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2013 WATER PRICE REVIEW

WANNON WATER DETERMINATION

1 JULY 2013 – 30 JUNE 2018

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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 12 June 2013, the Commission made its decision under the *WIRO* in respect of:
 - (i) the prices which Wannon Region Water Corporation (trading as Wannon Water) (ABN 94 007 404 851) (*Wannon Water*) may charge for *prescribed services* during the *regulatory period*; and
 - (ii) the standards and conditions of service and supply which *Wannon 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 *Wannon 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 *Wannon Water* and its successors and assigns in respect of the business carried on by *Wannon 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 2013 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 2018.

(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 2018, 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 *Wannon Water* between 1 July 2018 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 *Wannon Water*, extend or reduce the time by which, or the period within which, *Wannon 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 **Wannon 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 **Wannon 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

Wannon Water must not charge more than:

- (i) the scheduled prices in Schedule 2, during the first **regulatory year**, and
- (ii) the amounts 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 **Wannon Water** in respect of **prescribed services** during the **regulatory period**.

(c) **Pricing principles**

During the *regulatory period*, *Wannon 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 *Wannon Water* has entered into a contract (a *relevant contract*) which relates to the provision of *prescribed services* prior to 1 July 2013, *Wannon 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**

Wannon 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. 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 (in a manner consistent with the requirements of the *Competition and Consumer Act 2010* (Cth)).

(d) **GST**

Wannon 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_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 2018, 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 2018 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**, **Wannon 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 **Wannon 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 **Wannon Water** (including a statement of its reasons);
 - (B) may request **Wannon Water** to provide any additional information specified by the Commission;
 - (C) will take any additional information provided by **Wannon 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 **Wannon 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**

Wannon 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) **Wannon 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 **Wannon Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **Wannon Water** enters into a **new contract** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 4 relate, **Wannon Water** must, within 30 **business days** of the date of the **new contract**, on request 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 **Wannon 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 **Wannon 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, **Wannon 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) **Wannon 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.

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

where **Wannon 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

$ap_{ij,t}$ is the proposed tariff for component j of tariff i determined in accordance with Schedule 2 where the **revised tariff schedule** is applied

$q_{ij,t-2}$ 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 **Wannon 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 **Wannon 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 **Wannon 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 **Wannon 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 **Wannon Water** under this clause 3 if it is satisfied that:
- (A) **Wannon Water** has complied with clause 3(b)(i)(A);
- (B) the price movements calculated in accordance with the **revised tariff schedule** comply with clause 3(a)(ii);
- (C) the **revised tariff schedule** is consistent with the **relevant tariff strategy**;
- (D) **Wannon 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) **Wannon 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 **Wannon 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 **Wannon Water** within 40 **business days** from the date of its receipt of **Wannon Water’s** application under this clause 3.

4. Uncertain or unforeseen events

4.1 General principle

- (a) **Wannon 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 **Wannon Water** and/or increased or decreased revenue received by **Wannon Water** as a result of events which were uncertain or unforeseen at the time this Determination was made (an **uncertain events application**).
- (b) Whether or not **Wannon Water** makes an application under clause 4.1(a), **Wannon Water** must promptly notify the Commission upon becoming aware of an even which could form part or all of the basis of an application.
- (c) 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. Generally the matters taken into account will include positive and negative influences on revenue and expenditure. The Commission may limit an adjustment to only some events or a single event.

