

GWMWATER

SUMMARY OF 2013-18 WATER PLAN

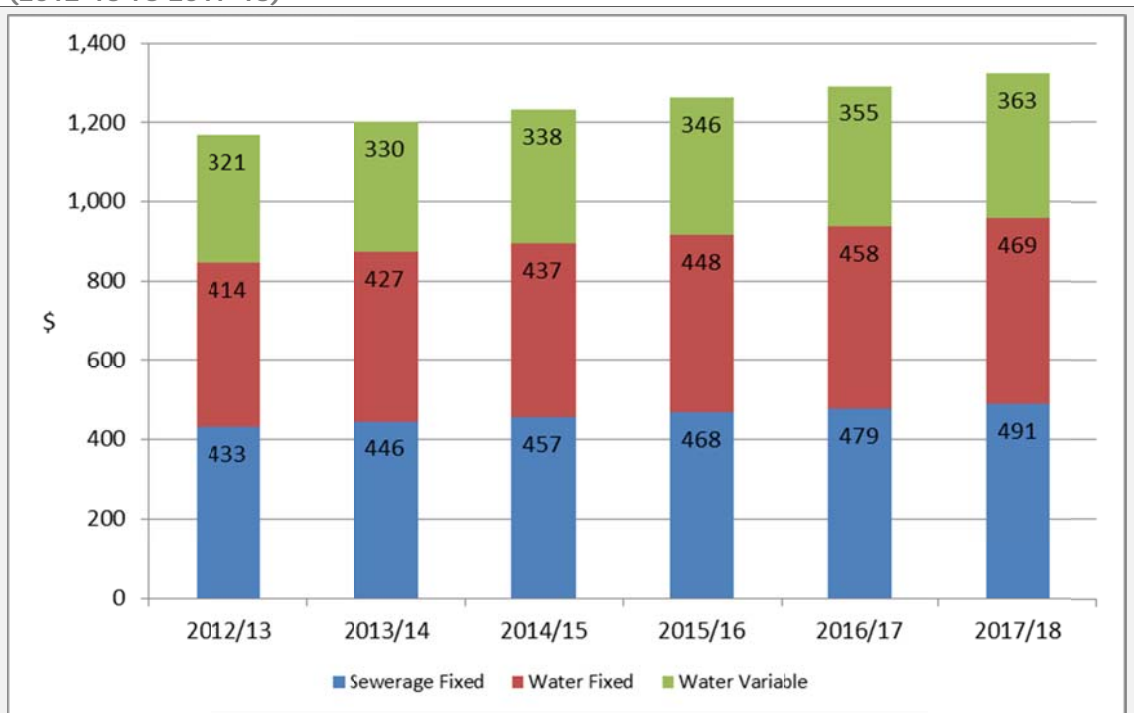
GWMWater provides water supply to more than 31 000 urban customers in townships including Horsham and Stawell. It provides waste water services to 24 towns. It also provides rural services to more than 11 000 customers.

Proposed real price increases of 2.8 per cent in the first year followed by increases ranging from 2.2-2.4 per cent in the period to 2017-18.

KEY OUTCOMES

- Annual water and sewerage bill for an indicative residential owner occupier estimated to rise from \$1,168 in 2012-13 to \$1,324 in 2017-18 (the highest bill among regional businesses).
- Key projects include investment in intelligent metering for improved customer communication, efficiency and operation of the rural water network and investment to provide water that complies with Australian Drinking Water Guidelines to towns including Donald, Quambatook, Minyip, Rupanyup, Brim, Jung, Lalbert, Woomelang, Beulah and Sea Lake.
- Proposal to introduce a contribution of \$16 per rural and urban water customers (\$8 for health care holders) to allow for discounts for recreational lakes and eligible sporting clubs.
- Proposal to remove the volumetric charge for sewerage for non-residential customers.

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



Note: Household tenants only pay the variable water charge. Annual household bills are calculated using 2011-12 average customer consumption of 208kL per annum. Note that water businesses may have used a different assumption for average customer consumption in developing their Water Plans.

