



Level 2, 35 Spring St  
Melbourne 3000, Australia  
Telephone +61 3 9651 0222  
              +61 1300 664 969  
Facsimile +61 3 9651 3688

## 2008 WATER PRICE REVIEW

EAST GIPPSLAND WATER DETERMINATION

1 JULY 2008 – 30 JUNE 2013

JUNE 2008

**An appropriate citation for this paper is:**

Essential Services Commission 2008, *2008 Water Price Review Final Decision: East Gippsland Water Determination*, June.

# CONTENTS

<b>East Gippsland Water</b>	<b>1</b>
<b>1. General</b>	<b>1</b>
1.1 Introduction	1
1.2 Application	2
1.3 Effective period	2
1.4 Modification of time periods	2
1.5 Summary and structure	2
1.6 Definitions and interpretation	3
1.7 Annexure	3
<b>2. Price control</b>	<b>3</b>
2.1 General principles	3
2.2 Ancillary matters	4
2.3 Annual adjustment of prices	5
2.4 Price changes during a billing period	7
2.5 Reporting requirements	7
<b>3. Amendment of Schedule 2</b>	<b>8</b>
<b>4. Uncertain or unforeseen events</b>	<b>11</b>
4.1 General principle	11
4.2 Consideration by the Commission	12
4.3 Procedure	13
<b>5. Other adjustments during regulatory period</b>	<b>14</b>
<b>Schedule 1</b>	<b>15</b>
<b>Definitions and Interpretation</b>	<b>15</b>
<b>Schedule 2</b>	<b>18</b>
<b>Prices</b>	<b>18</b>

<b>Schedule 3</b>	<b>21</b>
<b>Application of prices</b>	<b>21</b>
3.1 Water service and consumption charges	21
3.2 Water service charge – vacant lots on separate titles	21
3.3 Water multi service charge per additional lot	21
3.4 Unmetered fire service charge	21
3.5 Wastewater service charges	21
3.6 Wastewater charge vacant lots on separate titles	22
3.7 Wastewater multi services charge per additional lot	22
3.8 Trade waste charges	22
3.9 Minor trade waste charge – non-residential customers	22
3.10 Major trade waste charges	22
3.11 Reuse water	23
3.11 Miscellaneous fees and charges	23
<b>Schedule 4</b>	<b>24</b>
<b>Pricing principles</b>	<b>24</b>
4.1 Recycled water pricing principles	24
4.2 Pricing principles where scheduled prices do not apply	24
4.3 Pricing principles for developer charges for new customers	25
4.4 Pricing principles for developer charges for existing property owners	26
4.5 Pricing principles for miscellaneous services not included in Schedule 2	27
4.6 Guidelines	27
<b>Annexure A</b>	<b>28</b>

## 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 20 June 2008, the Commission made its decision under the **WIRO** in respect of:
  - (i) the prices which East Gippsland Region Water Corporation (trading as East Gippsland Water) (ABN 40 096 764 586) (**East Gippsland Water**) may charge for **prescribed services** during the **regulatory period**; and
  - (ii) the standards and conditions of service and supply which **East Gippsland 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 **East Gippsland 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 **East Gippsland Water** and its successors and assigns in respect of the business carried on by **East Gippsland 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 **East Gippsland 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 **East Gippsland Water**, extend or reduce the time by which, or the period within which, **East Gippsland 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 **East Gippsland 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 **East Gippsland 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

**East Gippsland 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 *East Gippsland Water* in respect of **prescribed services** during the **regulatory period**.

**(c) Pricing principles**

During the **regulatory period**, *East Gippsland 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 *East Gippsland Water* has entered into a contract (a **relevant contract**) which relates to the provision of **prescribed services** prior to 1 July 2008, *East Gippsland 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**

*East Gippsland 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**

**East Gippsland 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 2013,  $PPM_t$  will be set equal to zero for the purpose of adjusting prices in accordance with the formula in clause 2.3(b)(i) for **regulatory years** commencing on or after 1 July 2013 until the date on which this determination is amended or revoked by a later determination.

