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METROPOLITAN MELBOURNE WATER PRICE REVIEW 2009

CITY WEST WATER DETERMINATION

1 JULY 2009 – 30 JUNE 2013

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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 24 June 2008, the Commission made its decision under the *WIRO* in respect of:
- (i) the prices which City West Water Limited (trading as City West Water) (ABN 70 066 902 467) (**City West Water**) may charge for **prescribed services** during the **regulatory period**; and
 - (ii) the standards and conditions of service and supply which **City West 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 **City West 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 *City West Water* and its successors and assigns in respect of the business carried on by *City West 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 2009 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 *City West 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 *City West Water*, extend or reduce the time by which, or the period within which, *City West 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 (or, where only used within a clause, the meaning given upon their first use); 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 **City West 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 **City West 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

City West 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, in accordance with Schedule 3.

(b) Application principles

The application principles in Schedule 3 will apply to the prices charged by **City West Water** in respect of **prescribed services** during the **regulatory period**.

(c) Pricing principles

During the **regulatory period**, **City West 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 Operational matters

(a) Contracts

Where **City West Water** has entered into a **relevant contract** which relates to the provision of **prescribed services** prior to 1 July 2009, **City West 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

City West Water must publish a list 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 list to its customers on request. To the extent permissible under the *Trade Practices Act 1974* (Cth), the list 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

City West 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 applying under this Determination only by reason of the levying of a charge on account of **GST**.

2.3 Annual adjustment of prices

(a) Adjustment

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**, **City West Water** must submit its calculation of maximum prices for the **prescribed services** referred to in clause 2.3(a) to apply in that subsequent **regulatory year** (the **revised schedule prices**) to the Commission for approval, together with sufficient information to enable the Commission to assess whether those maximum prices comply with this Determination.
- (ii) The Commission will approve the **revised schedule 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 schedule prices** if it has not provided notice under clause 2.3(c)(iv) to **City West Water** within 20 **business days** from the date of its receipt of the submitted calculation of the **revised schedule prices**.
- (iv) If the Commission does not approve the **revised schedule prices**, the Commission:

- (A) will provide notice to **City West Water** (including a statement of its reasons);
- (B) may request **City West Water** to provide any additional information specified by the Commission;
- (C) will take any additional information provided by **City West Water** into account; and
- (D) will determine the **revised schedule prices**.

2.4 Price changes during a billing period

(a) Application of this clause

This clause 2.4 applies where **City West 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

City West 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) **City West 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 **City West Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **City West Water** enters into a **new contract** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 4 relate, **City West 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 **City West 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 **City West 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, **City West 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 proposals

- (i) **City West 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) **City West Water** must apply to the Commission pursuant to clause 3(a)(i) for amendment of prescribed price movements and/or price components in respect of trade waste set out included in Schedule 2 within 80 **business days** of a request by the Commission to do so.

- (iii) **City West Water** must apply to the Commission pursuant to clause 3(a)(i) for amendment of the prescribed price movements and/or price components in respect of recycled water set out included in Schedule 2 within **80 business days** of each change in the level of water restrictions.
- (iv) 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 **City West 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_{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 **City West 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** (unless it is also pursuant to clause 3(a)(ii) or (iii)) 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(1)(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 **City West 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 **City West 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 strategy** and actions proposed by **City West 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 **City West Water** under this clause 3 if it is satisfied that:
- (A) **City West 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)(iv);
 - (C) the **revised tariff schedule** is consistent with the **relevant tariff strategy**;
 - (D) **City West 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) **City West 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 **City West 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) For the avoidance of doubt, the Commission will be deemed to have not approved a **revised tariff schedule** if

it has not provided notice to **City West Water** within 40 **business days** from the date of its receipt of **City West Water's** application under this clause 3.

- (v) An approved **revised tariff schedule** will be taken to amend Schedule 2 to the extent of any inconsistency.

