

# CITY WEST WATER

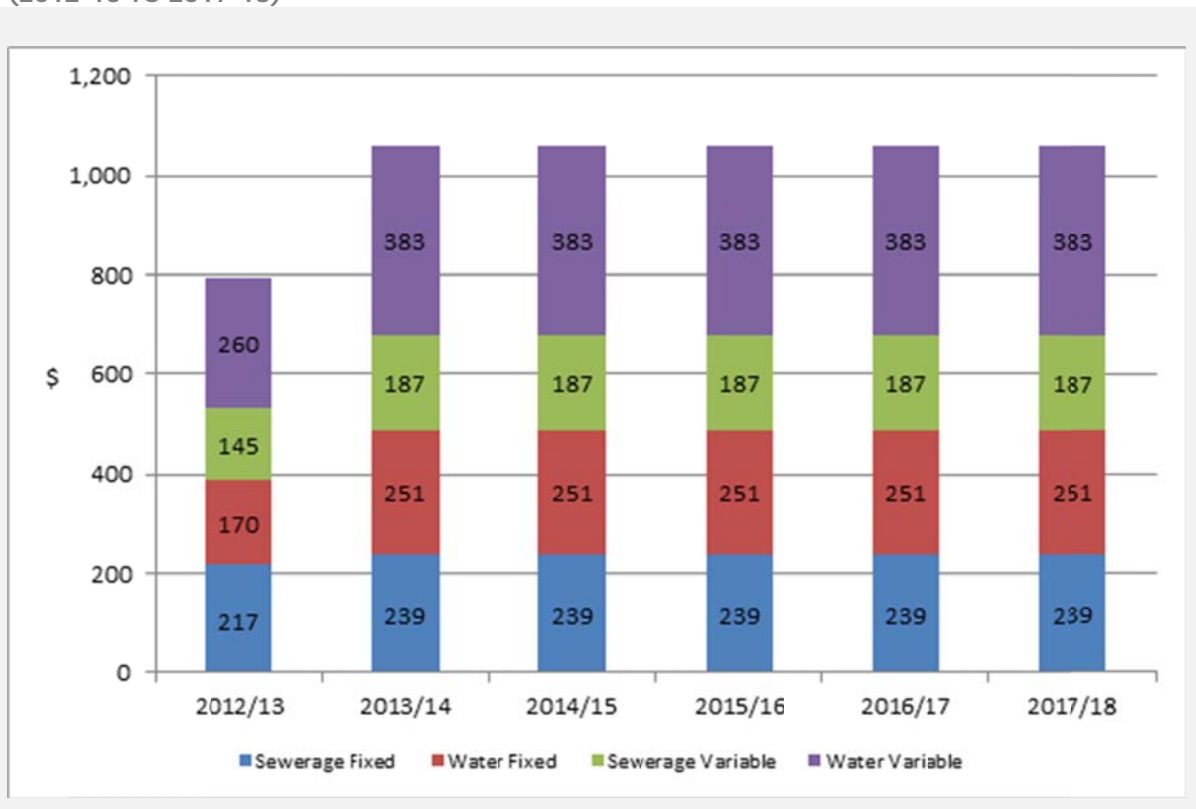
## SUMMARY OF 2013-18 WATER PLAN

*City West Water provides water and wastewater services to approximately 379 000 customers in Melbourne's central business district and inner and western suburbs.*

### KEY OUTCOMES

- The annual water and sewerage bill for an indicative average residential customer is estimated to increase from \$793 in 2012/13 to \$1 060 in 2017/18.
- CWW proposes to retain the three tier inclining block tariff for residential customers.
- CWW proposes substantial spending on network renewals and to cover demand growth.
- Introduction of d factor to deal with variable desalination payments.

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



**Note:** Household tenants pay only the variable water and sewerage charges. Annual household bills are calculated using 2011-12 average customer consumption of 143kL per annum. Note that water businesses may have used a different assumption for average customer consumption in developing their Water Plans.