**(c) Adjustment procedure**

- (i) At least 30 **business days** prior to the commencement of each subsequent **regulatory year** in the **regulatory period, East Gippsland 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 **East Gippsland 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 **East Gippsland Water** (including a statement of its reasons);

- (B) may request **East Gippsland Water** to provide any additional information specified by the Commission;
- (C) will take any additional information provided by **East Gippsland 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 **East Gippsland 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

**East Gippsland 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) **East Gippsland 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 **East Gippsland Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **East Gippsland Water** enters into a **new contract** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 4 relate, **East Gippsland 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 **East Gippsland 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 **East Gippsland 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, **East Gippsland 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) **East Gippsland Water** may apply to the Commission in accordance with this clause 3 for the amendment of the prescribed price movements and/or price components included in Schedule 2 for the following **regulatory year** (the **relevant regulatory year**) and all subsequent **regulatory years** remaining in the **regulatory period** (the **revised tariff schedule**).
  - (ii) 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.

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

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

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

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

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

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

**(b) Amendment procedure**

(i) An application by **East Gippsland 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 **East Gippsland 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 **East Gippsland 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 **East Gippsland 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 **East Gippsland Water** under this clause 3 if it is satisfied that:
- (A) **East Gippsland 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) **East Gippsland 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) **East Gippsland 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 **East Gippsland 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 **East Gippsland Water** within 40 **business days** from the date of its receipt of **East Gippsland Water’s** application under this clause 3.

## 4. Uncertain or unforeseen events

---

### 4.1 General principle

- (a) **East Gippsland 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 **East Gippsland Water** and/or increased or decreased revenue received by **East Gippsland 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 **East Gippsland 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 **East Gippsland 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 **East Gippsland Water** in one or more **regulatory years** during the **regulatory period**; and
- (iv) a change in or to any of the following:
  - (A) the **WI Act**, the *Water Act 1989* (Vic), the *Safe Drinking Water Act 2003* (Vic), the *State Owned Enterprises Act 1992* (Vic) and the *Environment Protection Act 1970* (Vic);
  - (B) any licence issued pursuant to any of the Acts referred to in clause 4.2(a)(iv)(A);
  - (C) a **relevant tax**; or
  - (D) the Statement of Obligations,  
or 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 *East Gippsland Water's* control;
- (ii) were or should have been known by *East Gippsland Water* at the time the Determination was made;
- (iii) could reasonably have been foreseen by *East Gippsland Water*;
- (iv) should be or should have been planned for or managed by *East Gippsland Water*, and/or
- (v) reflect inefficient expenditure by *East Gippsland 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 *East*

