



Officer:
Direct ☎:

Our Ref:
Prop Ref:
Date: 16th April 2012

Chairman
Tasmanian Economic Regulator
GPO Box 770
Hobart TAS 7001

Dear Sir,

Submission to the 2012 Water and Sewerage Price Determination Investigation – Draft Report

With reference to section 5.4.10.1 *Assumption of average household water usage of 200kL per annum:*

We note that the economic regulator is concerned about the adoption of the 200kL usage figure for the southern region and the economic regulator identifies that there is no basis to assume otherwise.

Brighton Council supports the economic regulator's concern that:

“if actual usage exceeds the estimated 200kL, customers will be subject to price increases above the proposed \$50/10 per cent price constraint; for example, usage of an additional 50kL i.e. 250kL per year will result in an additional \$45 in variable charges at \$0.90/kL. The regulated entities will also receive increased revenue where actual usage exceeds the estimated 200kL.”

Southern Water's adoption of the 200kl average was based on water usage for 2008-09 and 2009-10 for Sorell and Brighton.

Brighton Council has concerns for the accuracy of these approximations. Brighton Council has extracted actual usage data by individual residential property for the last 5 years. Actual average residential usage over the last 5 years that Brighton Council was responsible for water (including 2008-09) was in fact **295kl**.

While making the point of difference in consumption figures we acknowledge the following matters that affect the price determination:

- It is recognised that the water consumption will decrease during the initial years following the installation of water meters. In Brighton's case, the first year's consumption dropped by 25% which over the next few years stabilised at approximately 15% less than the consumption prior to the introduction of water meters and the two-part pricing regime.
- We understand that the 200kl figure is only one factor in determining the new water price.
- Southern Water has other data regarding average usage that differs from Brighton's experience which may be more relevant for urban consumption.
- There is a need to have a consistent pricing regime across the state. Accordingly, the variable water price targets should converge as the corporations move to one corporation and a goal of achieving port stamp pricing for the state. The use of 200kl in the south is consistent with the average water consumption for the other two water corporations.

We are able to provide supporting documentation of our usage history if required.

Yours sincerely,

A handwritten signature in blue ink that reads "Ron Sanderson". The signature is written in a cursive, flowing style.

Ron Sanderson
General Manager