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 **Wannon 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 **Wannon 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 **Wannon Water** in one or more **regulatory years** during the **regulatory period**;

- (iv) amounts payable by **Wannon 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 or cessation of a statutory carbon price or tax or 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 **Wannon Water's** control;
- (ii) were or should have been known by **Wannon Water** at the time the Determination was made;
- (iii) could reasonably have been foreseen by **Wannon Water**;
- (iv) should be or should have been planned for or managed by **Wannon Water**, and/or
- (v) reflect inefficient expenditure by **Wannon 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 each 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 ***Wannon 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 ***Wannon Water***.
- (iii) The Commission may request ***Wannon 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(c) in respect of an ***uncertain events application*** or an event identified by the Commission under clause 4.3(a)(ii), the Commission may, in its absolute discretion:

- (i) amend this Determination or adjust the scheduled prices in Schedule 2 and/or the revenue requirements in Schedule 4 with effect from a date and in a manner decided by the Commission (in respect of one or more events) at a time decided by the Commission; or
- (ii) take the ***uncertain events application*** into account in making its determination in respect of the prices which

Wannon Water may charge for *prescribed services* in the *next regulatory period*.

5. Other adjustments during regulatory period

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 applicable *Customer Service Code* made under the **WI Act**.

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 2018 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 2013 and ending on 30 June 2018.

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 government or public authority in 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 2012 as at the date of this Determination.

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.

<i>Tariff and Price Component</i>	<i>Price (1 July 2013)</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>	<i>PPM Year 5</i>
1. WATER TARIFFS					
1.1 Urban Residential and Non-Residential, Rural Water Service and Fire Service Charges (per annum)					
Service Charge Group A - Portland, Heywood, Port Fairy, Allansford, Noorat/ Glenormiston, Camperdwon, Carlisle, Carpendeit, Cobden, Koroit, Lismore/ Derrinallum, Mortlake, Purnim, Simpson, Terang and Warrnambool					
0-20mm connection	158.63	-0.3%	-0.3%	-0.3%	-0.3%
21-25mm connection	236.17	-0.3%	-0.3%	-0.3%	-0.3%
26-32mm connection	634.56	-0.3%	-0.3%	-0.3%	-0.3%
33-40mm connection	1110.63	-0.3%	-0.3%	-0.3%	-0.3%
41-50mm connection	1745.15	-0.3%	-0.3%	-0.3%	-0.3%
51-80mm connection	2538.49	-0.3%	-0.3%	-0.3%	-0.3%
81-100mm connection	3670.48	-0.3%	-0.3%	-0.3%	-0.3%
101-150mm connection	5127.10	-0.3%	-0.3%	-0.3%	-0.3%
151+mm connection	6772.68	-0.3%	-0.3%	-0.3%	-0.3%
Service Charge Group B - Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Peshurst and Tarrington					
0-20mm connection	191.70	-4.9%	-4.9%	-4.9%	-4.9%
21-25mm connection	285.39	-4.9%	-4.9%	-4.9%	-4.9%
26-32mm connection	766.82	-4.9%	-4.9%	-4.9%	-4.9%
33-40mm connection	1342.11	-4.9%	-4.9%	-4.9%	-4.9%
41-50mm connection	2108.85	-4.9%	-4.9%	-4.9%	-4.9%
51-80mm connection	3067.53	-4.9%	-4.9%	-4.9%	-4.9%
81-100mm connection	4435.45	-4.9%	-4.9%	-4.9%	-4.9%
101-150mm connection	6195.65	-4.9%	-4.9%	-4.9%	-4.9%
151+mm connection	8184.17	-4.9%	-4.9%	-4.9%	-4.9%

Service Charge Group C - Peterborough, Port Campbell and Timboon

0-20mm connection	286.32	-0.3%	-0.3%	-0.3%	-0.3%
21-25mm connection	426.28	-0.3%	-0.3%	-0.3%	-0.3%
26-32mm connection	1145.29	-0.3%	-0.3%	-0.3%	-0.3%
33-40mm connection	2004.51	-0.3%	-0.3%	-0.3%	-0.3%
41-50mm connection	3149.7	-0.3%	-0.3%	-0.3%	-0.3%
51-80mm connection	4581.52	-0.3%	-0.3%	-0.3%	-0.3%
81-100mm connection	6624.57	-0.3%	-0.3%	-0.3%	-0.3%
101-150mm connection	9253.53	-0.3%	-0.3%	-0.3%	-0.3%
151+mm connection	12223.44	-0.3%	-0.3%	-0.3%	-0.3%

