



TASMANIAN WATER AND SEWERAGE CORPORATION
PTY LTD

ACN 162 220 653

WATER AND SEWERAGE SERVICES PRICE DETERMINATION

1 JULY 2018 – 30 JUNE 2022

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Having undertaken an investigation into the Tasmanian Water and Sewerage Corporation Pty Ltd's (ACN 162 220 653) proposed prices in regard to its provision of regulated water and sewerage services in Tasmania, I make, in accordance with the *Water and Sewerage Industry Act 2008* (the Act), the following Determination under section 66 of the Act.

Dated: 4 May 2018

A handwritten signature in black ink, appearing to read 'Joe Dimasi', written in a cursive style.

Joe Dimasi

TASMANIAN ECONOMIC REGULATOR

1 Effective period

This Determination takes effect on 1 July 2018 and ceases to have effect after 30 June 2022.

2 Application

This Determination applies to the Tasmanian Water and Sewerage Corporation Pty Ltd (ACN 162 220 653) trading as TasWater (hereinafter referred to as 'TasWater') in respect of the regulated services provided by TasWater within Tasmania during the period of this Determination.

In accordance with subsection 67(7) of the *Water and Sewerage Industry Act 2008*, this Determination is binding on TasWater.

3 Purpose and Reasons

The purpose of, and reasons for, the making of this Determination are to:

- a) specify maximum prices, fees and charges which TasWater may charge for regulated services during the regulatory period or the manner in which such prices are to be calculated or otherwise determined; and
- b) reflect the achievement of the Regulator's obligations, and respective price determination requirements, under the *Water and Sewerage Industry Act 2008* and *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011*.

4 Interpretation and Definitions

- a) Interpretation
 - (i) Unless the contrary intention appears an expression not defined in this Determination has the same meaning as it has in the *Water and Sewerage Industry Act 2008*, the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011*, or in the Tasmanian Water and Sewerage Industry Customer Service Code.
 - (ii) Any questions arising from the interpretation of this Determination will be determined by the Regulator.

- b) Expression of values

All values in this Determination are in nominal terms.

c) Definitions

In this Determination:

Connection policy	means the policy referred to in subsection 56U(1)(a) of the <i>Water and Sewerage Industry Act 2008</i>
Customer contract	has the same meaning as in the <i>Water and Sewerage Industry Act 2008</i>
Developer charges policy	means the policy referred to in Regulation 8 of the <i>Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011</i>
Miscellaneous fees and charges	means the fees and charges referred to in Regulation 21 of the <i>Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011</i> , namely, all fees and charges that may be charged by TasWater and that are not fixed charges, variable charges, developer charges or service introduction charges
Price and Service Plan	has the same meaning as in the <i>Water and Sewerage Industry Act 2008</i>
Price Transition	means the approach, as set out in Schedule 2 of this determination, to transitioning customers paying below the target tariffs as at 30 June 2018 to target tariffs during the third regulatory period
PSP Guideline	means the guideline issued by the Regulator in June 2016 under subsection 65(7) of the <i>Water and Sewerage Industry Act 2008</i> for the preparation of a proposed Price and Service Plan
Regulatory period	the period from 1 July 2018 to 30 June 2022 inclusive
Service extension and expansion policy	means the policy referred to in subsection 56J(2)(a) of the <i>Water and Sewerage Industry Act 2008</i>
Service introduction charges policy	means the policy referred to in Regulation 9 of the <i>Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011</i>
Service charges policy	means the policy referred to in subsection 68A(1)(a) of the <i>Water and Sewerage Industry Act 2008</i>

Sub-metering policy	means the policy referred to in subclause 10.1 of the PSP Guideline
Tasmanian Water and Sewerage Industry Customer Service Code	means the customer service code issued by the Regulator under subsection 57(1) of the <i>Water and Sewerage Industry Act 2008</i>
TasWater	means the Tasmanian Water and Sewerage Corporation Pty Ltd (ACN 162 220 653)
Trade waste charges policy	means the policy referred to in subclause 10.1 of the PSP Guideline
The 2018 Water and Sewerage Industry Price Determination Investigation Final Report	means the Final Report to be released by the Regulator in April 2018 after the completion of the Water and Sewerage Industry Price Determination Investigation in relation to TasWater's provision of regulated services

