

**Regulator’s consideration of, and decision on, the matters raised in TasWater’s submission – amendments to the Tasmanian Water and Sewerage Customer Service Code**

**Fast Tracked Amendment Provisions**

The Regulator notes TasWater’s concern about the potential for at least some changes made under the fast track provisions to have a significant impact on TasWater and/or its customers. To this end, TasWater encouraged the Regulator to consider what supporting arrangements it may introduce to safeguard against such an outcome. At a minimum, TasWater indicated its expectation that the Regulator would make any information about any fast track amendments to the Code publically available at the earliest opportunity, i.e. prior to the fast track changes actually being made.

***Consideration of TasWater’s submission:***

The Regulator acknowledges TasWater’s preference to be informed of fast tracked Code amendments in advance of those amendments coming into effect. However it is considered that formally providing for ‘advance information sharing’ would negate the reasons for the introduction of fast track amendments in the first instance.

Fast track amendments (which are not minor, procedural etc) can only be made with respect to those matters which have previously been subjected to a consultation process (and adequate records of the consultation and submission are publicly available), or those which are non-discretionary (eg those which reflect changes in legislation or industry technical standards).

In addition, the Regulator understands that, in practice, staff of the Office of the Tasmanian Economic Regulator have regular meetings and interactions with TasWater representatives and, therefore, expects that in most instances any impending or proposed Code amendments, fast tracked or otherwise, would have been conveyed in advance to TasWater.

**Decision**

No change to the fast track provisions is required.

**Issuing Bills Within 30 Days**

TasWater suggested, in its submission, re-wording the new clause 5.3.2 in the Code to ensure that there would be no unintended consequence of requiring changes to TasWater’s current billing practices. TasWater proposed that clause 5.3.2 be amended to read as follows:

5.3.2 “An *Account* for the *Services* we provide to you in a *Billing Period* at any time during or up to 30 days after the end of that *Billing Period*.”

***Consideration of TasWater’s submission:***

The Regulator was not able to identify how TasWater’s proposed revised clause would provide an outcome different to that of the newly inserted clause 5.3.2 of the Code. To this

end, clarification from TasWater on its proposal was sought. TasWater subsequently provided additional information for the Regulator’s consideration.

In that advice, TasWater indicated that, upon reflection, its proposed wording in the revised clause was incorrect. TasWater noted that the proposed revised clause 5.3.2 should have read as follows:

5.3.2 “A bill for the Services we provide to you in a *Billing Period* may be issued at any time during or up to 30 days after the end of that *Billing Period*.”

TasWater noted that the Regulator’s version of clause 5.3.2 had been considered by TasWater in the context of the entity’s current standard practice, which is continuous daily billing. The unintended consequence referred to by TasWater with the application of the Regulator’s version of the clause was that it could be interpreted to mean that a bill can only be issued after the conclusion of the billing period and no later than 30 days after the conclusion of that billing period. That is, there would only be a 30 day window for the bill to be issued by TasWater to the customer.

Currently, TasWater can and does issue a bill any time during a billing period and no later than up to 30 days after the conclusion of the billing period. This allows for continuous daily billing, consistent with the practices of other utilities. TasWater considers that there would be significant change to its billing practice if it were only able to bill in the 30 day window after the conclusion of the billing period (should the Regulator’s clause be interpreted as having to be applied in that way).

As can be seen below on the extract of an actual bill issued by TasWater, there can be multiple charges listed on a bill, with each charge potentially having a different billing period. For example, usage charges are calculated and billed at the conclusion of the corresponding billing period, whereas fixed (service) charges billed for by TasWater in advance of the conclusion of the corresponding billing period.

<b>Statement No.</b> xxxxxxxxxx	<b>Issued</b> 01/03/2014
<b>SERVICE ADDRESS</b> xx Road, xx TAS	<b>INSTALLATION NUMBER</b> xxxxxxxx
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<b>SERVICE CHARGES</b>	
Water Service 20mm (01/01/14-31/03/14)	\$105.07
Sewerage Service (01/01/14-31/03/14)	\$129.50
	<b>\$234.57</b>
<b>USAGE CHARGES</b>	
Water Usage (64kL @ \$0.9234/kL) (19/11/13-25/02/14)	\$59.10
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<b>TOTAL NEW CHARGES</b>	<b>\$293.67</b>

Whilst TasWater has no concern with the Regulator’s imposition of a maximum time of 30 days post a billing period requirement regarding the issue of bills, it does wish to ensure that clause 5.3.2 also provides for continuous daily billing to enable the efficient operation of TasWater, and to remove any uncertainty in this regard.

TasWater also expressed concerns that clause 5.3.2 could be read as unintendedly limiting its ability to recover uncharged amount as allowed under clause 5.7. In particular, clause 5.7.1 enables TasWater to recover an amount undercharged in respect of any billing period, but limited to 12 months prior to first becoming aware of the undercharge. TasWater was concerned that clause 5.3.2 could operate unintendedly to limit its ability to recover an undercharge which will usually be outside of the 30 days after the billing period.

The Regulator considers that the current clause 5.3.2 does not preclude TasWater from continuous billing, especially when considered in the context of the intent of the clause as outlined in the Consultation Paper prepared in relation to this matter. However, after considering TasWater's submission, the Regulator agrees that the clause could be amended to make this clear and to also ensure no unintended limitations are imposed upon the operation of clause 5.7. After having consulted with TasWater's regulatory staff on the drafting, the Regulator proposes to amend clause 5.3.2 of the Code so that it reads as follows:

- 5.3.2 Subject to clause 5.7, a *bill*:
- a) must be issued no more than 30 days after the conclusion of the *billing period* to which the charges in the *bill* relate; but
  - b) may be issued at any time during a *billing period* to which the charges in the bill relate.

The above proposed amendment to clause 5.3.2 will meet TasWater's needs in that it will not prevent the issuing of bills by TasWater before the end of the billing period yet still provides that the bill cannot be issued more than 30 days thereafter. Furthermore, it will make clear that clause 5.3.2 will not limit the operation of clause 5.7.

### **Decision**

The Regulator intends to amend clause 5.3.2 in Version 3 of the Code as proposed above. The amendment will be made at the same time as other fast tracked amendments arising from the Water and Sewerage Price Determination process with regards to minimum service standards.