Service Charge Group D - Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford

0-20mm connection	322.09	-3.2%	-3.2%	-3.2%	-3.2%
21-25mm connection	479.56	-3.2%	-3.2%	-3.2%	-3.2%
26-32mm connection	1288.41	-3.2%	-3.2%	-3.2%	-3.2%
33-40mm connection	2254.99	-3.2%	-3.2%	-3.2%	-3.2%
41-50mm connection	3543.26	-3.2%	-3.2%	-3.2%	-3.2%
51-80mm connection	5154.01	-3.2%	-3.2%	-3.2%	-3.2%
81-100mm connection	7452.32	-3.2%	-3.2%	-3.2%	-3.2%
101-150mm connection	10409.76	-3.2%	-3.2%	-3.2%	-3.2%
151+mm connection	13750.79	-3.2%	-3.2%	-3.2%	-3.2%

Service Charge - Darlington

Darlington Service Charge	158.63	-0.3%	-0.3%	-0.3%	-0.3%
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1.2 Urban Residential Water Usage Charges (per kL)

Usage Charge Group A - Portland, Heywood, Port Fairy, Allansford, Noorat/ Glenormiston, Camperdwon, Carlisle, Carpenteit, Cobden, Koroit, Lismore/ Derrinallum, Mortlake, Purnim, Simpson, Terang and Warrnambool

User Charge Block 1 (0-438 litres/day)	1.7794	-0.3%	-0.3%	-0.3%	-0.3%
User Charge Block 2 (439-822 litres/day)	2.1363	-0.3%	-0.3%	-0.3%	-0.3%
User Charge Block 3 (822+ litres/day)	3.2044	-0.3%	-0.3%	-0.3%	-0.3%

Usage Charge Group B - Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Penshurst and Tarrington

User Charge Block 1 (0-438 litres/day)	2.3706	-7.2%	-7.2%	-7.2%	-7.2%
User Charge Block 2 (439-822 litres/day)	2.8460	-7.2%	-7.2%	-7.2%	-7.2%
User Charge Block 3 (822+ litres/day)	4.2691	-7.2%	-7.2%	-7.2%	-7.2%

Usage Charge Group C - Peterborough, Port Campbell and Timboon

User Charge Block 1 (0-438 litres/day)	1.3762	-0.3%	-0.3%	-0.3%	-0.3%
User Charge Block 2 (439-822 litres/day)	1.6523	-0.3%	-0.3%	-0.3%	-0.3%

User Charge Block 3 (822+ litres/day)	2.4784	-0.3%	-0.3%	-0.3%	-0.3%
Usage Charge Group D - Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford					
User Charge Block 1 (0-438 litres/day)	1.6921	-5.4%	-5.4%	-5.4%	-5.4%
User Charge Block 2 (439-822 litres/day)	2.0316	-5.4%	-5.4%	-5.4%	-5.4%
User Charge Block 3 (822+ litres/day)	3.0472	-5.4%	-5.4%	-5.4%	-5.4%
Usage Charge - Darlington					
Darlington Usage all usage (per kL)	0.5846	-0.3%	-0.3%	-0.3%	-0.3%
1.3 Urban Non-Residential and Rural Water Usage Charges (per kL)					
Usage Charge Group A - Portland, Heywood, Port Fairy, Allansford, Noorat/ Glenormiston, Camperdwon, Carlisle, Cappendeit, Cobden, Koroit, Lismore/ Derrinallum, Mortlake, Purnim, Simpson, Terang and Warrnambool					
Potable Water (per kL)	2.1363	-0.3%	-0.3%	-0.3%	-0.3%
Non-Potable Water (per kL)	1.7794	-0.3%	-0.3%	-0.3%	-0.3%
Usage Charge Group B - Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Penshurst and Tarrington					
Potable Water (per kL)	2.8460	-7.2%	-7.2%	-7.2%	-7.2%
Non-Potable Water (per kL)	2.3706	-7.2%	-7.2%	-7.2%	-7.2%
Usage Charge Group C - Peterborough, Port Campbell and Timboon					
Potable Water (per kL)	1.6523	-0.3%	-0.3%	-0.3%	-0.3%
Non-Potable Water (per kL)	1.3762	-0.3%	-0.3%	-0.3%	-0.3%
Usage Charge Group D - Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford					
Potable Water (per kL)	2.0316	-5.4%	-5.4%	-5.4%	-5.4%
Non-Potable Water (per kL)	1.6921	-5.4%	-5.4%	-5.4%	-5.4%
Usage Charge - Darlington					
Darlington Usage all usage (per kL)	0.5846	-0.3%	-0.3%	-0.3%	-0.3%
1.4 Rural Water Usage Surcharge					
Rural Water Usage Surcharge	2.4534	-0.3%	-0.3%	-0.3%	-0.3%