**Gippsland 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 **East Gippsland Water**.

- (iii) The Commission may request **East Gippsland 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 **East Gippsland 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 *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 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>
<b>1.1 Water Tariff Residential &amp; Non-Residential</b>					
Service Availability Charge – 20 mm or no connection (per annum)	183.65	2.6%	2.1%	2.1%	2.1%
Service Availability Charge – 25 mm (per annum)	286.96	2.6%	2.1%	2.1%	2.1%
Service Availability Charge – 32 mm (per annum)	470.15	2.6%	2.1%	2.1%	2.1%
Service Availability Charge – 40 mm (per annum)	734.61	2.6%	2.1%	2.1%	2.1%
Service Availability Charge – 50 mm (per annum)	1,147.82	2.6%	2.1%	2.1%	2.1%
Service Availability Charge – 75 mm (per annum)	2,582.60	2.6%	2.1%	2.1%	2.1%
Service Availability Charge – 80 mm (per annum)	2,938.43	2.6%	2.1%	2.1%	2.1%
Service Availability Charge – 100 mm (per annum)	4,591.29	2.6%	2.1%	2.1%	2.1%
Multi Services charge per additional vacant lot	137.74	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 20 mm (per annum)	27.55	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 25 mm (per annum)	43.04	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 32 mm (per annum)	70.52	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 40 mm (per annum)	110.19	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 50 mm (per annum)	172.17	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 75 mm (per annum)	387.39	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 80 mm (per annum)	440.77	2.6%	2.1%	2.1%	2.1%
Unmetered Fire Service – 100 mm (per annum)	688.69	2.6%	2.1%	2.1%	2.1%
Usage Charge (per kL)	1.1375	7.3%	6.4%	6.4%	6.4%
<b>1.2 Wastewater Tariff Residential &amp; Non-Residential service charges (per annum)</b>					
Bairnsdale	416.45	11.5%	8.5%	8.5%	8.5%
Bruthen	555.26	1.9%	1.6%	1.6%	1.6%
Cann River	555.26	1.9%	1.6%	1.6%	1.6%
Dinner Plain	512.55	4.2%	3.6%	3.6%	3.6%
Paynesville	507.21	5.3%	3.6%	3.6%	3.6%
Lakes Entrance	555.26	1.9%	1.6%	1.6%	1.6%
Lindenow	507.21	5.3%	3.6%	3.6%	3.6%
Mallacoota	555.26	1.9%	1.6%	1.6%	1.6%
Metung	555.26	1.9%	1.6%	1.6%	1.6%
Nicholson, Newlands Arm, Johnsonville, Swan Reach	469.84	8.0%	5.3%	5.3%	5.3%
Orbost	469.84	8.0%	5.3%	5.3%	5.3%
Omeo Gravity System (Cap)	996.44	4.2%	3.6%	3.6%	3.6%
Omeo Gravity System	512.55	4.2%	3.6%	3.6%	3.6%
Omeo STEP System Cap	808.51	11.5%	8.5%	8.5%	8.5%
Omeo STEP System	416.45	11.5%	8.5%	8.5%	8.5%
<b>1.3 Wastewater Tariff Non-Residential usage charges (per kL)</b>					
Orbost	0.6993	7.1%	5.3%	5.3%	5.3%
Omeo	0.6993	7.1%	5.3%	5.3%	5.3%
Dinner Plain (residential and non-residential)	2.8158	7.1%	5.3%	5.3%	5.3%
Bairnsdale	0.6993	7.1%	5.3%	5.3%	5.3%
Mallacoota	0.6993	7.1%	5.3%	5.3%	5.3%

<i>Tariff and Price Component</i>	<i>Price (1 July 2008)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>
Lakes Entrance Cann River	0.6993	7.1%	5.3%	5.3%	5.3%
<b>1.4 Vacant block/Multi Services tariff (per annum)</b>					
Bairnsdale	208.22	11.5%	8.5%	8.5%	8.5%
Bruthen	277.63	1.9%	1.6%	1.6%	1.6%
Cann River	277.63	1.9%	1.6%	1.6%	1.6%
Dinner Plain	256.27	4.2%	3.6%	3.6%	3.6%
Paynesville	253.60	5.3%	3.6%	3.6%	3.6%
Lakes Entrance	277.63	1.9%	1.6%	1.6%	1.6%
Lindenow	253.60	5.3%	3.6%	3.6%	3.6%
Mallacoota	277.63	1.9%	1.6%	1.6%	1.6%
Metung	277.63	1.9%	1.6%	1.6%	1.6%
Nicholson, Newlands Arm, Johnsonville, Swan Reach	234.92	8.0%	5.3%	5.3%	5.3%
Orbost	234.92	8.0%	5.3%	5.3%	5.3%
Omeo Gravity System (Cap)	405.77	2.6%	2.3%	2.3%	2.3%
Omeo Gravity System	256.27	4.2%	3.6%	3.6%	3.6%
<b>1.5 Customer Contribution (per lot)</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%
Contributions from existing property owners – Cann River sewerage scheme*					
Once-off contribution	800.00	NOM	NOM	NOM	NOM
Annual contribution for 20 years	80.00	NOM	NOM	NOM	NOM
<b>1.6 Trade Waste</b>					
Service Charge (per annum)	181.62	7.1%	5.3%	5.3%	5.3%
Volumetric Fee > 300KI usage (per kL)	0.6993	7.1%	5.3%	5.3%	5.3%
<b>1.7 Miscellaneous Fees and Charges</b>					
Information Statement (each)	45.90	0.0%	0.0%	0.0%	0.0%
Special Meter Reading (each)	51.65	0.0%	0.0%	0.0%	0.0%