4. Uncertain or unforeseen events

4.1 General principle

- (a) **City West 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 **City West Water** and/or increased or decreased revenue received by **City West 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 **City West 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 **City West 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 **City West 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) or regulations made under any of them;
 - (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
 - (E) 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 **City West Water's** control;
- (ii) were or should have been known by **City West Water** at the time the Determination was made;
- (iii) could reasonably have been foreseen by **City West Water**;
- (iv) should be or should have been planned for or managed by **City West Water**; and/or
- (v) reflect inefficient expenditure by **City West 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 **City West Water's** operating and/or capital expenditure and/or revenue and may decide to take action under clause 4.3(b) (including, without limitation, deciding to recognise it as an offset to an adjustment applied for by **City West Water**).
- (iii) The Commission may request **City West 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 about 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 **City**

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

5. Material error and unintended consequences

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 2009 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 2009 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 2009.

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. Variable water, wastewater and trade waste 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 2009)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>
1.1 Residential water tariff				
Service charge (per annum)	140.01	7.0%	7.0%	7.0%
Usage charge (per kL)				
Block 1 (0-440 litres/day)	1.2600	19.0%	12.0%	8.0%
Block 2 (441-880 litres/day)	1.4785	19.0%	12.0%	8.0%
Block 3 (881 + litres/day)	2.1844	19.0%	12.0%	8.0%
1.2 Non-residential water tariff				
Service charge (per annum)	203.91	7.0%	7.0%	7.0%
Usage charge (per kL)	1.3987	19.0%	12.0%	8.0%
Usage charge – Little River bulk (per kL)	1.1900	12.0%	12.0%	9.2%
1.3 Recycled Water				
Residential - service charge (per annum)	20.49	0.0%	0.0%	0.0%
Residential - usage charge (per kL)	1.2600	19.0%	12.0%	8.0%
Non-residential - usage charge (per kL)	1.0490	19.0%	12.0%	8.0%
1.4 Residential sewerage tariff				
Sewer service charge (per annum)	158.59	14.0%	13.0%	12.0%
Sewage disposal charge (per kL)	1.4545	6.0%	6.0%	6.0%
1.5 Non-residential sewerage tariff				
Sewer service charge (per annum)	280.06	14.0%	13.0%	12.0%
Sewage disposal charge (per kL)	1.4153	6.0%	6.0%	6.0%
1.6 Trade waste charges				
Volume (per kL)	0.6567	11.5%	11.4%	11.4%
BOD (per kg)	0.6576	11.5%	11.4%	11.4%
SS (per kg)	0.3565	11.5%	11.4%	11.4%
TKN (per kg)	1.2655	11.5%	11.4%	11.4%
TDS (per kg)	0.0130	11.5%	11.4%	11.4%

<i>Tariff and Price Component</i>	<i>Price (1 July 2009)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>
1.7 Trade waste – application fees				
Risk Rank 1	1,400.33	11.5%	11.4%	11.4%
Risk Rank 2	1,400.33	11.5%	11.4%	11.4%
Risk Rank 3	1,400.33	11.5%	11.4%	11.4%
Risk Rank 4	385.39	11.5%	11.4%	11.4%
Risk Rank 5	200.71	11.5%	11.4%	11.4%
1.8 Trade waste – agreement fees				
Risk Rank 1	12,271.01	11.5%	11.4%	11.4%
Risk Rank 2	10,178.40	11.5%	11.4%	11.4%
Risk Rank 3	5,110.08	11.5%	11.4%	11.4%
Risk Rank 4	1,116.09	11.5%	11.4%	11.4%
Risk Rank 5	211.95	11.5%	11.4%	11.4%
1.9 Trade waste – food waste charges				
Hospitals and other institutions (per bed)	34.74	11.5%	11.4%	11.4%
Other customers with discharge through a food waste unit (per unit per year)				
Category A	967.60	11.5%	11.4%	11.4%
Category B	4,971.86	11.5%	11.4%	11.4%
Category C	10,014.70	11.5%	11.4%	11.4%
Other customers with discharge through a potato peeler without a peel interceptor (per unit per year)				
Category D	0.00	0.0%	0.0%	0.0%
Category E	554.77	11.5%	11.4%	11.4%
Category F	1,140.16	11.5%	11.4%	11.4%
1.10 New Customer Contributions				
Water (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%
Sewer (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%