1.5 Residential Un-Connected Service Charge (per annum)

Service Charge Group A - Portland, Heywood, Port Fairy, Allansford, Noorat/ Glenormiston, Camperdown, Carlisle, Carpendeit, Cobden, Koroit, Lismore/ Derrinallum, Mortlake, Purnim, Simpson, Terang and Warrnambool	158.63	-0.3%	-0.3%	-0.3%	-0.3%
Service Charge Group B - Balmoral, Caramut, Cavendish, Dunkeld, Glenthompson, Hamilton, Peshurst and Tarrington	158.63	-0.3%	-0.3%	-0.3%	-0.3%
Service Charge Group C - Peterborough, Port Campbell and Timboon	158.63	-0.3%	-0.3%	-0.3%	-0.3%
Service Charge Group D - Dartmoor, Casterton, Coleraine, Macarthur, Merino and Sandford	158.63	-0.3%	-0.3%	-0.3%	-0.3%
Service Charge - Darlington	158.63	-0.3%	-0.3%	-0.3%	-0.3%
1.6 Un-Metered Service Charge (per annum)	1354.17	-0.3%	-0.3%	-0.3%	-0.3%

2. SEWERAGE TARIFFS

2.1 Residential Sewerage Tariffs Connected service (per annum)

Service Charge Group A - Allansford, Koroit, Mortlake, Peterborough, Timboon, Camperdown, Cobden, Simpson, Terang, Warrnambool, Dunkeld, Port Campbell and Port Fairy	728.40	-1.1%	-1.1%	-1.1%	-1.1%
Service Charge Group B - Casterton, Coleraine and Hamilton	720.76	-0.9%	-0.9%	-0.9%	-0.9%
Service Charge Group C - Heywood and Portland	705.66	-0.3%	-0.3%	-0.3%	-0.3%

2.2 Residential Sewerage Tariffs Un-Connected service (per annum)

Service Charge Group A - Allansford, Koroit, Mortlake, Peterborough, Timboon, Camperdown, Cobden, Simpson, Terang, Warrnambool, Dunkeld, Port Campbell and Port Fairy	211.45	-0.3%	-0.3%	-0.3%	-0.3%
Service Charge Group B - Casterton, Coleraine and Hamilton	211.57	-0.3%	-0.3%	-0.3%	-0.3%
Service Charge Group C - Heywood and Portland	211.67	-0.3%	-0.3%	-0.3%	-0.3%

3.1 Trade Waste Volume and Load Charges

Major Trade Waste Volume Charges

Volume (\$/kL)	0.4841	2.0%	2.0%	2.0%	2.0%
BOD (\$/kg)	1.1121	2.0%	2.0%	2.0%	2.0%
Suspended Solids (\$/kg)	0.2021	2.0%	2.0%	2.0%	2.0%
Ammonia (\$/kg)	1.1649	2.0%	2.0%	2.0%	2.0%