<i>Tariff and Price Component</i>	<i>Price (1 July 2008)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>	<i>PPM Year 4</i>
Information Statement with Meter Reading (per application)	63.20	0.0%	0.0%	0.0%	0.0%
Private Fire Service Resealing fire hose taps	124.00	0.0%	0.0%	0.0%	0.0%
Sewerage Connection Application	124.00	0.0%	0.0%	0.0%	0.0%
Tapping Fee – 20mm, 25mm (each)	124.00	0.0%	0.0%	0.0%	0.0%
Connection Fee Meter – 20mm (each)	175.60	0.0%	0.0%	0.0%	0.0%
Connection Fee Meter – 25mm (each)	309.95	0.0%	0.0%	0.0%	0.0%
Standpipe Tokens (each)	3.75	0.0%	0.0%	0.0%	0.0%
Septic Waste Disposal (per kL)	11.25	0.0%	0.0%	0.0%	0.0%
De-Sludging Fees (per kL)	20.25	0.0%	0.0%	0.0%	0.0%
Non-core miscellaneous services	Actual cost NA	NA	NA	NA	NA



## Schedule 3

---

### Application of prices

#### 3.1 Water service and consumption charges

Common water tariffs have been applied to all customers. Tariffs are based on a service availability charge plus consumption per kilolitre used. Prices have been structured to reach 40% fixed and 60% volumetric charge by the last year of the regulatory period. The shift from 54% to 60% volumetric charge is aimed to provide customers with greater ability to influence water use and costs. Service charges are determined on meter service size.

#### 3.2 Water service charge – vacant lots on separate titles

A charge equivalent to the 20mm service charge is applicable to vacant lots and properties that have shared meters.

#### 3.3 Water multi service charge per additional lot

This charge applies to allotments that have multiple allotments on one assessment. A multiple service charge is applied at 75% of the 20mm water service charge for each additional lot. Water multi service charges are not available to new subdivisions.

#### 3.4 Unmetered fire service charge

A charge equivalent to 15% of the availability charge based on meter service size is applicable to customers that have an unmetered fire service.

#### 3.5 Wastewater service charges

Wastewater tariffs are based on a system of Equivalent Tenement Unit ratings (EQT) where the EQT is determined by calculating an average unit of collection per tenement (average household) and then applying this unit of measure to all properties e.g. Motel, Units or Restaurants. The EQT method of price determination is applied to all wastewater districts other than Dinner Plain. Wastewater collection for Dinner Plain is calculated on a per assessment basis plus a sewer volume charge determined by water use.

EQT charges also include a price restructure that aims to provide a common service charge for all areas by the last year of the regulatory period 2012-13.

Omeo STEP System cap and Omeo Gravity System cap service charges apply to customers where a sewerage scheme contribution has not been paid.

### **3.6 Wastewater charge vacant lots on separate titles**

Where wastewater services are available for areas of vacant land that exist as a separate title, a vacant land service charge is applied determined at 50% of the EQT charge above.

### **3.7 Wastewater multi services charge per additional lot**

This charge applies per allotment for when there are multiple allotments on one wastewater assessment. Wastewater multiple service charges are applied at 50% of the EQT rate for each district. This charge is not available to new subdivisions.

