File: 3429

Thursday 13 April 2017

Independent Pricing and Regulatory Tribunal of New South Wales
Via: Online submission form

To Whom It May Concern,

Re: IPART review of WaterNSW prices for rural bulk water services from 1 July 2017 to 30 June 2021

I write to provide Western Murray Irrigation's (WMI) response to the IPART review of prices for rural bulk water services from 1 July 2017 to 30 June 2021 draft report (released on 14 March 2017).

WMI is responsible for the operation of the three irrigation areas – Buronga, Coomealla and Curlwaa. Each irrigation area is supplied by a fully pipelined irrigation system, each with its own pump station on the Murray River. WMI's irrigation customers are those irrigators and other users delivered water from each of these three systems.

WMI currently holds over 40,000 unit shares of NSW Murray high security water, taking delivery across its three irrigation areas of 25,000ML annually. Not all of this water is sourced from these entitlements, with an active inbound and outbound allocation trade market critical to the success of our customers.

The crops supported by this irrigation activity are high value irrigated horticultural crops, such as various grape crops, citrus, and annual fruit and vegetable crops.

The draft report, if implemented, would represent a significant increase in WMI's costs – in excess of 50% year-on-year (forecast 2016/17 to estimated 2017/18). Whilst WaterNSW appears to have made commendable reductions in its operating costs, the impact of the proposed increase in MDBA costs (estimated to be almost 70% year-on-year alone to WMI) renders this achievement irrelevant.

This increase is ludicrous, and in the NSW Murray Valley (due to the well documented lack of transparency in MDBA costs) they may well arise from cost shifting by WaterNSW onto MDBA costs, that WaterNSW regards as 'pass-through' costs.

For these reasons, WMI implores IPART to re-think its approach to both the increased MDBA costs (which are unacceptable) and their recovery (the proposed 80:20 cost recovery split).

Any such recoveries will undermine WMI's customers' ability to continue to recover from the impacts of the drought and low commodity prices. Particularly given that these are proposed to be implemented immediately, leading to the 50% year-on-year increase described above.

Tel: (03) 5027 4953
Fax (03) 5027 4880
Email: enquiries@westernmurray.com.au
Office: 5 Tapio Street Dareton
Postal: PO Box 346 Dareton NSW 2717
Website: www.westernmurray.com.au

Other key issues identified in WMI's detailed response, attached to this letter, are as follows:

- The impact of the change to and application of the high security premium – arising from the use of a narrow dataset that fails to reflect long term allocation availability.
- Continued and large scale underspends by WaterNSW (with no resultant cost savings to customers) in both operating and capital expenditure categories, justifying further reductions in allowances for both.

WMI also expresses it support for the intent of the NSW Irrigators' Council submission to IPART in this regard (in the absence of any direct conflict between the advice provided by Council and WMI).

WMI is pleased for the opportunity to respond to the draft report, but is exasperated by its content. A 50% increase in year-on-year costs (irrespective of its source) is commercially unsustainable for those who rely on WaterNSW for service delivery. WMI pleads with IPART to address this and the other issues identified in this WMI response in the final determination of WaterNSW charges.

Please also feel free to contact WMI via our General Manager, Anthony Couroupis, on [redacted] to discuss any aspect of this response.

Yours faithfully,

[redacted]