Minor Trade Waste Volume Charges & Non-Residential Sewage Volume Charges

Group 1 - Warrnambool, Allansford and Koroit

Volume (\$/kL)	0.6689	12.0%	12.0%	12.0%	12.0%
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Group 2 - Hamilton

Volume (\$/kL)	1.2680	0.0%	0.0%	0.0%	0.0%
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Group 3 - Portland

Volume (\$/kL)	1.5180	0.0%	0.0%	0.0%	0.0%
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Group 4 - Port Fairy

Volume (\$/kL) *	2.0813	-3.0%	-3.0%	-3.0%	-3.0%
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Group 5 - Camperdown, Casterton, Cobden, Coleraine, Dunkeld, Heywood, Mortlake, Peterborough, Port Campbell, Simpson, Terang and Timboon

Volume (\$/kL) *	1.7988	0.0%	0.0%	0.0%	0.0%
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* Note: No CPI Adjustment to be applied

4.1 Customer Contributions

Warrnambool Growth Areas (Wollaston and Hopkins Point)

Water (per lot)	4305.1	0.0%	0.0%	0.0%	0.0%
Sewer (per lot)	820.02	0.0%	0.0%	0.0%	0.0%

Warrnambool Roof Water Harvesting Area

Water (per lot)	2050.05	0.0%	0.0%	0.0%	0.0%
Sewer (per lot)	820.02	0.0%	0.0%	0.0%	0.0%

Warrnambool In-fill and Dennington, Koroit, Allansford, Port Fairy

Water (per lot)	820.02	0.0%	0.0%	0.0%	0.0%
Sewer (per lot)	820.02	0.0%	0.0%	0.0%	0.0%

Hamilton and Portland

Water (per lot)	820.02	0.0%	0.0%	0.0%	0.0%
Sewer (per lot)	1640.04	0.0%	0.0%	0.0%	0.0%

Small Towns (All other)

Water (per lot)	820.02	0.0%	0.0%	0.0%	0.0%
Sewer (per lot)	820.02	0.0%	0.0%	0.0%	0.0%

5.1 Miscellaneous fees and charges

Water tapping fee (including fire service connections)					
- 20mm connection	250.10	0.0%	0.0%	0.0%	0.0%
- 25mm connection	281.88	0.0%	0.0%	0.0%	0.0%

Water meter					
- 20mm connection	110.70	0.0%	0.0%	0.0%	0.0%
- 25mm connection	172.20	0.0%	0.0%	0.0%	0.0%
Water disconnection fee	220.38	0.0%	0.0%	0.0%	0.0%
Sewer cut in					
- 150mm mains and below	650.89	0.0%	0.0%	0.0%	0.0%
- 225mm mains and above	763.64	0.0%	0.0%	0.0%	0.0%
Sewer connection application					
- Residential	98.40	0.0%	0.0%	0.0%	0.0%
- Residential < one business day	199.87	0.0%	0.0%	0.0%	0.0%
- Non-residential	135.30	0.0%	0.0%	0.0%	0.0%
Sewer disconnection application	130.17	0.0%	0.0%	0.0%	0.0%
Information statement	69.70	0.0%	0.0%	0.0%	0.0%
Information statement < one business day	135.30	0.0%	0.0%	0.0%	0.0%
Meter Reading Fee	41.00	0.0%	0.0%	0.0%	0.0%
6.1 Fire Service Charges					
0-20mm connection	47.58	-0.3%	-0.3%	-0.3%	-0.3%
21-25mm connection	70.85	-0.3%	-0.3%	-0.3%	-0.3%
26-32mm connection	190.37	-0.3%	-0.3%	-0.3%	-0.3%
33-40mm connection	333.18	-0.3%	-0.3%	-0.3%	-0.3%
41-50mm connection	523.54	-0.3%	-0.3%	-0.3%	-0.3%
51-80mm connection	761.54	-0.3%	-0.3%	-0.3%	-0.3%
81-100mm connection	1101.14	-0.3%	-0.3%	-0.3%	-0.3%
101-150mm connection	3299.55	-0.3%	-0.3%	-0.3%	-0.3%
151+mm connection	4361.94	-0.3%	-0.3%	-0.3%	-0.3%