### **3.8 Trade waste charges**

Trade waste is any liquid waste generated by any industry, business, trade or manufacturing process, other than domestic waste, acceptable for discharge to sewer. It is the liquid generated from commercial and industrial activities and can contain a number of substances used or generated in manufacturing, processing or food preparation. Trade waste requires more treatment effort, has a greater propensity to cause blockages and disruption to normal sewerage treatment processes. Trade waste is also more difficult to collect and dispose than domestic waste.

For trade waste customers, the trade waste charge is the above domestic sewage strength charge passed on to the customer to recover the cost incurred for collection, transportation treatment and disposal of constituents of certain constituents of trade waste.

### **3.9 Minor trade waste charge – non-residential customers**

A minor trade waste charge is applied to all non residential customers that have a trade waste service. The charge is additional to the wastewater EQT charge and provides for up to 300kL trade waste to be collected (up to 100kL for each billing period) for each wastewater EQT charged. A volumetric trade waste charge is applicable to any trade waste volume collected over 300kL per annum (over 100kL per billing period).

### **3.10 Major trade waste charges**

Major trade waste is concerned with businesses that generate large volumes of different types of trade waste. The complexity of major trade waste arrangements requires separate agreements with businesses based on the nature and amount of the waste to be treated. Prices for trade waste are determined by the individual circumstances of each customer taking into account:

- the nature of the waste
- treatment costs to allow for the appropriate discharge of the waste
- cost of disposing the trade waste.

### 3.11 Reuse water

East Gippsland Water has a limited number of agreements for the use of re-use water. The strategy to maintain 100% re-use requires the Corporation to consider many options for wastewater discharge. Agreements are in place with businesses and organizations that are able to use the re-used water for farming and recreational purposes. The agreements cover 20% of all wastewater collected.

Prices for reuse water are determined by the individual circumstances of each customer taking into account:

- the cost benefits to the Corporation
- customer's willingness and ability to pay
- customers long term commitment in this type of arrangement
- other means available to dispose the wastewater.

### 3.11 Miscellaneous fees and charges

*Information statement* – report of information used for property settlement that indicates property details and any outstanding balances and encumbrances.

*Special meter reading* – non-scheduled reading of water meter for property settlements.

*Private fire service resealing fire hose taps* – charge applied to resealing fire hose taps to prevent their unauthorised use.

*Sewerage connection application* - detailed information and plan for connection to sewer pipeline.

*Tapping fee* – inspection, works and materials for tapping into mains water supply pipeline.

*Connection fee meter* – inspection, audit and meter fee charge.

*Standpipe tokens (each)* – token used to obtain one kilolitre of water from any **East Gippsland Water** water standpipe.

*Septic waste disposal (per kL)* – charge to dispose of domestic effluent per kilolitre into **East Gippsland Water** treatment plant.

*De-sludging fees (per kL)* – charge to dispose of Trade Waste per kilolitre into **East Gippsland Water** treatment plant.

## 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 **East Gippsland 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 **East Gippsland Water** or pursuant to other Government policies that apply to **East Gippsland 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 **East Gippsland Water's** water and sewerage network, the developer must provide the reticulation assets that are required to service their development and connect to **East Gippsland 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, **East Gippsland Water** may seek the Commission's approval to levy a charge greater than the scheduled charge that will cover the costs associated with bringing forward the provision of shared distribution

assets. The Commission will approve the proposed charge where it is satisfied that it has been 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 **East Gippsland 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 **East Gippsland 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 **East Gippsland 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 **East Gippsland 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, **East Gippsland 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

*East Gippsland 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 black ink, 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>
Unplanned water supply interruptions restored within 3 hours (per cent)	91.7	91.7	91.7	91.7	91.7
Unplanned water supply interruptions restored within 12 hours (per cent)	99.3	99.3	99.3	99.3	99.3
Number of customers experiencing 1 unplanned water supply interruptions in the year (number)	1 700	1 700	1 700	1 700	1 700
Number of customers experiencing 2 unplanned water supply interruptions in the year (number)	442	442	442	442	442
Sewerage Customers receiving 1 sewer blockage in the year (number)	98	98	98	98	98
Total CO2 equivalent Emissions (tonne)	7 900	7 800	7 800	7 700	7 600
Recycled water target (per cent)	100	100	100	100	100
Biosolids reuse (per cent)	100	100	100	100	100
Sewer backlog connections and small town schemes (number)	45	25	16	8	0
Environmental discharge indicator (per cent)	100	100	100	100	100
Drinking water quality indicators (per cent)	100	100	100	100	100

