

Water Plan 3

Proposed Tariffs & Pricing



“ Our prices are not designed to deliver profits, we aim to meet our service obligations and develop our infrastructure to meet customer demand. ”

Murray Jackson Managing Director
Westernport Water

Our prices and tariffs proposed in our Water Plan 3 (WP3) are set to ensure we recover the cost of operating our business. Our plan is submitted to the Essential Services Commission, the pricing regulator who review and if deemed appropriate, will authorise Westernport Water to start charging as per the plan from 1 July 2013. Please note all WP3 prices exclude CPI annual inflation.

Water usage charges

The current Inclining Block Tariff (IBT) will be replaced by one usage charge as supported by Westernport Water customers.

A flat water use charge of \$1.79 per kilolitre (KL) for both residential and commercial customers will be charged as the *variable charge* for water, from from 1 July 2013.

Fixed charges

Your fixed *water and wastewater access* charges on your bill are developed to ensure that sufficient revenue is generated to cover the fixed costs of operating our corporation, as well supporting our investments to meet future demand.

Recycled water tariff

A fixed fee of \$25 per annum will be payable by customers who are connected to our recycled water purple pipe network.

Vacant land tariff

Unconnected vacant land tariffs will be charged at 50% of the fixed access charges (refer to above table).

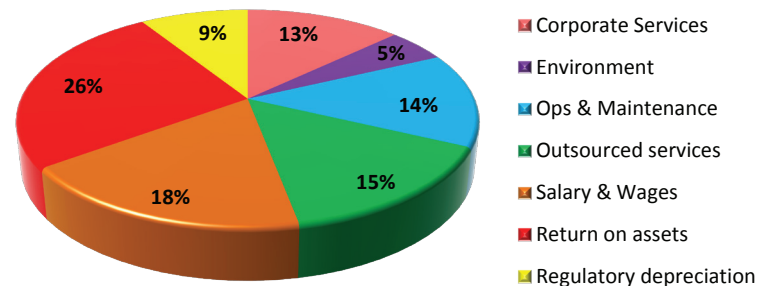
Proposed tariff increases 2013-2018

Water, recycled water and sewer tariffs will increase on average by 3% per year (*excluding CPI annual inflation*) from 1 July 2013 until end June 2018.

Proposed residential tariffs from 1 July 2013

Residential Tariffs	Current 2012-2013	Proposed (rounded & excludes CPI annual inflation)				
		2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Water Access Charge	\$365.62	\$360	\$370	\$382	\$393	\$405
Sewer Access Charge	\$555.57	\$555	\$571	\$589	\$607	\$625
Water Use charge per kl	IBT Tier 1 \$1.50 IBT Tier 2 \$1.79 IBT Tier 3 \$2.30	\$1.79	\$1.87	\$1.95	\$2.04	\$2.13

What your tariffs pay for



Where do I find more information?

Further detailed information regarding the new water usage rate and other tariffs can be found in section 10 of our Water Plan 3 document.

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Proposed Capital Expenditure



Proposed capital expenditure is driven by a number of factors including; growth, compliance, improvements in service and renewals of existing assets. Our proposed capital expenditure is in line with the previous water plan expenditure, however the focus on our capital investment will shift from water supply projects to wastewater upgrades and improvements.

Proposed Capital Works Program

The table below provides a summary of our proposed capital works included in Water Plan 3.

Driver	Description	WP3 Cost
Compliance	Projects required to meet regulatory and statutory obligations	\$6.600 M
Growth	Capital investments required to meet growth and forecasted demand.	\$9.247 M
Improved Services	Projects identified to continually improve asset performance, quality of our products and deliver improved services to our customers.	\$1.705 M
Renewals	Identified asset replacement projects, due to age or condition of assets.	\$5.930 M
Total		\$23.482 M

*WP3 costs are stated in 2013 dollars and excludes CPI annual inflation

Proposed capital expenditure includes projects required to achieve overall compliance with our regulators, and customer product and service expectations over the next five years.

Our major capital projects in Water Plan 3

Pump Station Upgrades	ongoing program of upgrades to switchboards, pumps, generators, mechanical and electrical components to ensure our 90 plus pump stations continue to deliver expected levels of service	\$3.265 M
Cowes Wastewater Treatment Plant	an upgrade strategy for the main treatment plant that services San Remo and Phillip Island	\$3.250 M
Wastewater Network	progressively implement wastewater upgrades to support growth in the Cowes & Phillip Island area	\$8.895 M
Water Treatment	additional disinfection in the treatment process to remove risk of contaminants from surrounding farmland	\$2.240 M
Water Network	replacement program including the replacement of the San Remo basin liner, ageing water meters and pipework	\$5.327 M
Other		\$0.505 M
Total		\$23.482 M

Where do I find more information?

Further detailed information regarding Capital Expenditure can be found in Section 6 of our DRAFT Water Plan 3 document.

