

SUMMARY OF DECISIONS

The following table summarises the decisions made by the Economic Regulator in this Report. A reference is included to where these decisions are discussed in this Report.

Estimating revenue requirements (Chapter 4)

In relation to estimating revenue requirements, the Economic Regulator has made the following decisions:

Section	Decision
4.5	The Economic Regulator <u>requires</u> TasWater to adopt in its final Price and Service Plan, the revenue limit calculations presented in Chapter 4 of this Final Report.

Setting prices and revenue transition paths (Chapter 5)

In relation to setting prices and revenue transition paths, the Economic Regulator has made the following decisions:

Section	Decision
5.3.2	Despite the absence of details about the costs of implementing pricing zones and in light of the issues raised by TasWater, the Regulator <u>approves</u> TasWater's proposal to not introduce pricing zones for the second regulatory period.
5.3.3	The Economic Regulator <u>approves</u> the customer classes TasWater proposed for the second regulatory period.
5.3.4	The Economic Regulator <u>approves</u> TasWater's proposal to base fixed water target tariffs on the proposed connection sizes and multipliers.
5.3.5	The Economic Regulator <u>approves</u> TasWater's proposal to charge limited supply customers 90 per cent of the fixed water target tariffs for each year of the second regulatory period.
5.3.6	The Economic Regulator <u>approves</u> TasWater's proposal to charge fire service customers 25 per cent of the fixed water target tariffs for each year of the second regulatory period.
5.3.7	The Economic Regulator <u>approves</u> TasWater's proposal to apply the ET methodology in determining fixed sewerage charges with the exception of caravan parks where the Economic Regulator requires TasWater's final Price and Service Plan to reflect the adoption of the Economic Regulator's alternative approach to determining caravan park ETs.

Section	Decision
	<p>The Economic Regulator also <u>approves</u> TasWater’s proposed approach to transitioning sewerage customers to target.</p> <p>The Economic Regulator <u>requires</u> TasWater’s final Price and Service Plan to include a schedule detailing the ET rates to be applied to different industries and property uses.</p> <p>The Economic Regulator further <u>requires</u> TasWater’s final Price and Service Plan to include a clear explanation of the ET methodology TasWater has used to calculate the various ET rates to be applied to different industries and property uses.</p> <p>The Economic Regulator <u>requires</u> TasWater to justify any departures in its ET methodology from the schedules contained in the Water Directorate’s Section 64 Determination of Equivalent Tenements Guidelines and to publish any documentation that is not publicly available, that TasWater is intending to rely on.</p>
5.3.8	<p>The Economic Regulator <u>approves</u> TasWater’s proposal to charge STED customers 90 per cent of the fixed sewerage target tariff for each year of the second regulatory period.</p>
5.3.11	<p>The Economic Regulator <u>approves</u> TasWater’s proposed split between fixed and variable charges for the second regulatory period and a continuation of the recovery of some fixed costs through variable charges for that period resulting in a variable water charge of \$0.9711 per kilolitre in 2015-16.</p> <p>The Economic Regulator also <u>approves</u> TasWater’s proposal to index variable water target tariffs for full service customers by 2.5 per cent per annum for each of the 2016-17 and 2017-18 financial years.</p> <p>The Economic Regulator <u>approves</u> TasWater’s proposed full service variable water charges for the second regulatory period.</p>
5.3.12	<p>The Economic Regulator <u>approves</u> TasWater’s proposal to transition customers paying less than the approved 2014-15 water variable target tariffs by one third of the difference between the amount paid in 2014-15 and TasWater’s approved water variable charges target tariff for 2017-18.</p>
5.3.13	<p>The Economic Regulator <u>approves</u> TasWater’s proposal to charge limited service customers 80 per cent of the variable water target tariffs for each year of the second regulatory period.</p>
5.3.14	<p>The Economic Regulator <u>approves</u> TasWater’s proposal to maintain the existing basis for charging for the use of private and public filling stations and portable metered standpipes.</p> <p>The Economic Regulator also <u>approves</u> TasWater’s proposed charges for the use of private and public filling stations and portable metered standpipes as set out in Table 5.6 of this Final Report.</p>

