (per kL)	0.2179	0.00%	0.00%	0.00%	0.00%
COD (per kg)	0.4806	0.00%	0.00%	0.00%	0.00%
SS (per kg)	0.6557	0.00%	0.00%	0.00%	0.00%
SS (per kg) Excess	0.8527	0.00%	0.00%	0.00%	0.00%
<b>1.12 New Customer Contributions</b>					
<b>Water (per lot)</b>					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
<b>Sewer (per lot)</b>					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
<b>New Customer Contributions for dual pipe recycled water developments or subdivisions</b>					
<b>Recycled water (per lot)</b>					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
<b>Water (per lot)</b>					
Category one charge - Lot size < 450 sq m	275.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
<b>Sewer (per lot)</b>					
Category one charge - Lot size < 450 sq m	550.00	0.0%	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,100.00	0.0%	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,200.00	0.0%	0.0%	0.0%	0.0%
<b>1.13 Miscellaneous Fees and Charges</b>					
Information certificates	46.400	0.00%	0.00%	0.00%	0.00%
Project management fees					
- management fee (per project)	305.900	0.00%	0.00%	0.00%	0.00%
- management fee (per meter)	1.650	0.00%	0.00%	0.00%	0.00%
Developer works administration fee	131.100	0.00%	0.00%	0.00%	0.00%
Water and sewer plan amendment fee	38.100	0.00%	0.00%	0.00%	0.00%
Minor trade waste - discharge fee (per annum)	112.810	0.00%	0.00%	0.00%	0.00%
Non-core miscellaneous service	Actual cost	NA	NA	NA	NA

## Schedule 3

### Application of prices

#### 3.1 Water volume charge

The table below indicates the allocation of towns to districts for the purposes of applying the water volume charge.

District	Towns
Central Districts	Bridgewater, Huntly, Inglewood, Maldon, Marong, Axedale, Boort, Campbells Creek, Chewton, Dunolly, Harcourt, Newstead, Pyramid Hill, Trentham, Tylden, Wedderburn, Bendigo, Castlemaine, Elmore, Heathcote, Kyneton, Lockington, Maiden Gully, Malmsbury, Strathfieldsaye, Barkers Creek, Bealiba, Elphinstone, Fryerstown, Goornong, Guildford, Korong Vale, Laanecoorie, Maldon – Newstead Pipeline, Mandurang, Raywood, Serpentine, Taradale, Tarnagulla, Tooboorac, Yapeen.
Northern Districts	Gunbower, Leitchville, Cohuna, Echuca, Gannawarra, Mead, Rochester
Non-Potable Systems	Borong, Dingee, Elmore (untreated), Jarklin, Macorna, Mitiamo, Mysia, Sebastian, Wychitella – <i>note that Sebastian will move to a Central Districts tariff on completion of the Bridgewater/Raywood/Sebastian pipeline.</i>

The table below indicates the allocation of usage into each step.

Step	Consumption
Step 1	Less than 50kL per quarter
Step 2	Between 50 and 100kL per quarter
Step 3	More than 100kL per quarter

#### 3.2 Wastewater access fees

The table below indicates the allocation of towns to districts for the purposes of applying the wastewater access fee.

District	Towns
Major	Bendigo, Castlemaine, Cohuna, Echuca, Elmore, Epsom, Heathcote, Kyneton, Lockington, Maiden Gully, Malmsbury, Rochester, Strathsfieldsaye.
Enviro 1	Bridgewater, Epsom (Enviro Scheme only), Campbells Creek, Chewton, Echuca (Hansen St and Wharparilla Drive only), Harcourt, Huntly, Inglewood, Maldon, Marong, Pyramid Hill, Trentham, Tylden.