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	11.99	12.06	12.84	13.12	13.07
Return on existing assts	4.14	3.97	3.81	3.64	3.47
Return on new investments	0.71	1.96	2.59	2.71	2.78
Regulatory depreciation	3.03	3.84	4.35	4.56	4.74
<b>Total</b>	<b>19.86</b>	<b>21.84</b>	<b>23.59</b>	<b>24.03</b>	<b>24.06</b>

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

	2004-05	2005-06	2006-07	2007-08
Opening RAB	37.63	41.60	45.19	58.08
<i>Plus</i> Gross capital expenditure	6.63	6.30	17.21	18.21
<i>Less</i> Government contributions	0.00	0.00	1.29	0.00
<i>Less</i> Customer contributions	0.90	0.37	0.44	0.25
<i>Less</i> Proceeds from disposals	0.23	0.29	0.15	0.30
<i>Less</i> Regulatory depreciation	1.52	2.05	2.45	2.88
<b>Closing RAB</b>	<b>41.60</b>	<b>45.19</b>	<b>58.08</b>	<b>72.86</b>

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

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Opening RAB	72.86	94.30	110.32	110.17	108.62
<i>Plus</i> Gross capital expenditure	24.77	20.16	4.49	3.32	3.43
<i>Less</i> Government contributions	0.00	0.00	0.00	0.00	0.00
<i>Less</i> Customer contributions	0.00	0.00	0.00	0.00	0.00
<i>Less</i> Proceeds from disposals	0.30	0.30	0.30	0.30	0.30
<i>Less</i> Regulatory depreciation	3.03	3.84	4.35	4.56	4.74
<b>Closing RAB</b>	<b>94.30</b>	<b>110.32</b>	<b>110.17</b>	<b>108.62</b>	<b>107.02</b>

Table 6 **Approved licence fee and environmental contribution assumptions**

\$ million in January 2007 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Essential Services Commission licence fee	0.030	0.030	0.030	0.030	0.030
Department of Human Services licence fee	0.009	0.009	0.009	0.009	0.009
Environment Protection Authority licence fee	0.020	0.020	0.020	0.020	0.020
Environmental contribution	0.771	0.749	0.728	0.707	0.687

Table 7 **Demand forecasts**

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
<b>Water assessments (no.)</b>					
Residential	17 742	18 036	18 321	18 600	18 872
Non-residential	3 189	3 280	3 369	3 461	3 548
<b>Total</b>	<b>20 931</b>	<b>21 316</b>	<b>21 690</b>	<b>22 061</b>	<b>22 420</b>
<b>Sewerage assessments (no.)</b>					
<b>Total</b>	<b>19 918</b>	<b>20 226</b>	<b>20 526</b>	<b>20 824</b>	<b>21 113</b>
<b>Billable water consumption (ML)</b>					
Residential	3 419	3 459	3 496	3 533	3 567
Non-residential	1 817	1 826	1 835	1 844	1 853
<b>Total</b>	<b>5 236</b>	<b>5 285</b>	<b>5 331</b>	<b>5 377</b>	<b>5 420</b>

na not applicable.

Table 8 **Major projects identified in Water Plan**

	<i>Expected completion date</i>
Mitchell River Water Supply Strategy Works	2012-13
Kalimna West Water Supply	2012-13
Bogong Street and Capes Road HL System	2008-09
Bairnsdale Wastewater Treatment Plant	2012-13
Tambo Bluff and Banksia Peninsula Sewerage scheme	2008-09