<i>Tariff and Price Component</i>	<i>Price (1 July 2009)</i>	<i>PPM Year 1</i>	<i>PPM Year 2</i>	<i>PPM Year 3</i>
New Customer Contributions for dual pipe recycled water developments or subdivisions				
Recycled water (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%
Water (per lot)				
Category one charge - Lot size < 450 sq m	281.78	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	563.56	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Sewer (per lot)				
Category one charge - Lot size < 450 sq m	563.56	0.0%	0.0%	0.0%
Category two charge - Lot size 450 - 1350 sq m	1,127.12	0.0%	0.0%	0.0%
Category three charge - Lot size > 1350 sq m	2,254.25	0.0%	0.0%	0.0%
1.11 Core Miscellaneous fees and charges				
Information statement - electronic	14.00	1.5%	1.5%	1.5%
Information statement - standard	22.00	1.5%	1.5%	1.5%
Offer Fees - Works Offers >10 lots	1,822.00	1.5%	1.5%	1.5%
Acceptance Fees - Works Offers >10 lots	3,474.00	1.5%	1.5%	1.5%
New Meter - 20 mm	132.00	0.0%	0.0%	0.0%
Meter Assembly - 20mm	175.00	0.0%	0.0%	0.0%
New Meter - 50mm	2,159.00	0.0%	0.0%	0.0%
Plumbing Application - standard	104.00	1.5%	1.5%	1.5%
Plumbing Application - complex	261.00	1.5%	1.5%	1.5%
Non core miscellaneous services *	Actual Cost	Actual Cost	Actual Cost	Actual Cost

Schedule 3 – Application of prices

3.1 Service charges only to be imposed on certain properties

- (a) A water service charge and a sewerage service charge shall only be imposed in respect of a property.
- (b) For the purposes of this clause, a property means:
 - (i) if the land is under the operation of the *Transfer of Land Act 1958*, the land for which there is a single folio of the register; and
 - (ii) if the land is not under the operation of the *Transfer of Land Act 1958*
 - (A) land owned by a single owner or joint owners; or
 - (B) in the case of Crown land, land occupied by a single occupier or joint occupiers.

3.2 Service charges only to be imposed on connected properties

- (a) A water service charge shall only be imposed if pipes and fittings have been installed which provide or are able to provide a supply of water to the property from **City West Water's** water main and the water main has been charged.
- (b) A sewerage service charge shall only be imposed if pipes and fittings have been installed which convey or are able to convey sewage or trade waste from the property to **City West Water's** sewerage system.
- (c) A recycled water service charge shall only be imposed if pipes and fittings have been installed which provide or are able to provide a supply of recycled water to the property from City West Water's recycled water main and the recycled water main has been charged.
- (d) Each property within a subdivision with an owners' corporation shall be deemed connected if under clause 3.2(a) to (c) the common property has available a water or sewerage service.
- (e) Notwithstanding the foregoing City West Water will not impose water and sewerage service charges for properties within a subdivision created solely for boat berth, car park or storage facility purposes.

3.3 Water usage charges

- (a) A water usage charge shall only be imposed where a meter or meters have been installed to measure the amount of water supplied to a property or to a property together with other properties.
- (b) A water usage charge shall be calculated by reference to the volume, expressed in kilolitres, or part thereof, of water supplied during a meter reading period to a property or properties.

3.4 Residential property

A 'residential' property means

- (a) a property used or intended to be used primarily as a residence or residences; and
- (b) in the case of vacant land, land zoned for residential purposes.

but does not include a property used or intended to be used as:

- (i) a guest house, motel, hotel or caravan park;
- (ii) a farming enterprise; and
- (iii) a residence attached to a shop or professional suites.