### 3.3 Non-residential wastewater charge

The billable wastewater volume for non-residential customers is calculated by multiplying the metered water volume by a discharge factor. The discharge factor is as follows:

<i>Discharge Factor (per cent)</i>	<i>Business Type</i>
0	Industrial Land, Median Strip, Mining Lease, Recreation Reserve – No Facilities, Standpipe
15	School – Large Non Discharge Usage
25	Bakery, Bowling Club, Cemetery, Golf Course, Lawn Tennis Courts, Mining/Mining Treatment, Plant Nursery, Pottery, Quarry, Recreation Reserve – Facilities, Winery, Vacant Commercial
35	Hotel –Large Non Discharge Usage
40	Motel – Large Non Discharge Usage
50	Airfield, Caravan Park, Infant Welfare, Poultry Shed, Pre School, Racecourse/Stables, School – Normal Discharge Usage, Swimming Pool
65	Farm including house
75	Accommodation Centre with Garden, Car Yard, Church, Community Facility, Fire Station, Guest House, Hospital, Ice Skating Rink, Jail, Kennels, Motel – Normal Discharge Usage, Nursing Home, Police station & dwelling, Private Hospital, Railway Station, School – Zero Discharge Usage, Shop & Dwelling, Special Accommodation, Veterinary Clinic
95	Accommodation Centre (Other), Bank/Financial Institution, Building, Café/Restaurant, Car Park, Commercial Business (Other), Court House, Dairy, Dental Clinic, Depot, Factory, Funeral Director, Hall, Health Centre, Hotel – Normal Discharge Usage, Information Centre – Tourist, Laboratory, Laundry/Dry Cleaner, Library, Medical Rooms, Municipal Office, Office, Panel Beating, Post Office, Public Utility, Recreation Centre, Recreational Club, Restaurant, Retail Store, Service Station, Shed, Shop & Factory, Shop, Sporting Facility (Other), Squash Courts, Telephone Exchange, Tennis Courts, Theatre, Timber Yard, Tip, Toilet, Unspecified, Warehouse, Workshop, Youth Club

Non-residential sewerage tariffs do not apply to a customer where that customer is charged fixed and volumetric trade waste charges through a specific trade waste agreement.

### **3.4 Vacant land fees**

**Coliban Water** does not charge vacant land for wastewater. A vacant land fee for water is charged where the property is physically connected to the system, and is metered.

### **3.5 Inclining block tariffs**

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

### **3.6 Miscellaneous fees and charges**

*Information certificates* – provision of information statements on the transfer of properties.

*Project management fees* – fees for the management of developer works. Applied on a per project and per meter basis.

*Developer works administration fee* – fee administering the lodgement and management of developer installed works.

*Water and sewer plan amendment fee* – fee for the management of adjustments to on site water and sewer assets.

## Schedule 4

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### 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 **Coliban 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 **Coliban Water** or pursuant to other Government policies that apply to **Coliban 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 **Coliban Water's** water and sewerage network, the developer must provide the reticulation assets that are required to service their development and connect to **Coliban 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, **Coliban 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, **Coliban 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 **Coliban 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 **Coliban 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 **Coliban 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 **Coliban 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.

#### 4.4 Pricing principles for developer charges for existing property owners

At any time during the regulatory period, **Coliban 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

*Coliban 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<sup>th</sup> June, 2008

A handwritten signature in cursive script, appearing to read "Greg Wilson".

Greg Wilson  
Chairperson



## Annexure A

Table 1 **Additional service standards**

<i>Service standard</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Total CO2 equivalent Emissions (Tonne)	29 500	28 730	27 950	27 170	26 400
Recycled water target (per cent)	64	67	72	73	73
Biosolids reuse (per cent)	100	100	100	100	100
Sewer backlog connections and small town schemes (number)		25	340		
Drinking water quality indicators (per cent)	97.7	97.7	98.8	98.8	99.4

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

<i>Post tax WACC</i>	<i>Implied pre-tax WACC</i>
5.8	5.8

Table 3 **Benchmark revenue requirement**  
\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-2012</i>	<i>2012-13</i>
Operating expenditure	55.00	50.96	50.81	50.90	52.09
Return on existing assts	7.68	7.47	7.25	7.04	6.85
Return on new investments	2.10	5.28	7.11	8.17	9.05
Regulatory depreciation	4.90	6.75	7.77	8.25	8.59
1st period adjustments	2.64	2.64	2.64	2.64	2.64
<b>Total</b>	<b>72.32</b>	<b>73.09</b>	<b>75.58</b>	<b>76.99</b>	<b>79.21</b>