Kevin Watson
Chairman

General feedback and observations

Draft report section	Draft report clause	WMI response / concern
Summary	Whilst this is in part offset by a modest increase in our allowance for regulatory depreciation, the broad reduction in efficient costs means that, without inflation, draft prices and bills to recover WaterNSW's core costs are falling in most valleys. In the Murray and Murrumbidgee valleys, customers also pay MDBA charges to recover the costs of WaterNSW's payments to the Murray-Darling Basin Authority (MDBA). These costs are rising, and while we have applied further efficiency savings to these MDBA costs, MDBA charges are increasing. This has put upward pressure on total bills in these valleys, in particular the Murray valley.	This is certainly the case for WaterNSW only costs – and is to be commended. Unfortunately though, the draft report's implementation would likely see a 50% increase in WMI's year-on-year cost – arising from a 70% increase in MDBA costs. This is untenable, and warrants further review. Despite assurances from the MDBA that costs are 'reasonable and efficient', WaterNSW customers' 'line of sight' to these costs is blurred by the inter-state water sharing arrangements. Only a full exposure and review of these costs will satisfy the irrigation industry – we are nowhere near that currently.
1.3.2 Factors offsetting WaterNSW's lower costs MDBA and BRC costs are rising	We have applied an efficiency adjustment of 1.25%, compounded per annum, to both BRC and MDBA pass through charges. This reduces total MDBA and BRC related costs over the 2017 determination by around \$1.9 million.	While the intent of the efficiency adjustment is welcome, the quantum is grossly inadequate. Until there is full exposure and review of these costs, the adjustment should be much greater (say 20%) to 'encourage' those to properly address WaterNSW customers' concerns about the transparency of these costs. Until we do, we will continue to go round and round the merry-go-round of responsibility and blame shifting that we saw so obviously at the IPART hearing of 4 April.
1.3.2 Factors offsetting WaterNSW's lower costs We have updated the High Security premium	However, the HS premium has increased significantly in the Murray valley, rising from 1.95 to 2.45. This has put upward pressure on bills for HS licences in the Murray valley, and shifted costs from GS to HS entitlement holders.	WMI contends that the use of a longer term water dataset (such as IQQM, as proposed by NSWIC) would likely deliver more equitable outcomes (though they are currently unquantified). The current 20 year dataset distorts long term water availability against high security entitlements holders, thus further increasing their costs.
1.3.2 Factors offsetting	We have retained the existing fixed to variable tariff	WMI regards the logic that delivers an 80:20 tariff

Draft report section	Draft report clause	WMI response / concern
WaterNSW's lower costs We have changed some tariff structures	ratios (40:60 in most valleys), however we have moved to an 80:20 fixed to variable ratio in: • for MDBA and BRC charges. This means that, for these tariffs, about 80% of revenue is forecast to be received from entitlement changes and 20% from usage charges. We consider that, relative to 40:60, an 80:20 tariff structure better reflects WaterNSW's cost structure, which is predominantly fixed. Our draft decision to set the MDBA and BRC tariff structure at 80:20 means that the revenue required to pay for MDBA and BRC related costs shifts away from water usage, to water entitlements.	structure for MDBA costs as perverse. Instead it would be more appropriate to adopt a 40:60 mix, as customers have argued for over time and which reflects the current tariff structure. In short, the use of the WaterNSW cost structure to justify MDBA cost recovery where charges are in turn set quite differently is illogical. The move away from usage to entitlement based charges also ignores the emergence of a large group of WaterNSW customers that hold no entitlements – rather, they source all of their annual usage requirements from the allocation trade market. They are being given a significant commercial free kick by this decision – one that impacts water markets and long term investment decisions.
1.3.2 Factors offsetting WaterNSW's lower costs We have changed some tariff structures	Our draft decision to set the MDBA and BRC tariff structure at 80:20 means that the revenue required to pay for MDBA and BRC related costs shifts away from water usage, to water entitlements.	The move away from usage to entitlement based charges also ignores the emergence of a large group of WaterNSW customers that hold no entitlements – rather, they source all of their annual usage requirements from the allocation trade market. They are being given a significant commercial free kick by this decision – one that impacts water markets and long term investment decisions.
1.3.2 Factors offsetting WaterNSW's lower costs We have changed some tariff structures	We have also set draft prices on the basis that the HS premium for bulk water charges in each valley also applies to MDBA and BRC charges. This is a reflection that MDBA and BRC costs should be shared between HS security and GS security customers consistent with WaterNSW's core costs.	This further compounds the negative impact of this draft determination on high security entitlements holders. Again, a 50% increase year-on-year is unsustainable in any business environment.
1.4 Our draft prices are broadly lower than current prices, excluding inflation	Table 1.1	Despite IPART's confident assurance that 'entitlement charges for most customers are falling in real terms compared to current prices' Table 1.1 tells a different story for Murray high security entitlement holders – showing a greater than 7% increase in year-on-year

Draft report section	Draft report clause	WMI response / concern
		fixed charges.
1.4.3 BRC and MDBA entitlement charges are increasing and usage charges decreasing	Table 1.3	MDBA increases are unsustainable and unjustified – 170% and 103% increases are proposed for high and general security entitlements charges respectively. Despite a 63% reduction in usage charges, WMI's overall MDBA costs are estimated to increase by almost 70%.
1.4.3 BRC and MDBA entitlement charges are increasing and usage charges decreasing	As discussed above, our draft decision is to change the MDBA and BRC tariff structure from 40:60 to 80:20 fixed to variable to be more cost-reflective. This means that entitlement charges would increase and usage charges would decrease. The large increases in entitlement charges are also driven by the substantially larger MDBA costs and (for high security licence holders in the Murray valley) updates to the high security premium in the Murray valley.	Further to commentary above, the cost reflectivity cited here is against WaterNSW costs, not against MDBA costs. For this reason, MDBA costs should be treated as all other WaterNSW costs – the 40:60 split should apply. And whilst significant, the MDBA costs should be regarded as just another input cost to WaterNSW's business. WaterNSW incurs a range of business costs (e.g. labour and electricity costs) where the recovery of their expenditure may be different to the incurring of the cost. MDBA costs should be treated the same.