Water Plan 3

Introduction of

Guaranteed Service Levels

Westernport Water customers have demonstrated support for the proposal to introduce Guaranteed Service Levels (GSL's) in Water Plan 3, which are scheduled to take effect from 1 July 2013.



What are Guaranteed Service Levels (GSL's)?

GSL's are performance levels that we guarantee to deliver to our customers.

Using smart technology we will be able to identify potential problems, reducing the likelihood of unplanned interruptions. At Westernport Water we aim to respond to all incidents in a timely fashion minimising the effect on customers.

In the unlikely event that we are unable to meet an agreed service level, a rebate will be provided to customers affected by the service interruptions listed below.

How much would I receive?

Service Level	Rebate Allowance
No more than 5 unplanned water interruptions within a 12 month period	\$50
Sewer spill outside not contained within 5 hours	\$250
Sewer spill within a house not contained within 1 hour	\$500
Restricting the water supply of, or taking legal action against, a residential customer prior to taking reasonable endeavours to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying*	\$300

“improving our asset performance is a key focus for the Water Plan 3 period.”

Murray Jackson Managing Director

How will GSL's benefit me?

You will continue to receive a high level of service, and for the cost of approximately \$0.25 - \$0.50 cents per quarter, you will have the reassurance and support, guaranteed by financial recompense.

Where do I find more information?

Further detailed information regarding Guaranteed Service Levels can be found in Section 4 of Water Plan 3, page 13 -14.

Water Plan 3

Water Supply Demand Strategy



What is a Water Supply Demand Strategy (WSDS)?

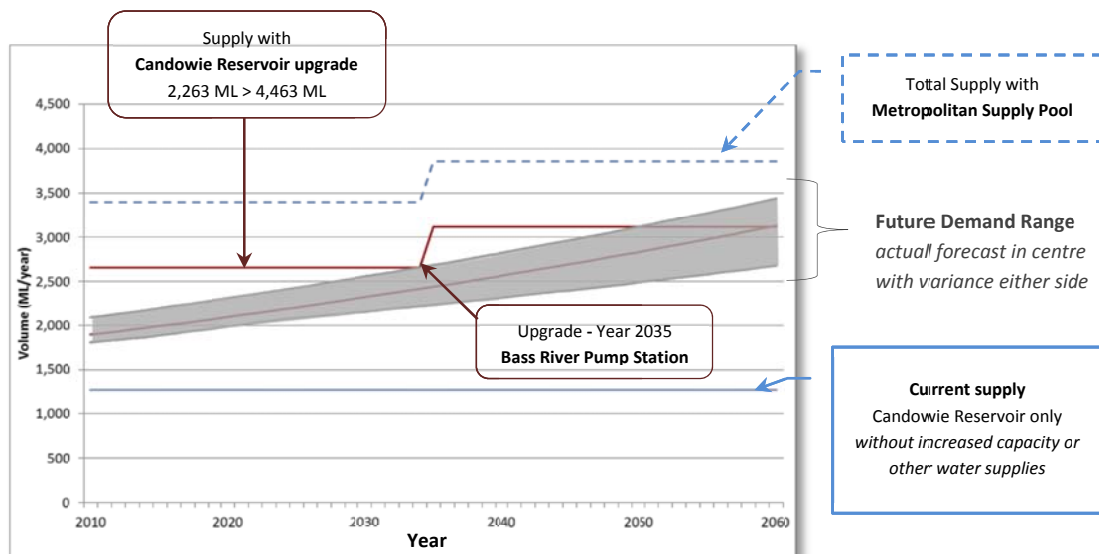
- ◆ Balancing available water sources & supply and customer demand to deliver water at the lowest practical cost
- ◆ Maintaining the supply & demand balance to reduce the need for future water restrictions
- ◆ Providing customers with a secure & reliable source of water

In developing the demand forecasts for our WSDS we have considered the following:

- ◆ Water supply
- ◆ Population and demographic changes (on average 2% property growth per year)
- ◆ General and local economic conditions
- ◆ Average consumption

Our Future Water Demand Forecast

As displayed in the chart below, the forecast supply from current water sources will service our community until 2060 with an increased reservoir capacity (currently being constructed), and a small increase in water sourced from the Bass River in year 2035.



What are we doing to secure supply?

Westernport Water has sufficient water to meet demand for the short to medium term. However this is a forecast only. The actual supply and demand balance may shift every year depending on climate, population growth and water consumption habits. Projects and initiatives included in our WSDS to secure our supply include:

- ◆ Upgrading Candowie Reservoir (current project)
- ◆ Upgrading Bass River Pump Station (in year 2035)
- ◆ Connecting to Metropolitan Supply (current)
- ◆ Continual water conservation programs and public education (ongoing)
- ◆ Class A recycled water use (current)

Where do I find more information?

Further detailed information can be found in Section 8 of our DRAFT Water Plan 3 document.

A copy of our Water Supply Demand Strategy can be downloaded from our website.