



We have set the maximum prices that Essential Water can charge customers from **1 July 2019**, for a period of three years.



Our prices take into account the NSW Government's commitment that prices would not rise, above inflation, for the next four years, as a result of the Murray River to Broken Hill Pipeline.

## Customer bills

Water and sewerage bills will increase by less than inflation for most residential customers, except for chlorinated water customers and pipeline customers receiving untreated water.

Water and sewerage bills will increase by less than inflation for non-residential customers, except those with applicable trade waste charges. (For more information, please see our water and sewerage fact sheets on the next two pages.)

### Annual water and sewerage bills (including inflation)

	2018-19 (current prices)	2019-20	2020-21	2021-22	Change 2018-19 to 2021-22
<b>Residential – treated water – non pensioner</b>					
300kL usage	1,403	1,407	1,442	1,478	5%
<b>Residential – treated water – pensioner</b>					
300kL usage	1,228	1,232	1,267	1,303	6%
<b>Residential – chlorinated water</b> (water bills only; no sewerage services provided)					
300kL usage	676	704	740	777	15%
<b>Non-residential – treated water</b>					
40mm with 2,100kL usage	9,114	8,709	8,933	9,158	0.5%
<b>Non-residential – untreated water – non-pipeline customers</b> (water bills only; no sewerage services provided)					
40mm with 2,100kL usage	4,629	4,688	4,805	4,925	6%

Note: All bills include our estimate of inflation of 6.4% over the three years to 2021-22.

## What are the **costs**?

### Essential Water's revenue requirement

(\$ millions, \$2018-19)

	IPART's decision
Essential Water's existing network costs	62.6
Consequential works costs	3.3
Broken Hill Pipeline transportation costs	73.7
<b>Total</b>	<b>139.6</b>

## Who pays?

### How Essential Water's revenue is to be recovered

(\$ millions, \$2018-19)

	IPART's decision
Revenue from customers	71.1
NSW Government contribution	68.4
Essential Water's total revenue	139.6

Essential Water proposed revenue of **\$73.4 million over 2019-22** for its existing network (excluding the costs of transporting bulk water through the Broken Hill Pipeline and consequential works that Essential Water considers are needed as a result of the Pipeline). We reduced Essential Water's proposed revenue by around **\$10.9 million, or 15%, over 3 years.**

## How did we reach our **decisions**

### 1. Essential Water made a pricing proposal to us in July 2018 setting out its proposed revenue needs and price structures.

- ▼ We released an Issues Paper in September 2018.
- ▼ We sought public submissions and had a Public Hearing in November 2018.
- ▼ We released a Draft Report and Determination in April 2019.

### 2. We determined Essential Water's efficient revenue needs.

- ▼ We reviewed Essential Water's proposed expenditure for prudence and efficiency.

### 3. We set prices for customers taking into account the efficient costs of providing services and the NSW Government commitment for the Broken Hill Pipeline.

## What price will I pay?

**Water prices for most customers will stay the same in real terms (ie, without inflation) except:**

- ▼ The usage price for chlorinated water will increase from \$1.16 per kL to \$1.22 per kL in 2019-20.
- ▼ The usage price for untreated water (pipeline customers only) will increase from \$0.78 per kL to \$0.86 per kL, in 2019-20.

### Water prices (\$2018-19 ie, without inflation)

	2018-19 (current prices)	2019-20
<b>Service Charges (\$ per year)</b>		
<b>Residential</b>	327.68	327.68
<b>Non-residential<sup>a</sup></b>		
– 20mm connection	327.68	327.68
– 25mm connection	512.00	512.00
– 40mm connection	1,310.72	1310.72
– 100mm connection	8,192.01	8192.00
<b>Usage Charges (\$ per kL)</b>		
Treated	1.80	1.80
Chlorinated	1.16	1.22
Untreated – Pipeline	0.78	0.86
Untreated – Non-pipeline	1.58	1.58

<sup>a</sup> The meter based charges are set with reference to the 20mm meter charge based on the following formula: (meter size)<sup>2</sup>x20mm meter charge/400.

## What are IPART's decisions?

**We maintained current price structures.**

- ▼ We have maintained water service prices for all residential and non-residential customers, in real terms.
- ▼ We have maintained usage prices for treated water in real terms.
- ▼ We have maintained water service prices for the mines in real terms.

**We have gradually increased the chlorinated water usage price and the untreated water usage price (pipeline) over the 2019 determination period.**

We have transitioned the chlorinated usage price to \$1.34 per kL by 2021-22. This is because the cost of supplying chlorinated water is similar to the cost of supplying treated water (which is \$1.80 per kL). In order to manage bill impacts for chlorinated water customers, we decided to transition the price over time towards the untreated water usage price (which is \$1.58 per kL).

We have also transitioned the untreated water usage price for pipeline customers to \$1.02 per kL by 2021-22. Our view is that, eventually, all customers should pay the same price for untreated water. To manage bill impacts for untreated water (pipeline) customers we decided to transition the increase.

## What price will I pay?

### Sewerage prices for most customers will decrease in real terms (ie, without inflation):

- ▼ Sewerage service prices will decrease for both residential and non-residential customers in Broken Hill (sewerage services are provided by Essential Water in Broken Hill only).
- ▼ Sewerage usage prices will stay the same at \$1.28 per kL.
- ▼ Prices will increase for trade waste customers who have not been charged for this service to date. To manage the bill impacts we have transitioned the price increases.

### Sewerage prices (\$2018-19 ie, without inflation)

	2018-19 (current prices)	2019-20
<b>Service Charges (\$ per year)</b>		
<b>Residential</b>	535.73	522.08 <sup>a</sup>
<b>Non-residential<sup>b</sup></b>		
– 20mm connection	765.00	581.25
– 25mm connection	1,195.22	908.21
– 40mm connection	3,060.01	2,325.01
– 100mm connection	19,125.08	14,531.32
<b>Usage Charges (\$ per kL)</b>		
<b>Non-residential</b>	1.28	1.28

<sup>a</sup> Includes 90 kL of deemed usage per year.

<sup>b</sup> Non-residential prices assume a 100% discharge factor; bills will depend on discharge factors assigned by Essential Water for individual customers.

## What are IPART's decisions?

### Change in the price structure:

- ▼ We have introduced a deemed sewerage allowance of 90 kL per annum for all residential customers. That is, residential customers will pay a fixed (or deemed) sewerage charge (at 90 kL per annum) as part of their sewerage service charge.
- ▼ This change will improve the consistency in prices for residential and non-residential customers.
- ▼ Currently, non-residential customers with equivalent use to a residential customer pay more for sewerage services than their residential counterparts.

### Trade waste prices

- ▼ Some non-residential customers in Broken Hill discharge trade waste into the sewerage system. Currently, these customers do not pay for trade waste services (except the mines).
- ▼ Our decision is to transition over time towards the trade waste prices in the NSW Department of Industry's liquid trade waste regulation guidelines. We have transitioned the prices at a rate of about 10% per year to manage bill impacts for these customers.