## PROPOSED PRICING STRUCTURES

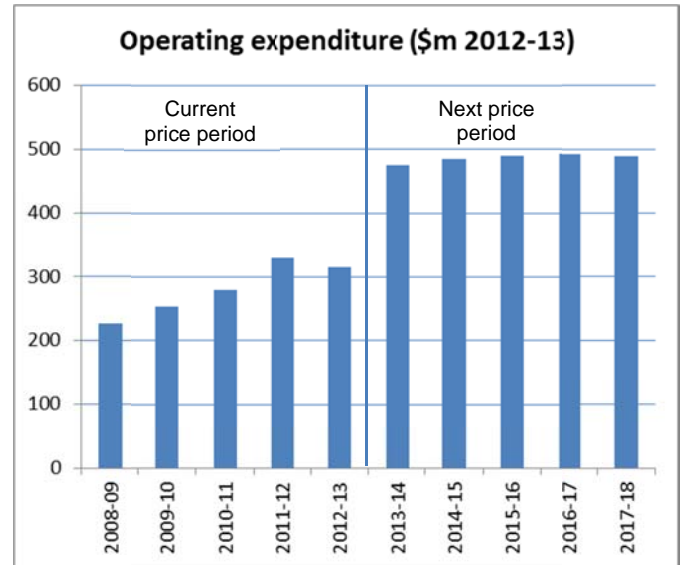
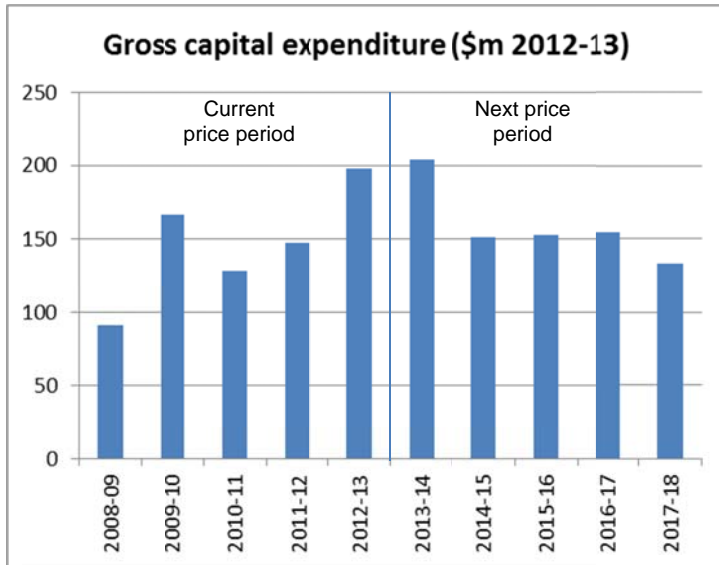
- Water — for residential customers there is a single fixed service charge and a volumetric charge based on a three tier inclining block. For non-residential customers there is a fixed charge and a single variable charge.
- Sewerage — both residential and non-residential customers continue to have a fixed charge and a volumetric charge.
- Trade waste — CWW proposes a volumetric charge, and a charge for pollutant load.
- Recycled water — non-residential recycled water price will be 85 per cent of the non-residential potable water price.
- Form of price control — individual price caps with an option to move to a tariff basket approach.
- Customer choice — there are no proposals for customer choice in the Water Plan.
- Developer charges — the only metropolitan business to put forward a proposal under the new framework. Proposes to transition to \$6 500 per lot.

## KEY PROJECTS FROM THE WATER PLAN

	Reason	Forecast cost (\$m 2012-13)
Network renewals	Renewals expenditure includes capital expenditure associated with replacing or extending the life of network and facility assets.	205.4
Growth areas – integrated supply	Continued strong growth in CWW's customer base of approximately 2.8 per cent is expected in the third regulatory period.	203.0
Altona Recycled Water Project Stage 2	Supplying alternative water to additional Altona Industrial Precinct customers.	80.0
Growth areas – sewerage	CWW will construct sewerage infrastructure in its urban growth zone.	51.5
Arrow Program	Enable business transformation by implementing an Integrated Application Suite from Oracle Corporation and support services for CWW's IT requirements.	51.0
Docklands Recycled Water Project	The Docklands Recycled Water Project will supply recycled water to 50 per cent of the Docklands site that is as yet undeveloped.	27.8
Office relocation	In mid -2014, CWW will move its head office administration functions to a new facility in Footscray.	11.6