3.5 Non residential property

A non-residential property is a property which is not a residential property.

3.6 Calculating the volume of sewage — residential customers

Default method

The volume of sewage discharged from a residential property or premises during a meter reading period shall, by default, be calculated according to the formula:

$$\text{Volume of Sewage} = VW \times SF \times DF$$

Where:

VW is the volume of water supplied to the property or premises, being the volume determined for the purpose of calculating a water usage charge for the same meter reading period or that volume rounded to the nearest kilolitre;

SF is the seasonal factor, which is derived from dividing:

- (a) the total number of days in the meter reading period by the sum of
- (b) the number of days which fall within each particular month within the meter reading period multiplied by the relevant seasonal index shown in Table 1 for that month for a House or a Unit

Where:

'House' means a building, excluding a Unit, which is used or intended to be used as a residence. ⁴

Unit' means a unit within the meaning of the *Valuation of Land Act 1960*¹, a group of units within that meaning, a building used or intended to be

¹ Under the *Valuation of Land Act 1960* a 'unit' is defined as 'a unit on a registered plan within the meaning of the *Strata Titles Act 1967*; a stratum estate within the meaning of the *Transfer of Land Act 1958*; and a building or part of a building in the exclusive

used for more than one residence and a part of a building used or intended to be used as one residence.

Table 1 Seasonal indices

<i>Month</i>	<i>House</i>	<i>Unit</i>
January	2.0	1.3
February	2.0	1.3
March	1.9	1.2
April	1.5	1.1
May	1.3	1.0
June	1.1	1.0
July	1.0	1.0
August	1.1	1.0
September	1.2	1.0
October	1.4	1.1
November	1.7	1.1
December	1.9	1.2

DF is the discharge factor shown in Table 2 in respect of the 'quarterly equivalent volume of water'. The quarterly equivalent volume of water is the volume of water calculated by multiplying the volume of water supplied to or apportioned to the property or premises by 91.25 and dividing the result by the number of days in the meter reading period, except in the case of water supplied to:

- (a) a separately metered property used or intended to be used for more than one residence where those residences are not separately metered; or
- (b) to a property which is not separately metered and to which a volume of water has not been apportioned,

In which case, the quarterly equivalent volume of water is the volume of water calculated by dividing the volume of water supplied to all residences or properties sharing the meter by the number of residences or properties supplied and multiplying the result by 91.25 and dividing that result by the number of days in the meter reading period.

occupation of a person who is entitled to occupation by virtue of being a shareholder in a company which owns the building or a tenant of such a shareholder; and a residential unit in respect of which a residence right in a retirement village under the *Retirement Villages Act 1986* is in force'.

Table 2 Discharge factors

<i>Quarterly equivalent volume of water</i>	<i>Discharge factor</i>
Less than or equal to 125 kl	0.9
More than 125 kl and less than or equal to 250 kl	0.9 less 0.0036 per kl in excess of 125 kl
More than 250 kl	0.45

Notes: For third pipe recycled water customers, volume of water is the sum of metered potable water and metered recycled water. The formula used for calculating the volume of sewage discharges is subject to alternative methods.

Alternative methods

Where **City West Water** is satisfied that the default method is likely to 'systematically and substantially overestimate the volume of sewage discharged':

- (a) a customer can seek a customised discharge factor using the consumption history at the property to determine the percentage of water disposed to the sewer annually. In the majority of cases, the formula used to calculate the volume of sewerage differs to that applied in the default method with the seasonal factor and discharge factor replaced by the customised discharge factor
- (b) extra water meters may be installed (at the customer's own cost) to more effectively isolate the water use which is discharged to the sewerage system; or
- (c) **City West Water** may apply 'property specific' sewage disposal factors to customers that are served by a third pipe recycled water supply, or any other form of alternative water supply (eg: rainwater tanks).

The decision on whether to use an alternative method rests with the customer and **City West Water** does not guarantee a particular outcome.