Schedule 3

Application of prices

3.1 Trade waste volume discharge factors

Code	Property Type Description	Sewage Volume Discharge Factor
AB	Abattoir/Knackery	95.00%
CW	Car/Truck Wash	95.00%
DY	Depot/Yards	95.00%
FP	Funeral Parlour	95.00%
HA	Hall	95.00%
HO	Hospital/Nursing Home	95.00%
HT	Hotel/Motel/Accommodation	95.00%
IC	Indoor Sports Centre	95.00%
LD	Laundry/Laundromat/Dry Cleaner	95.00%
ME	Mechanical Business	95.00%
MP	Milk Processing	95.00%
OS	Office/Retail Outlet	95.00%
PC	Public Conveniences	95.00%
PH	Printing/Photography processing	95.00%
RE	Restaurants/Cafes	95.00%
RFO	Retail/Wholesale food outlet/processing	95.00%
SA	Salon (Beauty, Hair etc)	95.00%
SGF	Sporting/Recreation Grounds WITH function rooms	95.00%
SU	Surgery	95.00%
TS	Manufacturing & Trade Services	95.00%
BD	Business & Dwelling	80.00%
CB	Concrete Batching Plant	80.00%
CH	Church	80.00%
ES	Emergency Services	80.00%
KG	Kindergarten/Day Care	80.00%
CP	Caravan Park/Camping Grounds	50.00%
HB	Hobby Farm	50.00%
SC	School	50.00%

SW	Swimming Pool	50.00%
WS	Water Sport Facilities	50.00%
CE	Cemetery	25.00%
CG	Commercial Gardens	25.00%
IW	Ice Works	25.00%
PO	Port Area	25.00%
SG	Sporting/Recreation Grounds (without function rooms)	25.00%
AC	Holiday Accommodation (Private)	0.00%
BC	Body Corporate	0.00%
BR	Boat Ramp	0.00%
DA	Dairy	0.00%
DW	Dwelling	0.00%
FA	Farm (not Dairy)	0.00%
HOR	Hobby Farm	0.00%
MH	Metered Hydrant Filling Point	0.00%
MS	Median Strip	0.00%
OTR	Other - Rural	0.00%
PG	Parks, Gardens & Reserves	0.00%
PS	Pump Station/Treatment Plant	0.00%
RB	Roundabout	0.00%
SP	Standpipe	0.00%
SPR	Stand Pipe (Rural)	0.00%
UFA	Unit/Flat/Apartment	0.00%
VL	Vacant Land	0.00%

3.2 Inclining block tariffs

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

3.3 Miscellaneous fees and charges

The following table sets out the definitions of the miscellaneous charges contained in Schedule 2.

