

## FACT SHEET

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

Based on *Draft Determination and Draft Report: Hunter Water- Prices for water and 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 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](http://www.ipart.nsw.gov.au)). We expect to complete our review and release our Final Determination in June 2013.

### Customer Bills

#### Water and sewerage charges – residential houses

Table 1 shows indicative annual water and sewerage bills for Hunter Water's residential customers in houses, with various levels of water usage.

Under our Draft Determination, a residential customer in a house using 200 kL of water per year will see their water and sewerage bill increase by 6.7 % (or \$69) (this includes our forecast of inflation) over the 4 years. This increase is lower than the forecast rate of inflation of 11% over the same period.

**Table 1 Annual water and sewerage bills for residential customers in houses (\$ nominal)**

Financial year ending 30 June	2012/13	2013/14	2014/15	2015/16	2016/17	Change 2013-17
50 kL/pa	714	732	747	763	779	65
% change		2.5%	2.1%	2.1%	2.1%	9.1%
100 kL/pa	818	837	853	868	884	66
% change		2.4%	1.8%	1.8%	1.8%	8.1%
150 kL/pa	922	943	958	974	990	68
% change		2.2%	1.6%	1.6%	1.6%	7.3%
200 kL/pa	1,026	1,048	1,064	1,079	1,095	69
% change		2.2%	1.5%	1.5%	1.5%	6.7%
300 kL/pa	1,234	1,259	1,275	1,290	1,306	72
% change		2.0%	1.2%	1.2%	1.2%	5.9%
400 kL/pa	1,442	1,470	1,486	1,501	1,517	75
% change		2.0%	1.0%	1.1%	1.1%	5.2%
500 kL/pa	1,650	1,681	1,697	1,712	1,728	78
% change		1.9%	0.9%	0.9%	0.9%	4.7%
1000 kL/pa	2,690	2,736	2,752	2,767	2,783	93
% change		1.7%	0.6%	0.6%	0.6%	3.5%

**Note:** Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

### Water and sewerage charges – residential units and flats

Table 2 shows indicative annual water and sewerage bills for Hunter Water's residential customers in units and flats.

The annual water and sewerage bill for flats and units with typical water usage of 150 kL per year will increase by 15.6% (or \$113), including inflation. This increase is above the rate of inflation of 11% over the same period.

The increase in the typical bill for flats and units is due to the increase in the sewerage service charge paid by flats and units. Hunter Water currently charges flats, units and townhouses 65% of the sewerage service levied on houses. The sewerage service charge will transition to 75% of that paid by houses by the end of the 4-year period.

The typical bill for residential units and flats is estimated to be \$835 by June 2017, which will still remain lower than the \$1,095 typical bill for a house.

**Table 2 Annual water and sewerage bills for residential customers in units and flats (\$nominal)**

Financial year ending 30 June	2012/13	2013/14	2014/15	2015/16	2016/17	Change 2013-17
50 kL/pa	514	545	570	597	624	110
% change		6.0%	4.6%	4.6%	4.6%	21.3%
100 kL/pa	618	651	676	702	730	111
% change		5.2%	3.9%	3.9%	3.9%	18.0%
150 kL/pa	722	756	781	808	835	113
% change		4.7%	3.4%	3.3%	3.4%	15.6%
200 kL/pa	826	862	887	913	941	114
% change		4.3%	2.9%	3.0%	3.0%	13.8%
300 kL/pa	1,034	1,073	1,098	1,124	1,152	117
% change		3.7%	2.4%	2.4%	2.4%	11.3%
400 kL/pa	1,242	1,284	1,309	1,335	1,363	120
% change		3.3%	2.0%	2.0%	2.0%	9.7%
500 kL/pa	1,450	1,495	1,520	1,546	1,574	123
% change		3.0%	1.7%	1.7%	1.8%	8.5%
1000 kL/pa	2,490	2,550	2,575	2,601	2,629	138
% change		2.4%	1.0%	1.0%	1.1%	5.5%

**Note:** Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

### Water and sewerage charges – pensioners

The average annual water and sewerage bill for pensioners consuming 100 kL per year is expected to increase by 2.2% by 2016/17. This is significantly below the rate of inflation which is expected to be 11.0% over the 4-year period.

### 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) for most customers by the end of the 4-year period.<sup>1</sup>

We have also adopted Hunter Water's proposed new customer category for residential flats, units and townhouses. This category of customers will see a reduction of 71.6% (this includes our forecast of inflation) in their stormwater charges by the end of the 4-year period.

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

## Key changes in prices

### Water prices

The water usage charge will be set at \$2.11/kL until 2016/17. It is currently \$2.08/kL.

The water service charge will be set at \$15.00 per year until 2016/17. It is currently \$18.92 for house and on average \$11.37 for flat and units.

We have set these prices including inflation so that they will not change over the 4 years.

### Sewerage prices

Sewerage service charges will rise in line with inflation only, which we expect to be 3.1% in 2013/14 and 2.5% per year after that.

The sewerage service charge for houses is expected to be \$618 in 2016/17. The charge for flats and units will transition from 65% to 75% of the sewerage service charge for houses over the 4 years and is expected to be \$464 in 2016/17.

## Reasons for the changes

Under our Draft Determination, most residential water and sewerage bills in the Hunter will increase by less than the estimated rate of inflation over the next four years.

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.