3.7 Calculating the volume of sewage — non-residential customers

Default method

The volume of sewage discharged from a non-residential property or premises during a meter reading period shall, by default, be calculated according to the formula:

$$\text{Volume of Sewage} = (VW - VTW) \times DF$$

Where:

VW is the volume of water supplied to the property or premises, being the volume determined for the purpose of calculating a water usage charge for the same meter reading period or that volume rounded to the nearest kilolitre;

VTW is the volume of trade waste discharged from the property or premises in the meter reading period; and

DF is the discharge factor, which is 0.9 or a lesser figure determined by **City West Water** to result in a more accurate estimate of the volume of sewage discharged.

For most non-residential customers, the default method coupled with a discharge factor of 0.9 is used. The only exceptions are Category A or B trade waste customers who typically use water in industrial processes. In these cases a customised discharge factor will be calculated by **City West Water** to account for the volumes of water incorporated into product, lost in steam etc. This will be undertaken as part of the pricing assessment for trade waste customers.

For customers who are not Category A or B trade waste customers but do use water in industrial processes, a customised discharge factor will be calculated by the **City West Water** on request.

Notes: For third pipe recycled water customers, volume of water is the sum of metered potable water and metered recycled water. The formula used for calculating the volume of sewage discharged is subject to alternative methods (see alternative methods under clause 3.6).

3.8 Assignment of trade waste risk rank

Trade waste risk rank is calculated:

$$R = L + V + H + A + S + C$$

Where:

L is the location of the discharge in relation to the treatment plant.

If discharging to Western Treatment Plant and > 5 km radius	L = 0
If discharging to Western Treatment Plant and ≤ 5 km radius	L = 10
If discharging to Altona Treatment Plant	L = 18

V is average daily discharge volume from recorded volumes over the last twelve months. If no volumes are recorded, the daily maximum volume is used.

Average daily <u>volume</u> (kL)	V
< 5	1
≥ 5 and < 25	10
≥ 25 and < 50	20
≥ 50 and < 75	30
≥ 75 and < 100	40
≥ 100 and < 500	50
≥ 500 and < 1000	75
≥ 1000 and < 2000	100
≥ 2000	150

H is the compliance history of samples taken over the last three years.

H = number of samples with at least one parameter out of limits as a percentage of the total number of samples.

If the total number of samples is less than 4, H = 10.

A every customer has a list of activities assigned to their business. It is the activity with the highest value that is used i.e. activity and value with highest risk. The value will be 1, 5, 10, 25, 50 or 75. The following are examples that can be expanded upon during discussions with new applicants:

food preparation, A = 1
wash-down water, A = 5
textile finishing, A = 10
wool carbonising, A = 25
chrome tanning, A = 50
liquid waste disposal, A = 75

S the substances that a customer is likely to be discharging to sewer are given a value based on the activity value.

S = 50 if the activity weighting is either 50 or 75

S = 10 if the activity weighting is either 10 or 25

S = 0 if the activity weighting is either 1 or 5

C

A class is assigned to represent the risks associated with different manufacturing sectors. If more than one class applies, the class with highest risk is used in the risk ranking.

C = 50 for Chemical Manufacture; Inorganic Chemical Manufacture; Liquid Waste Disposal; Pesticides; Petroleum Refining; Pharmaceuticals; Organic Chemical Manufacture.

C = 30 for Chemical Blending; Electroplating – Barrel.

C = 25 for Electroplating – Dip.

C = 20 for Anodising; Chromating; Disinfectants; Galvanising; Heat Treating; Metal Pickling; Metal Etching; Rendering; Phosphating; Dyeing; Laboratory.

C = 10 for Contaminated Ground Water; Drum Washing; Hydrocarbon Contaminated Water.

C = 0 otherwise.

The risk rank determines the inspection and sampling frequency, the agreement term and conditions such as customer self-monitoring and waste management plan requirements.