Miscellaneous Service	Definition
Water tapping fee, including fire services (per tapping)	This charge provides for the attendance of Wannon Water personnel to the site to complete an under pressure water tapping of the water main. The excavation is to be prepared by the customer's plumber to the standards specified by Wannon Water to ensure safe access by Wannon Water personnel to the water main. The charge includes the provision of a tapping band, ferrule and ferrule bend (where required). The same charge applies for fire service tapplings.
Water meter - 20mm	This charge provides for a standard water meter in perpetuity. It does not include back flow prevention devices. Larger diameter meters of 50mm and greater will be an electronic type meter at the discretion of Wannon Water. The fitting of the water meter is the responsibility of the customer's plumber. The meter will be issued on site.
Water disconnection - all sizes	This charge applies where a water service is no longer required and the tapping is to be decommissioned. The charge provides for the attendance of Wannon Water personnel to the site to decommission the water service. The excavation is to be prepared by the customer's plumber to the standards specified by Wannon Water to ensure safe access by Wannon Water personnel to the water main. The charge includes all materials and fittings.
Sewer cut in 150mm and below	The sewer cut in charge provides for the attendance of Wannon Water personnel to the site to complete a cut into a sewerage main for the purposes of making a new connection. The excavation is to be prepared by the customer's plumber to the standards specified by Wannon Water to ensure safe access by Wannon Water personnel. Included in the charge is the provision of a fitting on the sewer main which enables the customer's plumber to connect the property drain to.
Sewer connection application residential	The sewer connection application charge provides for processing of an application for a sewer connection or alteration. To cater for emergency situations, plumbers are able to request that a residential application be processed in less than one business day. Once the application has been approved a Plumbing Industry Commission (PIC) number will be issued.
Sewer disconnection application - all sizes	Where a sewerage connection is no longer required, the connection point needs to be decommissioned. The charge provides for the attendance of Wannon Water personnel to the site to seal the connection point. The excavation is to be prepared by the customer's plumber to the standards specified by Wannon Water to ensure safe access by Wannon Water personnel. The charge includes all materials and is for a single connection, multiple disconnections receive multiple charges.
Information statement request	Wannon Water is required by law to prepare and issue information statements where requested. The charge includes undertaking a special meter reading and provision of an asset location plan where required. The asset location plan includes details on the location of Wannon Water's water and sewerage assets. It does not include details on the locations of the customer's internal water or sewerage assets.

Meter reading fee (applies to both tenant and special readings)	Wannon Water is required in a number of circumstances to attend a property to undertake a special read of the water meter to establish the water use at a specific point in time. Requests are typically made by customers who believe the most recent regular meter reading is incorrect. The fee is waived where it is shown that Wannon Water has recorded an incorrect meter reading. This charge applies in all circumstances except where a tenant commences a new tenancy at a property. In this case the fee is charged to the property owner. The fee reflects Wannon Water's time to attend the site and record a meter reading.
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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 **Wannon 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 **Wannon Water** or pursuant to other Government policies that apply to **Wannon 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 New Customer Contributions (NCC)

Core pricing principles

NCC, including standard or negotiated NCC, will be calculated by applying the following core NCC pricing principles.

Standard and negotiated NCC will:

- have regard to the incremental infrastructure and associated costs in one or more of the statutory cost categories attributable to a given connection;
- have regard to the incremental future revenues that will be earned from customers at that connection;
- be greater than the avoidable cost of that connection and less than the standalone cost of that connection.

Notes:

1. Given that NCC are to be based on the net incremental cost of connection (ie incremental costs net of incremental benefits), in this context, the costs referred to in the efficient pricing bound are the net costs, specifically the avoidable net cost of connection and standalone net cost of connection.
2. Where the connection arrangement requires assets to be gifted, the value of gifted assets will be excluded for the purpose of calculating net costs.
3. Incremental costs may include financing costs associated with constructing an asset sooner than planned.

Incremental financing costs

Incremental financing costs (IFC) should be calculated using this formula:

$$\text{IFC} = (1 - [1/ (1+r)^n]) \times \text{cost of capital being provided sooner than planned}$$

where:

r = estimated pre-tax WACC

n = the number of years the asset is required sooner than planned.

Gifted Assets

Wannon Water can require developers to provide and gift to **Wannon Water** specified assets as a condition of connection, provided that **Wannon Water**:

- makes clear to potential developers which assets a developer will be responsible for providing and gifting, and which will be provided by **Wannon Water**,
- confirms that negotiation of any non-standard connection and associated charges will be undertaken in accordance with **Wannon Water's** [published] negotiating framework; and
- the value of gifted assets will be excluded for the purposes of calculating net costs.

4.4 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.