Specific feedback and observations (against the draft report's draft decisions)

Draft report section	Draft decision	WMI response / concern
Form of regulation	1 To adopt a 4-year determination period from 1 July 2017 to 30 June 2021 for all valleys.	WMI supports a longer determination period, though with the additional requirements on WaterNSW during that period as described below.
Form of regulation	2 To use the approach outlined in Appendix C to undertake annual price reviews for WaterNSW's MDB valleys and rural customers in the FRWS, following applications by WaterNSW.	The final determination and the proposed review process should place requirements to achieve IPART identified cost savings (not just the efficiency measures). If IPART has identified an area of WaterNSW's business that it regards as 'inefficient', a cost reduction must be imposed on WaterNSW. WMI regards this as a corollary to the suggestion that any savings identified and harnessed by WaterNSW during the determination period are solely it's to retain.
Form of regulation	4 To set price caps.	Agreed.
Form of regulation	5 To establish an efficiency carryover mechanism and apply it at WaterNSW's 2021 price review. This mechanism: – applies to controllable operating expenditure – is designed to apply to four years of historical expenditure but, in the first instance when applied at the next price review in 2020-21, would apply to three years of historical expenditure: 2017-18, 2018-19, and 2019-20 – ensures the business is able to retain permanent cost reductions for four years before they are passed on to customers through lower prices, and – allows the business to retain temporary over and under spends.	This mechanism must be implemented to encourage innovation, though with two amendments: • avoid a perverse outcome where WaterNSW withholds potential cost savings to future determinations to avoid losing access to the financial benefits arising from their implementation • any savings should be shared equitably (say 50:50) with customers via the annual price reviews
Revenue requirement	6 To set WaterNSW's total NRR at $426.3 million over the 2017 determination period as set out in Table 4.1.	WaterNSW's substantial cost containment successes (resulting in reduced overall revenue requirements) are to be commended though must be continued, if not accelerated.
Revenue requirement	7 To set WaterNSW's customer share of notional	The growth in the customer share of WaterNSW

Draft report section	Draft decision	WMI response / concern
	revenue requirement ($285.4 million) and target revenue from water prices ($279.9 million) over the 2017 determination as set out in Table 4.3.	revenue is cause for concern – a wholesale review of cost shares is now well overdue.
Operating expenditure allowance	8 To set the efficient level of WaterNSW's operating expenditure as shown in Table 5.1.	WaterNSW's substantial cost containment successes are to be commended though must be continued, if not accelerated. It is also important that IPART recognises the significant underspends incurred by WaterNSW (the benefits of which are not shared with customers, rather they are retained by WaterNSW) in previous determination periods – this is likely to continue. For this reason, IPART should consider further reducing WaterNSW's operating expenditure allowance.
Capital expenditure	9 To set the level of WaterNSW's capital expenditure to be included in the RAB as: – actual capital expenditure for Murray-Darling Basin valleys over the 2014-15 to 2016-17 period, excluding $1.62 million on fishway offset expenditure in 2016-17, as set out in Table 6.1. – actual capital expenditure for Coastal valleys over the 2010-11 to 2016-17 period, as set out in Table 6.2, and – IPART's draft finding on forecast prudent and efficient capital expenditure for all valleys over the 2017 determination period, as set out in Table 6.3.	The growth in poorly described and justified capex is of significant concern to WMI. It is also important that IPART recognises the significant underspends incurred by WaterNSW (the benefits of which are not shared with customers, rather they are retained by WaterNSW) in previous determination periods – this is likely to continue. For this reason, IPART should consider further reducing WaterNSW's capital expenditure allowance.
Capital expenditure	10 To require WaterNSW to report on the output measures outlined in Appendix B.	WMI has no specific comment on this draft decision.
Allowance for return on assets, regulatory deprecation and tax obligations	11 To set WaterNSW's opening Regulatory Asset Base (RAB) for its rural operations at the commencement of the determination period (1 July 2017) at $783.8 million (Table 7.1).	The growth in RAB is of significant concern to WMI.
Allowance for return on assets, regulatory deprecation and tax	12 To deduct the regulatory value of actual and forecast asset disposals from the RAB, where the regulatory value is determined as:	WMI has no specific comment on this draft decision.