<i>R</i>	<i>Risk Rank</i>	<i>Inspection frequency</i>	<i>Agreement term</i>
≥ 150	1	2 weeks	2-3 years
≥ 120 and < 150	2	6 weeks	4 years
≥ 90 and < 120	3	12 weeks	5 years
≥ 50 and < 90	4	26 weeks	7 years
< 50	5	52 weeks	10 years

3.9 Food waste charges

Food waste charges do not apply to residential premises. For hospitals and institutions the charge applies to waste discharged through a food waste unit.

For other properties where waste is discharged through a food waste unit other than a potato peeler unit, the categories are:

Category A – Units rated at more than 180 watts and less than 400 watts.

Category B – Units rated greater than or equal to 400 watts less than 700 watts.

Category C – Units rated at greater than or equal to 700 watts and less than 1,500 watts.

For properties where waste is discharged through a potato peeler unit which is not discharging to a peel interceptor, the categories are:

Category D – Units rated at more than 180 watts and less than 400 watts.

Category E – Units rated greater than or equal to 400 watts and less than 700 watts.

Category F – Units rated at greater than or equal to 700 watts and less than 1,500 watts.

For units rated greater than 1,500 watts, the price will be determined in accordance with trade waste charges.

3.10 Inclining block tariffs

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

3.11 Miscellaneous fees and charges

Information statement (electronic) – a statement showing charges outstanding for a customer/property and any **City West Water** or **Melbourne Water** encumbrances on the property. Accessed via the **City West Water** website.

Information statement (standard) – a statement showing charges outstanding for a customer/property and any **City West Water** or **Melbourne Water** encumbrances on the property. Requested and supplied by mail.

Offer fees (works offers >10 lots) – processing, feasibility advice and connection details for proposed works by developers.

Acceptance Fees (works offers >10 lots) – processing, feasibility advice, auditing, commissioning and acceptance testing of works by developers.

New meter – installation of a new meter at a property, inclusive of delivery, installation, materials and processing.

Meter Assembly (20mm) – supply and installation of materials for a meter assembly on a 'dry' tapping.

Plumbing application – application to connect new plumbing work to a **City West Water** water main or sewer.

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 **City West 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 **City West Water** or pursuant to other Government policies that apply to **City West 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 **City West Water's** water and sewerage network, the developer must provide the reticulation assets that are required to service their development and connect to **City West 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, **City West Water** may levy a charge greater than the scheduled charge that will cover the costs associated with bringing forward the provision of shared distribution assets. In doing so, **City West Water** must set out the pricing principles for determining **developer charges** as contained in this Determination, and also notify the developer of their right to

appeal any non-scheduled charge to the Commission. The proposed charge is to be 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 **City West 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 **City West 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 **City West 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 **City West 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, **City West 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

City West 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 June, 2009



A handwritten signature in black ink, appearing to read 'Ron Ben-David', written over a horizontal line.

Dr Ron Ben-David
Chairperson

Annexure A

Table 1 **Additional service standards**

<i>Service standard</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
CO ₂ emissions (net tonnes)	3 400	3 300	3 300	3 300
Recycled water (ML)	370	1 710	3 250	3 440
Biosolids reused/recycled (per cent)	100	100	100	100
Sewer backlog connections (number)	60	13	13	0
Compliance with environment discharge licence requirement (per cent)	100	100	100	100
Compliance with drinking water quality regulations	100	100	100	100
Water quality complaints (per 1000 customers)	1.1	1.1	1.1	1.1
Average time to rectify water faults (days)	1.0	1.0	1.0	1.0
Water main breaks (per 100km)	71.5	71.5	71.5	71.5
Systems faults calls answered within 30 seconds (per cent)	93.3	93.3	93.3	93.3
Account enquires answered within 30 seconds (per cent)	74.5	74.5	74.5	74.5
Interruptions to sewerage services restored within 5 hours (per cent)	97.6	97.6	97.6	97.6
Sewer spills within a house contained within 1 hour of notification (per cent)	100	100	100	100
Priority 1 bursts responded to within 1 hour (per cent)	99.8	99.8	99.8	99.8
Customer correspondence responded to within 10 working days	100	100	100	100
Sewer spills per 1000 properties	1.8	1.8	1.8	1.8
Residential potable water use targets (litres per person per day)	165	171	174	170
Total potable water use (litres per person per day)	316	320	318	308