Section	Decision
5.3.15	The Economic Regulator <u>approves</u> TasWater’s proposal to transition trade waste customers above and below the target by one third of the difference between the amount paid in 2014-15 and TasWater’s relevant proposed trade waste target tariff for 2017-18.
5.3.16	<p>The Economic Regulator <u>approves</u> TasWater’s proposal to apply the fixed sewerage (full service) target tariff (ie one ET) in respect of motor home dump points.</p> <p>The Economic Regulator <u>requires</u> TasWater to only apply the approved motor home dump point fixed sewerage charges to dump points located outside caravan parks.</p>
5.3.17	<p>The Economic Regulator <u>requires</u> TasWater to amend its final Price and Service Plan to include a clear explanation as to the process it intends following and the tests that must be met before moving a customer directly to the relevant target tariff.</p> <p>The Economic Regulator also <u>requires</u> TasWater’s final Price and Service Plan to reflect the descriptions outlined in Table 5.7 of this Final Report of the circumstances whereby customers may either be moved directly to target or be transitioned to target.</p>
5.4.1	<p>The Economic Regulator <u>approves</u> TasWater’s proposed miscellaneous charges and fees.</p> <p>The Economic Regulator also <u>approves</u> TasWater’s proposal to increase its miscellaneous fees and charges by 2.5 per cent per annum for each of the 2016-17 and 2017-18 financial years.</p>
5.4.2	<p>The Economic Regulator <u>approves</u> TasWater’s proposed development assessment services fees.</p> <p>The Economic Regulator also <u>requires</u> TasWater to replace, in its development assessment classification criteria, the references to Equivalent Population (EP) with references to Equivalent Tenements (ETs).</p>
5.5.1	For the purposes of estimating its revenue, the Economic Regulator <u>requires</u> TasWater to adopt an annual growth rate of 0.3 per cent to forecast growth in the number of customer connections over the second regulatory period.
5.5.2	For the purposes of estimating its revenue, the Economic Regulator <u>requires</u> TasWater to adopt an annual growth rate of 0.3 per cent to forecast growth in water and sewerage volumes over the second regulatory period.

Section	Decision
5.5.3	For the purposes of estimating its revenue, the Economic Regulator <u>requires</u> TasWater to adopt an annual growth rate of 0.3 per cent to forecast growth in the number of miscellaneous fees and charges transactions over the second regulatory period.
5.8.4	The Economic Regulator <u>requires</u> TasWater's final Price and Service Plan to reflect the price transition mechanism provided under Alternative Price Scenario 2 for each year of the second regulatory period.
5.8.5	The Economic Regulator <u>requires</u> TasWater to adopt the Economic Regulator's proposed fixed water target tariffs.

Service provision (Chapter 6)

In relation to service provision, the Economic Regulator has made the following decisions:

Section	Decision
6.1.5	<p>The Economic Regulator <u>approves</u> TasWater applying the minimum water flow and minimum water pressure figures outlined in TasWater's Supplement to the Water Services Association of Australia's <i>Water Supply Code of Australia</i> in determining whether a property or part of a property is within serviced land.</p> <p>The Economic Regulator <u>requires</u> TasWater to publish TasWater's Supplement to the Water Services Association of Australia's <i>Water Supply Code of Australia</i> together with any other additional relevant information that would assist customers and stakeholders in determining whether their property or part of their property is within serviced land.</p>
6.1.5	The Economic Regulator <u>approves</u> TasWater allowing serviced land boundaries to exist within property titles.
6.1.5	The Economic Regulator <u>requires</u> TasWater to ensure that the categories of land used in the finalised and future versions of its state-wide service land maps are consistent with those used in TasWater's approved Price and Service Plan.
6.1.5	With respect to any future changes to the description of TasWater's serviced land, the Economic Regulator <u>requires</u> TasWater to provide an undertaking in its Price and Service Plan to ensure that the description of serviced land is updated, published and made available to the public as soon as possible after changes are made and, in any case, on at least a monthly basis.