Draft report section	Draft decision	WMI response / concern
obligations	– for significant sales of assets purchased before the RAB line-in-the-sand: asset sales revenue x RAB/DRC at the time the RAB was established – for significant sales of assets purchased post RAB line-in-the-sand: purchase price + capital expenditure – depreciation + indexation – for significant asset write-offs: determined on a case-by-case basis – for non-significant write-offs: zero unless determined by exception on a case-by-case basis, and – for non-significant asset sales: receipts from asset sales.	
Allowance for return on assets, regulatory deprecation and tax obligations	13 To adopt WaterNSW's reported figure of zero historical asset disposals for the previous determination periods for Coastal and MDB valleys.	WMI has no specific comment on this draft decision.
Allowance for return on assets, regulatory deprecation and tax obligations	14 To adopt WaterNSW's forecast asset disposals as outlined below in Table 7.5.	WMI has no specific comment on this draft decision.
Allowance for return on assets, regulatory deprecation and tax obligations	15 To apply a real post-tax WACC of 3.4% to calculate the return on WaterNSW's assets for MDB valleys.	WMI has no specific comment on this draft decision.
Allowance for return on assets, regulatory deprecation and tax obligations	16 To apply a real post-tax WACC of 4.9% to calculate the return on WaterNSW's assets for Coastal valleys.	WMI has no specific comment on this draft decision.
Allowance for return on assets, regulatory deprecation and tax obligations	17 To set an allowance for return on assets of $116.8 million over the 2017 determination period, as shown in Table 7.6.	WMI has no specific comment on this draft decision.
Allowance for return on assets, regulatory	18 To set an allowance for return on working capital at $0.86 million over the 2017 determination period.	WMI has no specific comment on this draft decision.

Draft report section	Draft decision	WMI response / concern
deprecation and tax obligations		
Allowance for return on assets, regulatory deprecation and tax obligations	19 To use: – a straight-line depreciation method for the 2017 determination period – for existing assets, the rolled forward asset lives from IPART's 2010 determination and the ACCC's 2014 determination, as outlined in Table 7.9 – for new assets, the asset lives listed in Table 7.11.	WMI has no specific comment on this draft decision.
Allowance for return on assets, regulatory deprecation and tax obligations	20 To set WaterNSW's allowance for regulatory depreciation at $64.3 million over the 2017 determination period (Table 7.12).	The growth in allowable depreciation is of significant concern to WMI.
Allowance for return on assets, regulatory deprecation and tax obligations	21 To adopt the regulatory tax allowance as set out in Table 7.13.	WMI has no specific comment on this draft decision.
Other costs	22 To: – apply a 1.25% per annum, compounded, efficiency factor to proposed BRC and MDBA costs to be passed through to customers in the Border, Murray and Murrumbidgee valleys (see Table 8.1) – discontinue the Unders and Overs Mechanism for MDBA and BRC costs and smooth recovery of the current balance over the 2017 determination period.	The efficiency factor applied against the MDBA should be much higher, given the lack of transparency and customer influence over these costs.
Other costs	23 To discontinue the UOM.	WMI has no specific comment on this draft decision.
Other costs	24 With the exception of the Fish River Water Supply Scheme (FRWS), to pay out the balance of the UOM, with prices in each valley including a return on the outstanding balance, and a partial return of the remaining balance each year.	WMI has no specific comment on this draft decision.
Other costs	25 To set the UOM balance attributable to the Wallerawang power station component of the FRWS to zero.	WMI has no specific comment on this draft decision.