Table 2 **Weighted average cost of capital**
(per cent)

<i>Post tax WACC</i>	<i>Implied pre-tax WACC</i>
5.1	5.7

Table 3 **Benchmark revenue requirement**
\$ million in January 2009 prices

	<i>2009-10</i>	<i>2010-11</i>	<i>2011-2012</i>	<i>2012-13</i>
Operating expenditure	228.60	249.57	295.80	350.54
Return on existing assts	47.88	46.85	45.98	45.24
Return on new investments	8.87	16.27	22.14	25.03
Regulatory depreciation	25.70	27.48	26.28	28.89
Tax liability	6.49	7.18	7.13	7.96
Total	317.54	347.36	397.34	457.66

Table 4 **Updated regulatory asset base**
\$ million in January 2009 prices

	2004-05	2005-06	2006-07	2007-08
Opening RAB	842.57	869.91	904.37	931.59
<i>Plus</i> Gross capital expenditure	76.39	64.19	61.19	76.04
<i>Less</i> Government contributions	0.00	0.00	2.00	0.00
<i>Less</i> Customer contributions	28.21	5.59	4.84	7.32
<i>Less</i> Proceeds from disposals	0.00	0.10	0.00	0.10
<i>Less</i> Regulatory depreciation	20.84	24.04	27.13	29.71
Closing RAB	869.91	904.37	931.59	970.51

Table 5 **Rolled forward regulated asset base**
\$ million in January 2009 prices

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Opening RAB	970.51	1 053.51	1 171.84	1 303.56	1 367.91
<i>Plus</i> Gross capital expenditure	118.94	161.25	175.38	104.67	63.41
<i>Less</i> Government contributions	0.00	3.90	2.50	0.00	0.00
<i>Less</i> Customer contributions	13.35	13.28	13.64	14.00	14.37
<i>Less</i> Proceeds from disposals	0.04	0.04	0.04	0.04	0.04
<i>Less</i> Regulatory depreciation	22.55	25.70	27.48	26.28	28.89
Closing RAB	1 053.51	1 171.84	1 303.56	1 367.91	1 388.02

Table 6 **Approved licence fee and environmental contribution assumptions**
\$ million in January 2009 prices

	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Essential Services Commission licence fee	0.36	0.36	0.36	0.52
Environment Protection Authority licence fee	0.05	0.11	0.11	0.11
Department of Human Services licence fee	0.11	0.11	0.11	0.11
Environmental contribution	10.53	10.27	10.02	9.78

Table 7 **Demand forecasts**

	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
Water customers (no.)				
Residential	306 449	314 723	323 220	331 947
Non-residential	31 876	32 786	33 721	34 683
Total	338 325	347 509	356 941	366 630
Sewerage customers (no.)				
Residential	305,293	313,565	322,059	330,782
Non-residential	30,403	31,259	32,138	33,039
Total	335 696	344 824	354 197	363 821
Billable water consumption (ML)				
Residential	49 139	52 251	54 307	54 324
Non-residential	37 765	37 624	36 580	35 882
Total	86 905	89 875	90 887	90 205
Sewage volumes (ML)				
Residential	31 215	33 192	34 498	34 509
Non-residential	13 917	13 865	13 481	13 223
Total	45 132	47 057	47 979	47 732

Table 8 **Key capital projects**

	<i>Expected completion date</i>
West Werribee dual water supply scheme	2011-12
Altona recycled water plant	2010-11
Derrimut interceptor sewer	2010-11
Sayers Road to Dohertys Road - 1150mm water main	2011-12
Werribee West – 750mm inlet/outlet main	2011-12
West Werribee low level reservoir	2011-12