Table 4 **Updated regulatory asset base**  
\$ million in January 2007 prices

	2004-05	2005-06	2006-07	2007-08
Opening RAB	7.53	19.98	38.30	67.90
<i>Plus</i> Gross capital expenditure	19.84	22.08	85.14	83.49
<i>Less</i> Government contributions	0.00	0.00	52.90	14.69
<i>Less</i> Customer contributions	6.63	2.93	1.45	0.95
<i>Less</i> Proceeds from disposals	0.27	0.00	0.00	0.00
<i>Less</i> Regulatory depreciation	0.49	0.83	1.19	1.48
<b>Closing RAB</b>	<b>19.98</b>	<b>38.30</b>	<b>67.90</b>	<b>134.27</b>

Table 5 **Rolled forward regulated asset base**  
\$ million in January 2007 prices

	2008-09	2009-10	2010-11	2011-12	2012-13
Opening RAB	134.27	203.12	236.38	258.92	265.56
<i>Plus</i> Gross capital expenditure	76.04	42.29	32.94	17.14	28.02
<i>Less</i> Government contributions	0.00	0.00	0.00	0.00	0.00
<i>Less</i> Customer contributions	2.29	2.28	2.62	2.25	2.28
<i>Less</i> Proceeds from disposals	0.00	0.00	0.00	0.00	0.00
<i>Less</i> Regulatory depreciation	4.90	6.75	7.77	8.25	8.59
<b>Closing RAB</b>	<b>203.12</b>	<b>236.38</b>	<b>258.92</b>	<b>265.56</b>	<b>282.71</b>

Table 6 **Approved licence fee and environmental contribution assumptions**  
\$ million in January 2007 prices

	2008-09	2009-10	2010-11	2011-12	2012-13
Essential Services					
Commission licence fee	0.050	0.050	0.050	0.050	0.060
Department of Human Services licence fee	0.028	0.028	0.028	0.028	0.028
Environment Protection Authority licence fee	0.160	0.160	0.160	0.160	0.160
Environmental contribution	1.902	1.848	1.796	1.746	1.697

Table 7 **Bulk water purchases**  
\$ million in January 2007 prices

	2008-09	2009-10	2010-11	2011-12	2012-13
Bulk water purchases	3.790	2.250	1.750	1.540	1.590

Table 8 **Demand forecasts**

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Water assessments (no.)</b>					
Residential	58 470	59 414	60 368	61 339	62 323
Non-residential	7 544	7 635	7 730	7 822	7 915
<b>Total</b>	<b>66 014</b>	<b>67 049</b>	<b>68 098</b>	<b>69 161</b>	<b>70 238</b>
<b>Sewerage assessments (no.)</b>					
Residential	52 105	52 969	54 052	54 843	55 648
Non-residential	5 571	5 648	5 743	5 805	5 867
<b>Total</b>	<b>57 676</b>	<b>58 617</b>	<b>59 795</b>	<b>60 648</b>	<b>61 515</b>
<b>Billable water consumption (ML)</b>					
Residential	13 955	14 883	17 348	17 628	17 912
Non-residential	7 864	8 237	9 287	9 388	9 498
<b>Total</b>	<b>21 819</b>	<b>23 120</b>	<b>26 634</b>	<b>27 016</b>	<b>27 409</b>

Table 9 **Key capital projects**

	<i>Expected completion date</i>
Rural channel system configuration	2012-13
Sewer improvement strategy	2012-13
Bulk water purchases	2008-09
Recycled Water scheme	2011-12
Pipelines for potable supply – Bridgewater, Raywood, Sebastian and Goornong	2011-12
Main channel refurbishment	2010-11
Water augmentation for 2013 demand	2012-13
Leitchville and Gunbower water treatment plant	2009-10
Sewer pump stations	2012-13
Sewer improvement strategy – Echuca trunk and reticulation mains	2012-13