Section	Decision
6.1.5	The Economic Regulator <u>requires</u> TasWater to provide in its Price and Service Plan, the finalised versions of its state-wide serviced land maps, as well as an undertaking to make the final version of those maps available to the public from 1 July 2015.
6.2.1	The Economic Regulator <u>requires</u> TasWater to revise its draft customer contract to ensure full compliance with relevant provisions of the Customer Service Code.
6.2.2	<p>The Economic Regulator <u>requires</u> TasWater to amend its draft connection policy to ensure its legislative compliance. That is, TasWater <u>must</u> re-draft its draft connection policy so that it:</p> <ol style="list-style-type: none"> <li data-bbox="584 808 1412 947">(1) also outlines the circumstances in which TasWater will permit an owner of land to relocate or adjust a connection to TasWater’s water infrastructure or sewerage infrastructure; and <li data-bbox="584 987 1412 1050">(2) specifies the connection charges to apply to properties within serviced land.
6.2.2	<p>The Economic Regulator <u>requires</u> TasWater to:</p> <ol style="list-style-type: none"> <li data-bbox="584 1151 1412 1442">(1) adopt, in its final Price and Service Plan, the proposed connection and relocation of connection fees for 2015-16, as outlined in Table 6.3 and Table 6.4 of this Final Report, and that those fees be increased by 2.5 per cent per annum over the second regulatory period to account for inflation. It is noted that the proposed connection fees and relocation of connection fees apply only to 20mm water, 25mm water and 100mm sewerage connections; and <li data-bbox="584 1476 1412 1576">(2) determine charges for connection and relocation of connection for non-standard and larger water and sewerage connections on a cost recovery basis.
6.2.3.6	<p>Based on its assessment of TasWater’s proposed Price and Service Plan, the Economic Regulator <u>accepts</u> TasWater’s proposed service charges structure.</p> <p>The Economic Regulator <u>requires</u> TasWater to apply the service charge target tariffs set out in Table 6.6 of this Report.</p> <p>Based on its assessment of TasWater’s discussion on services charges in section 7.2 of the entity’s proposed Price and Service Plan, the Economic Regulator <u>requires</u> TasWater to address the inconsistent use of the term “service charge(s)”. Where the fixed charge for water and sewerage is intended to be used, it should be referred to as a “fixed charge” in accordance with clause 4.5.1 of the PSP Guideline.</p>

Section	Decision
	<p>In respect to different customer classes, the Economic Regulator <u>requires</u> TasWater to:</p> <ol style="list-style-type: none"> <li data-bbox="470 459 1302 526">(1) note its intention to continue to charge limited service customers a service charge in its service charge policy; and <li data-bbox="470 548 1302 616">(2) make a mirroring statement in services charges section of its final Price and Service Plan.
6.2.4.1	<p>The Economic Regulator <u>requires</u> TasWater to revise its draft Metering Policy to:</p> <ol style="list-style-type: none"> <li data-bbox="470 750 1302 784">(1) be a standalone sub-metering policy; <li data-bbox="470 817 1302 996">(2) address the comments and questions raised by the Economic Regulator (as forwarded to TasWater simultaneous to the release of the Economic Regulator’s Draft Report for public consultation) to ensure the policy’s compliance, accuracy and readability; and <li data-bbox="470 1030 1302 1097">(3) address the sub-metering issues listed in section 6.2.4.1 of this Final Report. <p>The Economic Regulator <u>requires</u> TasWater to include, in its final Price and Service Plan, discussion of its current approach to sub-metering, an explanation and justification of any differences between TasWater’s current policy and the policy it proposes for the second regulatory period and any other requirements specified in the PSP Guideline.</p> <p>The Economic Regulator also <u>requires</u> TasWater to provide, in its final Price and Service Plan, an undertaking that it will develop, and make available on its website, supporting documentation that will set out a high level description of the process and procedure to be followed by strata title owners in deciding whether or not to install sub-meters.</p> <p>The Economic Regulator further <u>requires</u> TasWater to include, in its final Price and Service Plan, an undertaking that it will publish, and provide links to, all relevant sub-metering documents (including application forms, diagrams, guidelines etc) on its website.</p>
6.2.5.1	<p>The Economic Regulator <u>requires</u> TasWater to retain the current arrangements for developer charges associated with works internal and works external.</p>

Section	Decision
6.2.5.5	<p>The Economic Regulator <u>requires</u> TasWater to not impose a headworks charge for developments within serviced land.</p> <p>The Economic Regulator <u>requires</u> TasWater to not impose a headworks charge for developments occurring outside of serviced land but that utilise existing capacity.</p>
6.2.5.5	The Economic Regulator <u>approves</u> TasWater imposing a headworks charge, calculated using the NPV methodology, on the component of a development that cannot be satisfied by existing capacity for developments occurring outside serviced land. This incorporates developments relating to extensions to serviced land and to isolated developments.
6.2.5.5	The Economic Regulator <u>requires</u> TasWater to draft a compliant developer charges policy and to include the final version of that policy in its final Price and Service Plan.
6.2.6	The Economic Regulator <u>requires</u> TasWater to amalgamate its draft liquid trade waste policy and its draft liquid trade waste charges policy into a single draft trade waste charges policy for the Economic Regulator to approve.
6.2.6	The Economic Regulator <u>requires</u> TasWater to amend its draft liquid trade waste policy to correct the inconsistent use of terms and document titles.
6.2.6	<p>The Economic Regulator <u>requires</u>:</p> <ol style="list-style-type: none"> <li data-bbox="584 1361 1412 1473">(1) TasWater to provide, on its website, a final version of its Trade Waste Category Calculator so that it is available to trade waste customers and the public generally; and <li data-bbox="584 1503 1412 1688">(2) that the Trade Waste Category Calculator links to relevant policies and other supporting materials released by TasWater in relation to trade waste to assist customers in understanding their trade waste obligations and in undertaking the self assessment process.
6.2.6	The Economic Regulator <u>requires</u> TasWater to clearly outline, and publish, the methodology on which it has based its trade waste customer categorisation in its Trade Waste Charges Policy.