4.5 Guidelines

Wannon 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: 2 June, 2013



Dr Ron Ben-David
Chairperson



Annexure A

Table 1 **Weighted average cost of capital**
(per cent)

<i>Post tax WACC</i>	<i>Implied pre-tax WACC</i>
4.5	4.5

Table 2 **Benchmark revenue requirement**
\$m 2012-13

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Operating expenditure	42.9	43.1	42.5	42.3	41.8
Return on existing assets	11.4	11.0	10.8	10.5	10.3
Return on new investments	0.4	1.4	2.3	3.1	3.8
Regulatory depreciation	7.4	7.9	8.4	8.7	8.5
Total	62.2	63.4	64.0	64.7	64.4

Table 3 **Updated regulatory asset base**
\$m 2012-13

	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
Opening RAB	127.3	150.3	173.7	211.7	224.5
<i>Plus</i> Gross capital expenditure	33.9	32.1	45.2	23.2	22.2
<i>Less</i> Government contributions	1.2	0.7	0.5	0.7	0.6
<i>Less</i> Customer contributions	4.6	0.8	1.1	0.8	0.9
<i>Less</i> Proceeds from disposals	0.9	1.9	0.3	3.2	0.4
<i>Less</i> Regulatory depreciation	4.2	5.3	5.2	5.6	5.7
Closing RAB	150.3	173.7	211.7	224.5	239.0

Table 4 **Rolled forward regulatory asset base**
\$m 2012-13

	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Opening RAB	249.8	256.7	267.9	284.0	295.8	308.5
<i>Plus</i> Gross capital expenditure	14.1	20.9	25.4	21.6	22.9	18.4
<i>Less</i> Government contributions	0.0	0.1	0.0	0.1	0.0	0.0
<i>Less</i> Customer contributions	0.7	0.8	0.8	1.0	1.0	1.0
<i>Less</i> Proceeds from disposals	0.7	1.4	0.5	0.4	0.4	0.4
<i>Less</i> Regulatory depreciation	5.9	7.4	7.9	8.4	8.7	8.5
Closing RAB	256.7	267.9	284.0	295.8	308.5	317.1

Table 5 **Approved licence fee and environmental contribution assumptions**
\$m 2012-13

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Essential Services Commission licence fee	0.06	0.06	0.06	0.06	0.07
Department of Human Services licence fee	0.02	0.02	0.02	0.02	0.02
Environment Protection Authority licence fee	0.12	0.12	0.12	0.12	0.12
Environmental contribution	2.49	2.43	2.36	2.30	2.23

Table 6 **Bulk water purchases**
\$m 2012-13

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Bulk water purchases	0.31	0.38	0.40	0.41	0.43

Table 7 **Demand forecast**

	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
Water assessments (no.)					
Residential	35 333	35 718	36 115	36 501	36 878
Non-residential	6 469	6 524	6 578	6 628	6 676
Total	41 802	42 242	42 693	43 129	43 554
Sewerage assessments (no.)					
Residential	31 520	31 858	32 198	32 529	32 853
Non-residential	3 725	3 764	3 802	3 840	3 878
Total	35 246	35 621	36 000	36 370	36 731
Billable water consumption (ML)					
Residential	5 032	4 934	4 989	5 040	5 093
Non-residential	6 354	6 386	6 418	6 454	6 490
Total	11 386	11 319	11 406	11 494	11 582

Table 8 **Key capital projects and programs**

Projects	<i>Expected completion date</i>
Curdie Vale bore construction	2013-14
Construct new bore at Wyatt St Portland	2014-15
Casterton water treatment plant clarifier	2015-16
Water tower and pump station in Wollaston Road Warrnambool	2015-16
Water tower and pump station in Wangoom Road Warrnambool	2016-17
Heywood and Hamilton water reclamation plant irrigation works	2016-17
Cobden and Casterton water reclamation plant irrigation works	2017-18
Programs	
Portland and Port Fairy – sewer replacement and refurbishment	Ongoing