Draft report section	Draft decision	WMI response / concern
Other costs	26 To include a revenue volatility allowance in entitlement charges (totalling $0.765 million per year) for valleys that are at cost recovery and have a fixed to variable price ratio that is less than 80:20.	WMI has no specific comment on this draft decision.
Sharing of WaterNSW's revenue requirements	27 To maintain the current customer share ratios as shown in Table 9.1 for the 2017 determination period, consistent with WaterNSW's proposal.	The growth in the customer share of WaterNSW revenue is cause for concern – a wholesale review of cost shares is now well overdue.
Forecast entitlement and usage volumes	28 To accept WaterNSW's proposal and set the entitlement volumes for the MDB and Coastal valleys as shown in Table 10.1, subject to annual review for 2018-19 onwards for the MDB valleys. – 12-year average of actual, historical usage for North Coast and South Coast valleys, using average usage over 2004-05 to 2015-16.	WMI has no specific comment on this draft decision.
Forecast entitlement and usage volumes	29 To forecast usage volumes for each year of the 2017 determination period using a simple: – 20-year moving average of actual, historical usage for MDB valleys (with the exception of Lowbidgee), commencing with using average usage over 1996-97 to 2015-16 to forecast extraction volumes for 2017-18 – moving average of actual, historical usage for Lowbidgee, commencing with using average usage over the year period of 2012-13 to 2015-16 to forecast extraction volumes for 2017-18 – 20-year average of actual, historical usage for Hunter valley, using average usage over 1996-97 to 2015-16.	A longer term assessment of water availability must be used to determine such important outcomes – the 20 year dataset is skewed against high security entitlements (undermining their value) despite their value being largely driven by longer term water availability.
Forecast entitlement and usage volumes	30 To set the minimum annual quantities (MAQs) as shown in Table 10.5 for the FRWS.	WMI has no specific comment on this draft decision.
Forecast entitlement and usage volumes	31 To forecast usage volumes using a simple: – 20-year moving average of actual, historical usage for all customers in the FRWS, except EnergyAustralia, as shown in Table 10.7 – moving average of actual, historical usage for Mt	WMI has no specific comment on this draft decision.

Draft report section	Draft decision	WMI response / concern
	Piper power station for EnergyAustralia, from 2012-13 to 2015-16 to forecast usage volumes for 2017-18.	
Tariff structures	32 To set the fixed to variable price structures for each valley as set out in Table 11.1.	WMI support retention of the current cost share ratios, including their application to MDBA costs.
Tariff structures	33 To: – maintain the existing approach to calculating the high security premium, and – update the security and reliability factors as shown in Table 11.5.	The reliability ratio should use a longer term water availability data to more equitably reflect the desired outcome. A 20 year horizon is discriminatory against high security entitlements holders.
Tariff structures	34 To: – recover customers' share of MDBA and BRC costs through an 80:20 fixed to variable MDBA/BRC tariff structure – apply the high security premiums as set out in Table 11.6 for the Border, Murray and Murrumbidgee valleys to MDBA and BRC charges.	The same ratio as applies to valley specific costs should apply here – 40:60. The application of the WaterNSW cost basis to this cost in inappropriate and unjustified – the MDBA is just another input cost. The high security premium must take account of longer term water availability than what the proposed 20 year dataset does.
Tariff structures	35 To apply a price structure which is approximately 80:20 fixed to variable for the Fish River Water Supply Scheme.	WMI has no specific comment on this draft decision.
Bulk water prices	36 To set high security and general security entitlement charges as listed in Table 12.1, Table 12.2 and Table 12.3.	WMI is gravely concerned by the probable impacts of the proposed charges on its customers' and their viability, as many are still recovering from the impacts of the drought and low commodity prices. Particularly, the increase in MDBA costs (irrespective of its recovery via fixed or variable charges) is outrageous and unacceptable.
Bulk water prices	37 To set usage charges as listed in Table 12.4, Table 12.5 and Table 12.6.	Any charge reductions are welcome, though the offsetting impacts of increased fixed charges makes the proposed mix of changes almost unbearable to WMI and its customers.
Bulk water prices	38 To maintain levying usage charges on customers trading water allocation (also known as a 'temporary trade') to persons who do not hold a NSW water	WMI has no specific comment on this draft decision.