## PROPOSED EXPENDITURE

- Total **capital expenditure** forecast is \$795m, up from \$731m estimated capital expenditure for the current price period. Total **operating expenditure** forecast is \$2.4b, around 70 per cent higher than the estimated \$1.4b for the current regulatory period.



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

	2013-14	2014-15	2015-16	2016-17	2017-18
Operating expenditure	474.71	484.61	488.39	491.60	489.22
Return on assets	82.80	88.28	92.34	96.15	99.24
Depreciation	39.67	44.60	48.00	49.26	50.98
Tax Liability	8.36	7.62	6.31	6.76	8.28
<b>TOTAL</b>	<b>605.53</b>	<b>625.11</b>	<b>635.04</b>	<b>643.77</b>	<b>647.71</b>

## PROPOSED SERVICE STANDARDS

	Actual average 2007-08 to 2011-12	Proposed average 2013-14 to 2017-18
<b>Water</b>		
Unplanned water supply interruptions (per 100km)	42.8	60.9
Average time taken to attend bursts and leaks (priority 1)	23.3	24.1
Average time taken to attend bursts and leaks (priority 2)	32.3	32.9
Average time taken to attend bursts and leaks (priority 3)	187.4	225.0
Unplanned water supply interruptions restored within 5 hours (per cent)	95.1%	94.3%
Planned water supply interruptions restored within 5 hours (per cent)	95.4%	93.6%
Average unplanned customer minutes off water supply	28.0	41.3
Average planned customer minutes off water supply	8.4	8.5
Average unplanned frequency of water supply interruptions per customer	0.2	0.3
Average planned frequency of water supply interruptions per customer	0.1	0.1
Average duration of unplanned water supply interruptions (minutes)	140.2	137.9
Average duration of planned water supply interruptions (minutes)	137.4	130.4
Number of customers experiencing more than 5 unplanned water supply interruptions in the year	21.2	0.0
Unaccounted for water	8.6%	8.4%
<b>Sewerage</b>		
Sewerage blockages (per 100km)	23.7	23.9
Average time to attend sewer spills and blockages (minutes)	37.0	27.5
Average time to rectify a sewer blockage (minutes)	126.3	126.1
Spills contained within 5 hours (per cent)	100.0%	100.0%
Customers receiving more than 3 sewer blockages in the year	0.0	0.0
<b>Customer service</b>		
Telephone calls answered within 30 seconds (Accounts Line) (% of Calls)	80.0%	80.5%

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

## PROPOSED GUARANTEED SERVICE LEVELS

GSL Measure	Customer rebate for breach of GSL (\$)
No more than give unplanned water supply interruptions in a twelve month period	50
Unplanned water supply interruptions to be restored within five hours	50
Interruptions to sewerage services to be restored within five hours	50
Sewer spills to be contained within five hours of notification	50
Sewer spills within a house, that are a result of a failure in our pipes, to be contained within one hour of notification	1 000
Restricting the water supply of, or taking legal action against, a residential customer prior to taking reasonable endeavours to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying	300
No more than three sewerage service interruptions in a twelve month period	50

## CUSTOMER CONSULTATION

CWW states in its Water Plan that it used a variety of engagement methods to ensure that as many views as possible were heard, including:

- on-line forums
- more traditional consultation meetings.

## ISSUES IDENTIFIED BY THE COMMISSION FOR FURTHER INVESTIGATION

- Recycled water capital expenditure.
- Rises in operational expenditure.
- Alternative price paths.
- Absence of customer choice.
- Continuation of inclining block tariffs and sewerage variable charge.

**More information:** View City West Water's Water Plan at [www.esc.vic.gov.au](http://www.esc.vic.gov.au)