PROPOSED PRICING STRUCTURES

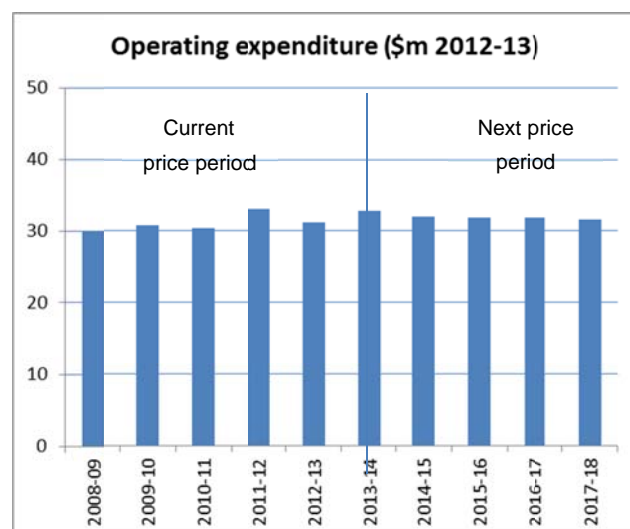
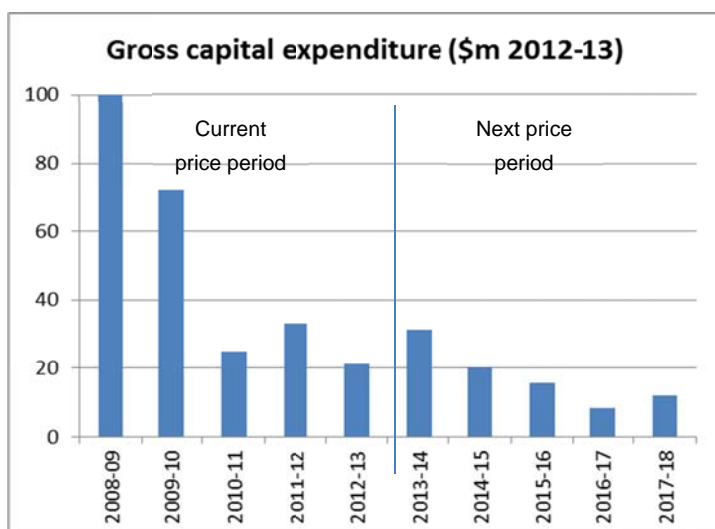
- Water — for residential customers there is a fixed and a volumetric charge. For non-residential customers, GMMWater proposes fixed charges based on meter size, and volumetric charges.
- Sewerage — residential and non-residential customers pay a fixed charge. GMMWater will remove the volumetric charge for non-residential customers in WP3.
- Trade Waste — trade waste customers pay a fixed charge with volumetric charges removed.
- Recycled water — no recycled water.
- Locational pricing — there are five geographic groupings which receive different levels of service and pay different charges.
- Recreational charge — GMMWater proposes the introduction of a contribution of \$16 per rural and urban water customers (\$8 for health care holders) to allow for discounts for recreational lakes and eligible sporting clubs.
- Form of price control — tariff basket within a revenue cap.

KEY PROJECTS FROM THE WATER PLAN

	Reason	Forecast cost (\$m 2012-13)
Intelligent Rural Water Networks – Back-to-Base metering	Improved Service	6.5
Irrigation Network Decommissioning	Compliance	4.7
Wimmera Mallee Pipeline Augmentation	Growth	4.6
Treated Water Supply – Donald	Improved Service	3.9
Sewerage Scheme – Rupanyup	Compliance	3.7
Upgrade Waste Water Treatment Plant and Reuse System – Donald	Compliance	2.7

PROPOSED EXPENDITURE

- Total **capital expenditure** to decline from \$413m in the current price period to \$88 million in the next price period, a decline largely reflecting the completion of the Wimmera Mallee Pipeline. Total **operating expenditure** forecast is \$160m, up from \$155m in the current price period.



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

	2013-14	2014-15	2015-16	2016-17	2017-18
Operating expenditure	32.77	32.01	31.92	31.82	31.61
Return on assets	15.64	16.29	16.53	16.45	16.27
Depreciation	9.51	10.37	11.10	11.49	11.87
TOTAL	57.92	58.67	59.55	59.76	59.75

PROPOSED SERVICE STANDARDS

	Actual average 2007-08 to 2011-12	Proposed average 2013-14 to 2017-18
Water		
Unplanned water supply interruptions (per 100km)	29.4	32.0
Average time taken to attend bursts and leaks (priority 1)	24.5	30.0
Average time taken to attend bursts and leaks (priority 2)	26.3	40.0
Average time taken to attend bursts and leaks (priority 3)	31.8	40.0
Unplanned water supply interruptions restored within 5 hours (per cent)	98.3	97.0
Planned water supply interruptions restored within 5 hours (per cent)	98.6	97.0
Average unplanned customer minutes off water supply	15.9	20.0
Average planned customer minutes off water supply	39.3	30.0
Average unplanned frequency of water supply interruptions per customer	0.2	0.2
Average planned frequency of water supply interruptions per customer	0.3	0.3
Average duration of unplanned water supply interruptions (minutes)	83.0	100.0
Average duration of planned water supply interruptions (minutes)	144.4	180.0
Number of customers experiencing more than 5 unplanned water supply interruptions in the year	0.0	0.0
Sewerage		
Sewerage blockages (per 100km)	31.3	36.0
Average time to attend sewer spills and blockages (minutes)	21.5	30.0
Average time to rectify a sewer blockage (minutes)	113.1	130.0
Spills contained within 5 hours (per cent)	98.7	98.0
Customers receiving more than 3 sewer blockages in the year	0.0	0.0
Customer service		
Telephone calls answered within 30 seconds (Accounts Line) (% of Calls)	83.6%	80.0

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

PROPOSED GUARANTEED SERVICE LEVELS

GSL Measure	Customer rebate for breach of GSL (\$)
Unplanned water supply interruptions to be restored within five hours of notification	50
Planned water supply interruptions longer than notification	50
Interruptions to sewer supply restored within five hours of notification	50
Sewer spills within a house that are a result of failure in our system, to be contained within one hour of notification	1 000
Restricting the water supply of, or taking legal action against, a residential customer prior to taking reasonable endeavours to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying	300

CUSTOMER CONSULTATION

Consultation has included:

- Community information sessions.
- Local Government forums
- Customer Committee meetings
- Newsletters released with accounts
- Public submissions on Draft Water Plan

ISSUES IDENTIFIED BY THE COMMISSION FOR FURTHER INVESTIGATION

- Operating and capital expenditure forecasts.
- Proposed targets for a number of service standards below recent performance.
- Reasonableness of demand forecasts, particularly assumptions about bounce-back in average consumption.
- Appropriateness of assuming that at least one year over the next regulatory period will have suppressed demand due to a cool and wet summer.

More information: View GWWater's Water Plan at www.esc.vic.gov.au