Draft report section	Draft decision	WMI response / concern
	access licence with an associated water supply works and complying metering (eg, for interstate trades), to recover the prudent and efficient infrastructure costs WaterNSW incurs in holding and releasing bulk water when it is traded out of NSW.	
Bulk water prices	39 To set prices for the FRWS as shown in Table 12.7.	WMI has no specific comment on this draft decision.
Bulk water prices	40 Not to set prices based on full cost recovery (FCR) of the notional revenue requirement in valleys substantially below FCR, ie, in the North Coast and South Coast valleys.	WMI has no specific comment on this draft decision.
Bulk water prices	41 To set prices in valleys substantially below full cost recovery, ie, in the North Coast and South Coast valleys, using a new methodology. Under this new approach prices would be set within the efficient pricing band for each of these valleys, where the efficient pricing band lies between: – an upper limit that represents an irrigation customer's capacity to pay for WaterNSW's services 134 – a lower limit that represents the cost that WaterNSW would avoid if it did not have to supply those services to that customer.	WMI has no specific comment on this draft decision.
Bulk water prices	42 To set prices for the 2017 Determination for the: – North Coast valley slightly below the smoothed mid-point (weighted based on forecast volume of entitlements) of the efficient pricing band for this valley by freezing prices at the current 2016-17 price level in real terms over the 2017 determination period, as listed in Table 12.11 – South Coast based on the smoothed mid-point (weighted based on forecast volume of entitlements) of the efficient pricing band for this valley, as listed in Table 12.12.	WMI has no specific comment on this draft decision.
Bulk water prices	43 To set a maximum per annum Yanco Creek levy of	WMI has no specific comment on this draft decision.

Draft report section	Draft decision	WMI response / concern
	$0.90 per ML ($ nominal) for users in the Yanco Columbo system.	
Miscellaneous charges and ICD discounts	44 To set draft prices for meter service charges as listed in Table 13.1.	WMI currently awaits a reply to its letter (of January 2016) from WaterNSW regarding its circumstance of having self-funded (for almost 20 years) the provision of the most up-to-date metering technology available. There is no recognition of this contribution in this or prior determinations.
Miscellaneous charges and ICD discounts	45 To maintain our current approach to recovering meter reading and water use assessment costs, ie, through bulk water charges as opposed to setting a separate charge.	The greater the transparency of such costs, the greater the chance of scrutiny and acceptance. The IPART approach does not aid this objective.
Miscellaneous charges and ICD discounts	46 To set the trade processing charge as listed in Table 13.4, as a single, fixed charge.	Well overdue.
Miscellaneous charges and ICD discounts	47 To set the environmental gauging station charge at $11,735 per year.	Such costs must be recovered from the customer that drives them.
Miscellaneous charges and ICD discounts	48 To set charges for meter accuracy testing as listed in Table 13.7.	WMI has no specific comment on this draft decision.
Miscellaneous charges and ICD discounts	49 To set draft prices for the: – Fish River Water Supply connection charge based on the complexity of the connection service, as listed in Table 13.9. – Fish River Water Supply disconnection charge as listed in Table 13.10.	WMI has no specific comment on this draft decision.
Miscellaneous charges and ICD discounts	50 Not to regulate WaterNSW's credit card payment fees.	WMI has no specific comment on this draft decision.
Miscellaneous charges and ICD discounts	51 To set the value of rebates provided to eight irrigation corporations and districts (ICDs) as shown in Table 13.12.	The rebate should be maintained at historically higher levels to reflect the on-going cost savings and large scale economies of scale enjoyed by WaterNSW from

Draft report section	Draft decision	WMI response / concern
		WMI being responsible for: • the significant number (though reduced over time) of water entitlements held and managed as one by WMI • main meters (3 of) • the significant volume of water delivered through these meters • internal metering (over 500 of) • internal telemetry • data provision • environmental compliance • various other minor costs. WMI can find no detail of the basis for the proposed rebate reduction, rendering a response difficult to make.
IPART also seeks comment on:	1 To apply an 80:20 fixed to variable price structure to a valley, would 100% of customers in that valley need to express written support for the change, or would a majority suffice? If a majority would suffice, then would a majority be based on number of customers or the volume of entitlements in that valley? If based on entitlements, should HS entitlements receive greater weight? Or	The majority of customers would struggle to understand what it means to their bill, so a strong (long and detailed) program of customer engagement would be necessary to get anything like a representative view of all customers. For any change, there must be a compelling need for change, and a compelling acceptance of the need for that change.
IPART also seeks comment on:	2 Would it be reasonable to apply an 80:20 fixed to variable price structure if all the members of a Customer Service Committee (CSC) for the valley were in support, or would majority support be sufficient? Under this, we would expect that all customers in the valley would at least need to be informed of the potential change.	No – the CSC is not representative of all the views of a valley's stakeholders. It is merely a subset of those stakeholders, and the purpose of a CSC is advisory. Such a change would represent a major shift in the scope of a CSC's responsibilities.
IPART also seeks comment on:	3 Are there any other considerations that IPART should be mindful of?	WMI has no specific comment on this draft decision.