5 Requirement to comply with Price and Service Plan

- a) TasWater must comply with the Price and Service Plan as approved by the Regulator.
- b) The Price and Service Plan, submitted by TasWater to the Regulator for approval, must comply with the *Water and Sewerage Industry Act 2008*, the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011* and the PSP Guideline.
- c) The Price and Service Plan, submitted by TasWater to the Regulator for approval, must also be consistent with the Regulator's decisions and requirements in the 2018 Water and Sewerage Industry Price Determination Investigation Final Report.
- d) The Price and Service Plan, submitted by TasWater to the Regulator for approval, must include any customer contracts and the following prescribed policies:
 - i) Service extension and expansion policy ^{Note 1};
 - ii) Developer charges policy ^{Note 1};
 - iii) Connection policy ^{Note 2};
 - iv) Service introduction charges policy ^{Note 2} ;
 - v) Service charges policy ^{Note 2};
 - vi) Sub-metering policy ^{Note 2} ; and
 - vii) Trade waste charges policy.
- e) The Price and Service Plan, submitted by TasWater to the Regulator for approval, must include:
 - i) a description of the land, whether identified by individual title or by locality, TasWater will permit to be connected to its water infrastructure or sewerage infrastructure ^{Note 2};
 - ii) all miscellaneous fees and charges; and
 - iii) all anticipated changes, over time, of any prices specified in the Price and Service Plan.

Notes:

1. In its proposed Price and Service Plan for the third regulatory period TasWater aggregated its Service Extension and Expansion Policy and its Developer Charges policy into a single Land Development Policies document.
2. In its proposed Price and Service Plan for the third regulatory period TasWater aggregated its service charges policy, connection policy, sub-metering policy, service introduction charges policy into a single Water and Sewerage Network and Charges Policies document. This combined document also includes TasWater's description of serviced land.

6 Requirement to apply prices as determined

- a) TasWater must not charge more than the prices as set out in Schedule 1 and, until 30 June 2021, not more than the prices calculated in accordance with the Price Transition formulae as set out in Schedule 2 to this Determination.
- b) TasWater must not charge for trade waste more than the charges for trade waste as set out in Schedule 3 to this Determination.
- c) TasWater must not charge for miscellaneous services more than the miscellaneous fees and charges as set out in the Price and Service Plan as approved by the Regulator.

Schedule I – Prices

Table 1 Target tariffs – Fixed water charges

Connection size	2018-19	2019-20	2020-21 and 2021-22
20mm	344.64	360.49	377.07

These tariffs apply to customers with a standard 20mm connection. Customers with larger connections need to apply the connection size multipliers contained in Table 4 to calculate their individual target tariffs for each year of the regulatory period.

Table 2 Target tariffs – Fixed sewerage charges

	2018-19	2019-20	2020-21 and 2021-22
Fixed – Per Equivalent Tenement (ET)	661.32	691.74	723.56

Table 3 Target tariffs – Variable water charges

	2018-19	2019-20	2020-21 and 2021-22
Water of drinking water quality (\$/kL)	1.0671	1.1162	1.1675
Water not of drinking water quality (\$/kL) ^{Note 1}	0.8537	0.8930	0.9341

Note 1: This variable water charge represents the 'Limited Water Quality' target tariff.

Table 4 Connection size multipliers

Connection size (mm)	Multiplier
20	1.00
25	1.56
30	2.25
32	2.56
40	4.00
50	6.25
65	10.56
75	14.06
80	16.00
100	25.00
150	56.25
200	100.00
250	156.25

Table 5 Target tariffs – Motor home dump points

	2018-19	2019-20	2020-21 and 2021-22
Fixed sewerage (One ET)	661.32	691.74	723.56

Table 6 Target tariffs – Fire service fixed charge

Connection size	2018-19	2019-20	2020-21 and 2021-22
20mm	86.15	90.11	94.26

These tariffs apply to customers with a standard 20mm connection. Customers with larger connections need to apply the connection size multipliers contained in Table 4 to calculate their individual target tariffs for each year of the regulatory period.

Table 7 Target tariffs – Limited water supply customers

Connection size	2018-19	2019-2020	2020-21 and 2021-22
20mm	310.16	324.43	339.35

These tariffs apply to customers with a standard 20mm connection. Customers with larger connections need to apply the connection size multipliers contained in Table 3 to calculate their individual target tariffs for each year of the regulatory period.

Table 8 Private Filling Stations

	2018-19	2019-20	2020-21 and 2021-22
Fixed charge per annum	344.64	360.49	377.07
Volumetric Charge (\$/kL)	1.0671	1.1162	1.1675

The fixed charge applies to customers with a standard 20 mm connection. The fixed charge for customers with larger connections for each year of the regulatory period is calculated by applying the connection size multipliers contained in Table 3.

