

# Narromine Irrigation Board of Management

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**Chairman:**  
**M McKinney**

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16<sup>th</sup> November 2005.

Mr Jim Cox  
Chief Executive Officer  
Independent Pricing and Regulatory Tribunal  
Level 2, 44 Market St  
SYDNEY NSW 2000  
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**Re: Macquarie Valley Water Price Increases**

Dear Mr Cox,

I write to emphasise these issues in addition to those raised by our peak body, Macquarie River Food & Fibre:

- **Use estimated at 1 standard deviation below Average Use:** State Water's risk management proposal to calculate usage costs assuming use at 1 standard deviation below average use is exorbitantly expensive for customers because it is too conservative and therefore it is ineffective means of managing variations in annual use. The implications for the Macquarie are that SWC will be charging a 53% risk premium. A much more efficient alternative would be debt funding of shortfalls in income and investment of surpluses with the difference in interest rates and hence appropriate risk premium of about 1%.

If this is an indication of the way State Water works out it's costs I have great difficulty accepting other costings.

This example is fairly transparent and shows an unnecessary inflation of costs, which leads me to think less transparent issues may involve the same inflated costs.

I ask IPART to give great consideration to my concern as I believe the mind set of DNR and State Water is to conjure up as many ways as they can to push real and fictitious costs on to irrigators.

Yours sincerely,

Edward Whittle

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