Section	Decision
6.2.6	<p>The Economic Regulator <u>requires</u> TasWater to disclose details of any instances where it has departed from the discharge factors specified in the NSW Department of Water and Energy's (April 2009) <i>Liquid Trade Waste Regulation Guidelines</i> together with a justification for the adoption of any revised factors.</p> <p>The Economic Regulator also <u>requires</u> TasWater to include in its Price and Service Plan an undertaking to collect data during the second regulatory period with the objective of improving the accuracy of its trade waste discharge factors.</p>
6.2.6	<p>The Economic Regulator <u>requires</u> TasWater to include, in its final Price and Service Plan and in its trade waste charges policy, an undertaking that prices negotiated with Category 3 and Category 4 trade waste customers will reflect a reasonable transition period (and explaining what this transition period entails) recognising the time it would take for a trade waste customer to implement appropriate pre-treatment if it intended to do so.</p>
6.2.6	<p>The Economic Regulator <u>approves</u>:</p> <ol style="list-style-type: none"> <li data-bbox="470 1093 1299 1238">(1) the proposed trade waste charges in respect of Category 1, Category 2A, Category 2B and Category 2C trade waste customers for the 2015-16 financial year, as outlined in Table 6.10; and <li data-bbox="470 1272 1299 1417">(2) the annual indexation of TasWater's proposed trade waste charges for Category 1, Category 2A, Category 2B and Category 2C trade waste customers by 2.5 per cent for each of the 2016-17 and 2017-18 financial years.
6.2.7	<p>The Economic Regulator <u>requires</u> TasWater to revise its draft Service Extension Policy to:</p> <ol style="list-style-type: none"> <li data-bbox="470 1552 1299 1619">(1) meet the obligations of the Industry Act and PSP Guideline by addressing matters pertaining to service expansion; and <li data-bbox="470 1653 1299 1832">(2) address the comments and questions raised by the Economic Regulator (as forwarded to TasWater simultaneous to the release of the Economic Regulator's Draft Report for community consultation) to ensure the policy's compliance and accuracy.
6.2.8.1	<p>The Economic Regulator <u>requires</u> TasWater to re-draft its definition of 'service introduction' as stated in its Service Introduction Charges Policy, with the definition provided in the PSP Guideline being the preferred option.</p>

Section	Decision
6.2.8.2	The Economic Regulator <u>requires</u> TasWater to: <ol style="list-style-type: none"> (1) amend the definition of ‘service introduction charge’ to mirror that defined in the Pricing Regulations; (2) clarify the preconditions for imposing a service introduction charge on an owner of a property eg upon connection, upon service availability, prior to service availability etc; and (3) include an undertaking that it will calculate and publish proposed service introduction charges per property, per service, prior to undertaking community consultation on any intended service extension subject to service introduction charges.
6.2.9.1	The Economic Regulator <u>requires</u> TasWater to amend its draft customer complaints, enquiries and disputes management policy to ensure its accuracy and compliance with the relevant regulatory instrument.
6.2.9.2	The Economic Regulator <u>requires</u> TasWater to amend its draft financial hardship policy so that it is fully compliant with the relevant regulatory and legislative instruments.
6.3.4.1.6	The Economic Regulator <u>requires</u> TasWater to adopt the service replacement process outlined in Figures 6.1 to 6.6 inclusive in Chapter 6 of this Final Report.

Setting customer service standards (Chapter 7)

In relation to setting customer service standards, the Economic Regulator has made the following decisions:

Section	Decision
7.5	The Economic Regulator: <ol style="list-style-type: none"> (1) <u>approves</u> the proposed minimum service standards as outlined in Table 7.2 of this Final Report for adoption by TasWater for each year of the second regulatory period; (2) <u>will implement</u> the newly approved minimum service standards by way of the Customer Service Code change process (for a 1 July 2015 commencement); (3) <u>requires</u> TasWater to amend its final Price and Service Plan by removing any discussion concerning the development and application of differential service standards. This includes the map of TasWater’s management areas as shown on page 22 of TasWater’s proposed Price and Service Plan; and (4) <u>notes</u> that there is merit in the Government considering whether to legislate for the introduction of a GSL scheme.