

FACT SHEET

Draft water and sewerage prices for Hunter Water's non-residential customers

Based on *Draft Determination and Draft Report: Hunter Water - Prices for water, sewerage, stormwater drainage and other services from 1 July 2013 to 30 June 2017*
March 2013

On 12 March 2013, IPART released its Draft Determination on the prices that Hunter Water can charge for providing water and related services to its customers during the 4 years from 1 July 2013 to 30 June 2017.

This fact sheet provides information specific to Hunter Water's non-residential customers and explains how this Draft Determination will affect the water and sewerage prices they will pay. Customers are invited to make written comments on our draft decisions by 12 April 2013. The Draft Report and Draft Determination are available on our website (www.ipart.nsw.gov.au). We expect to complete our review and release our Final Determination in June 2013.

Customer Bills

Non-residential customers vary in their use of water, sewerage and stormwater services. Some have their own meter and some share a common meter, with different meter sizes.

This fact sheet provides indicative water and sewerage bills for small business customers with a 20mm individual meter (Table 1) and for a sample of larger customers with individual meters and varying levels of water usage (Table 2).

Water and sewerage charges – small businesses with 20mm individual meter

Annual water and sewerage bills for small businesses with a single 20mm individual meter consuming 200 kL per year will decline by 18.6% (or \$252), (this includes our forecast of inflation), over 4 years. This is a decline of almost 26.7%, when an estimated inflation rate of 11.0% is taken into account.

This decline is due to:

- ▼ halving of the base sewerage service charge for these customers, so that it now aligns with the charge for residential customers
- ▼ a new sewerage usage discharge allowance which will reach 75 kL by the end of the 4-year period in 2016/17.

Table 1 shows the indicative impact on non-residential water and sewerage bills for customers with 20mm individual meters, various levels of water usage and average sewerage discharge percentages.

Table 1 Annual water and sewerage bills for non-residential customer with a 20mm equivalent meter (\$nominal)

Financial year	2012/13	2013/14	2014/15	2015/16	2016/17	Change 2013-17
50 kL/pa	970	720	717	724	739	-231
% change		-25.8%	-0.3%	0.9%	2.1%	-23.8%
100 kL/pa	1,099	850	847	845	844	-254
% change		-22.7%	-0.3%	-0.2%	-0.1%	-23.1%
150 kL/pa	1,228	980	978	976	974	-253
% change		-20.2%	-0.2%	-0.2%	-0.2%	-20.6%
200 kL /pa	1,356	1,110	1,108	1,106	1,104	-252
% change		-18.1%	-0.2%	-0.2%	-0.2%	-18.6%
300 kL/pa	1,614	1,371	1,369	1,367	1,365	-249
% change		-15.0%	-0.2%	-0.1%	-0.1%	-15.4%
400 kL/pa	1,872	1,632	1,629	1,627	1,626	-246
% change		-12.8%	-0.1%	-0.1%	-0.1%	-13.1%
500 kL/pa	2,129	1,892	1,890	1,888	1,886	-243
% change		-11.1%	-0.1%	-0.1%	-0.1%	-11.4%
1000 kL/pa	3,417	3,046	3,040	3,034	3,029	-388
% change		-10.9%	-0.2%	-0.2%	-0.2%	-11.4%

Note: We have applied an average discharge factor of 74%. Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

Water and sewerage charges – individual meters and various water usage levels

Table 2 shows the indicative impact of the Draft Determination on non-residential water and sewerage bills for customers with individual meters, various levels of water usage and average sewerage discharge volumes.

The annual water and sewerage bill for a non-residential customer with a 40mm meter that consumes 1,000 kL per year will increase by \$323 or 5.4% (this includes our forecast of inflation) over the 4 years. This increase is less than our estimated inflation rate of 11.0% over the same period.

Table 2 Annual water and sewerage bills for individually metered non-residential customers (\$nominal)

Financial year	meter size	2012/13	2013/14	2014/15	2015/16	2016/17	Change 2013-17
300 kL/pa	25 mm	2,087	2,128	2,145	2,162	2,180	93
% change			2.0%	0.8%	0.8%	0.8%	4.4%
500 kL/pa	32 mm	3,441	3,509	3,547	3,586	3,626	185
% change			2.0%	1.1%	1.1%	1.1%	5.4%
1000 kL/pa	40 mm	5,941	6,054	6,121	6,191	6,263	323
% change			1.9%	1.1%	1.1%	1.2%	5.4%
10000 kL/pa	100 mm	46,790	47,607	48,119	48,644	49,182	2,392
% change			1.7%	1.1%	1.1%	1.1%	5.1%

Source: We have applied an average discharge factor of 74%. Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

Stormwater drainage charges

We have adopted Hunter Water's proposed reduction in stormwater charges, leading to a reduction of 22.5% (this includes our forecast of inflation) by the end of the 4-year period.¹

Trade waste charges


Trade waste is wastewater from commercial and industrial customers with pollutant concentrations that exceed a domestic equivalent. Trade waste charges account for approximately 1% of Hunter Water's total regulated revenue.

We have adopted Hunter Water's proposed trade waste charges, which will increase over the 4-year period to generate a 9% (real) increase in trade waste revenue. The proposed charges are largely reflective of the extra costs incurred by Hunter Water in providing trade waste services.

Miscellaneous and ancillary services charges

Miscellaneous and ancillary charges are a number of non-contestable, one-off charges levied on a small number of customers. These charges account for approximately 1.4% of Hunter Water's total regulated revenue.

¹ Hunter Water proposed stormwater drainage charge reductions on a real dollar basis, which is 30.2% reduction over the 4 years.



We have adopted Hunter Water's proposed miscellaneous and ancillary charges, which will increase in real terms by 17% in 2013/14 and then change in line with the rate of inflation until 2016/17. These charges will be rounded each year after indexation to the nearest dollar for charges equal to or greater than \$100, and to the nearest 5 cents for charges less than \$100.

In adopting Hunter Water's proposed charges, there are number of increases and decreases to the individual charges for 2013/14, some of which are significant. In particular, we seek stakeholder comments on some of the development application charges that are material and proposed to increase significantly. A complete list of Hunter Water's proposed miscellaneous and ancillary charges can be found in the Hunter Water submission and in Appendix H of our Draft Report.

Reasons for the changes

Under our Draft Determination, the majority of small businesses operating in the Hunter region will see significant decreases in their water and sewerage bills. Larger business customers will see their water and sewerage bills increase by around half the rate of inflation.

The Draft Determination includes new price structures to reduce cross-subsidies and ensure the amount paid by each customer better reflects the costs of providing services.

We have accepted Hunter Water's expenditure proposal with some minor adjustments. However, we have set prices marginally lower than those proposed by Hunter Water, as we have applied a lower rate of return on its assets.

The Draft Determination and therefore prices exclude all costs related to Tillegra Dam.

We consider that the prices in the Draft Determination will allow Hunter Water to continue to provide quality services, maintain its financial sustainability and comply with its environmental and service obligations.