Table 9 Public Filling Stations – e-card and registered keys

	2018-19	2019-20	2020-21 and 2021-22
Volumetric Charge (\$/kL)	1.6450	1.7207	1.7999
e-card credit top up (processing fee)	6.04	6.32	6.61
Security deposit (one-off fee)	52.30	54.71	57.22

Table 10 Public Filling Stations – 500L tokens

	2018-19	2019-20	2020-21 and 2021-22
Total charge per token	0.8225	0.8603	0.8999

Table 11 Portable Metered Standpipes

	2018-19	2019-20	2020-21 and 2021-22
Fixed Charge	344.64	360.49	377.07
Volumetric Charge (\$/kL)	1.0671	1.1162	1.1675

The fixed charge applies to customers with a standard 20mm connection. The fixed charge for customers with larger connections for each year of the regulatory period is calculated by applying the connection size multipliers contained in Table 3.

Table 12 Target tariffs – Septic Tank Effluent Disposal (STED) schemes

	2018-19	2019-20	2020-21 and 2021-22
Fixed – Per Equivalent Tenement (ET)	462.93	484.22	506.49

Schedule 2 – Price Transition

Assumptions

C_m = Connection size multiplier

V = Variable Charge (\$/kL)

ET = Equivalent Tenement

WF = Water Fixed Charge Tariff (Note1)

FS = Fire Service Fixed Charge (Note 2)

$*$ = Annual transition change

SF = Sewerage Fixed Charge Tariff (Note 3)

$_0$ = 2017-18

$_1$ = 2018-19

t = target

$_2$ = 2019-20

TW = Trade Waste

$_3$ = 2020-21

Notes

- WF is the lesser of the amount specified in Table 1 of this Determination and the amount actually charged by TasWater's for this service during the relevant year.
- FS is the lesser of the amount specified in Table 6 of this Determination and the amount actually charged by TasWater's for this service during the relevant year.
- SF is the lesser of the amount specified in Table 2 of this Determination and the amount actually charged by TasWater's for this service during the relevant year.

Examples

V_0 = Variable Charge for 2017-18

WFt_1 = Water Fixed Charge target for 2018-19

Variable charge (V)

If $V_0 < Vt_0$

Then:

$$V_* = \frac{(Vt_3 - V_0)}{3}$$

$$V_1 = V_0 + V_*$$

$$V_2 = V_1 + V_*$$

$$V_3 = Vt_3$$

Trade Waste (TW)

If $TW_0 \neq TW_{t_0}$

Then:

$$TW_* = \frac{(TW_{t_3} - TW_0)}{3}$$

$$TW_1 = TW_0 + TW_*$$

$$TW_2 = TW_1 + TW_*$$

$$TW_3 = TW_{t_3}$$

Fire Service Fixed Charge (FS)

If $FS_0 \neq FS_{t_0}$

Then:

$$FS_* = \frac{(FS_{t_3} - FS_0)}{3}$$

$$FS_1 = FS_0 + FS_*$$

$$FS_2 = FS_1 + FS_*$$

$$FS_3 = FS_{t_3}$$

Transition Formulae for fixed water and fixed sewerage charges

if $(WF_0 \neq WF_{t_0} * C_m)$ and:

if $(WF_{t_1} * C_m - WF_0) \leq \$50 * C_m$ then:

$$WF_1 = WF_{t_1} * C_m$$

$$WF_2 = WF_{t_2} * C_m$$

$$WF_3 = WF_{t_3} * C_m$$

if $(WF_{t_1} * C_m - WF_0) > \$50 * C_m$ then:

$$WF_* = (WF_{t_3} * C_m - WF_0) / 3$$

$$WF_1 = (WF_0 + WF_*)$$

$$WF_2 = (WF_1 + WF_*)$$

$$WF_3 = WF_{t_3} * C_m$$

Transition Formulae for fixed water and fixed sewerage charges

if $(SF_0 \neq SF_{t0} * ET)$ *and*:

if $(SF_{t1} * ET - SF_0) \leq \$50 * ET$ *then*:

$$SF_1 = SF_{t1} * ET$$

$$SF_2 = SF_{t2} * ET$$

$$SF_3 = SF_{t3} * ET$$

if $(SF_{t1} * ET - SF_0) > \$50 * ET$ *then*:

$$SF_* = (SF_{t3} * ET - SF_0) / 3$$

$$SF_1 = (SF_0 + SF_*)$$

$$SF_2 = (SF_1 + SF_*)$$

$$SF_3 = SF_{t3} * ET$$

Schedule 3 – Trade Waste charges

Table 13 Charges by customer category and type of charge

Trade Waste Category	Application Fee	Annual Target Tariff	Non-Compliance Charge (Minor)	Non-Compliance Charge (Major)
1	193	572.29	1 144.60	1 716.90
2A	193	938.06	1 876.10	2 814.16
2B	193	1 316.33	2 632.66	3 948.98
2C	193	1 974.16	3 948.37	5 922.57

These charges are to apply in 2018-19. The charges are to be increased by 4.6 per cent in each of the 2019-20 and 2020-21 financial years but with no increase in the 2021-22 financial year.