

Contact: Grant Moller

Reference: GRM

12 October 2011

Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB POST OFFICE NSW 1230

Dear Sir/Madam

**Subject: End of Term review of SCA's Operating Licence and Prices**

Thank you for providing Goulburn Mulwaree Council with the opportunity to provide a submission to the 'End of Term Review of SCA's Operating Licence and Prices'. Council through its Highlands Source Pipeline from Wingecarribee Reservoir to Goulburn will shortly become a bulk water customer of the SCA. A Bulk Water Supply Agreement is currently being developed between the two parties.

Council met with SCA representatives on 9 August 2011 to discuss SCA's cost allocation and pricing methodology. Council's response was that pricing methodology should be consistent with the NSW Office of Water's Best Practice pricing principle of 75:25 variable to fixed ratio. We note and agree in principle with SCA's submission to IPART that recommends this pricing methodology for Goulburn Mulwaree Council.

Council's hydrology modeling for usage from the Highlands Source Pipeline and hence the Operational Plan, is not yet complete. We note the estimate and assumptions in relation to annual forecast volumes that the SCA's submission has made – estimate and assumptions derived from information provided by Council. The Operational Plan with annual forecast volumes is due for completion in December 2011. This Operational plan will provide Council and SCA with a better understanding of the annual volumes expected to be transferred from the Highlands Source Pipeline.

Although Council agrees in principle with the SCA pricing methodology and its 75:25 variable to fixed ratio, Council believes that SCA should not apply the same water price for Goulburn as that proposed for Shoalhaven and Wingecarribee Councils. Goulburn has significant differences, in particular:

- SCA deliver water to Sydney Water, Wingecarribee Council and Shoalhaven Council right to their 'doorsteps'. Raw water for Goulburn is available 81km away via a pipeline of which SCA has no investment. This requires Council to fully fund the operating and maintenance costs into the future – as well as the initial \$10M contribution for its construction. It would be reasonable for these operating and maintenance costs to be taken into account in the pricing determination;
- Residential customers have been levied \$75/year for each household. Commercial customers have been levied according to meter size. These levies are in addition to existing high water charges;

Thank you again for the opportunity to make this submission. For any additional information please contact the undersigned.

Yours sincerely

A handwritten signature in blue ink, appearing to read "G. Moller", is written over a light blue horizontal line.

Grant Moller  
**Manager Water Services**