

# East Gippsland Water 2018 Price Submission Overview

Melbourne

East  
Gippsland

A map of the state of Victoria, Australia, is shown in a light grey color. The region of East Gippsland, located on the eastern coast, is highlighted in a darker green color. A white dot is placed on the map to indicate the location of Melbourne. The text 'Melbourne' is written in white below the dot, and 'East Gippsland' is written in white within the green highlighted area.

Five key outcomes that customers value.

Efficiencies - CPI minus 1.15% per annum.

'Individual price cap' form of price control.

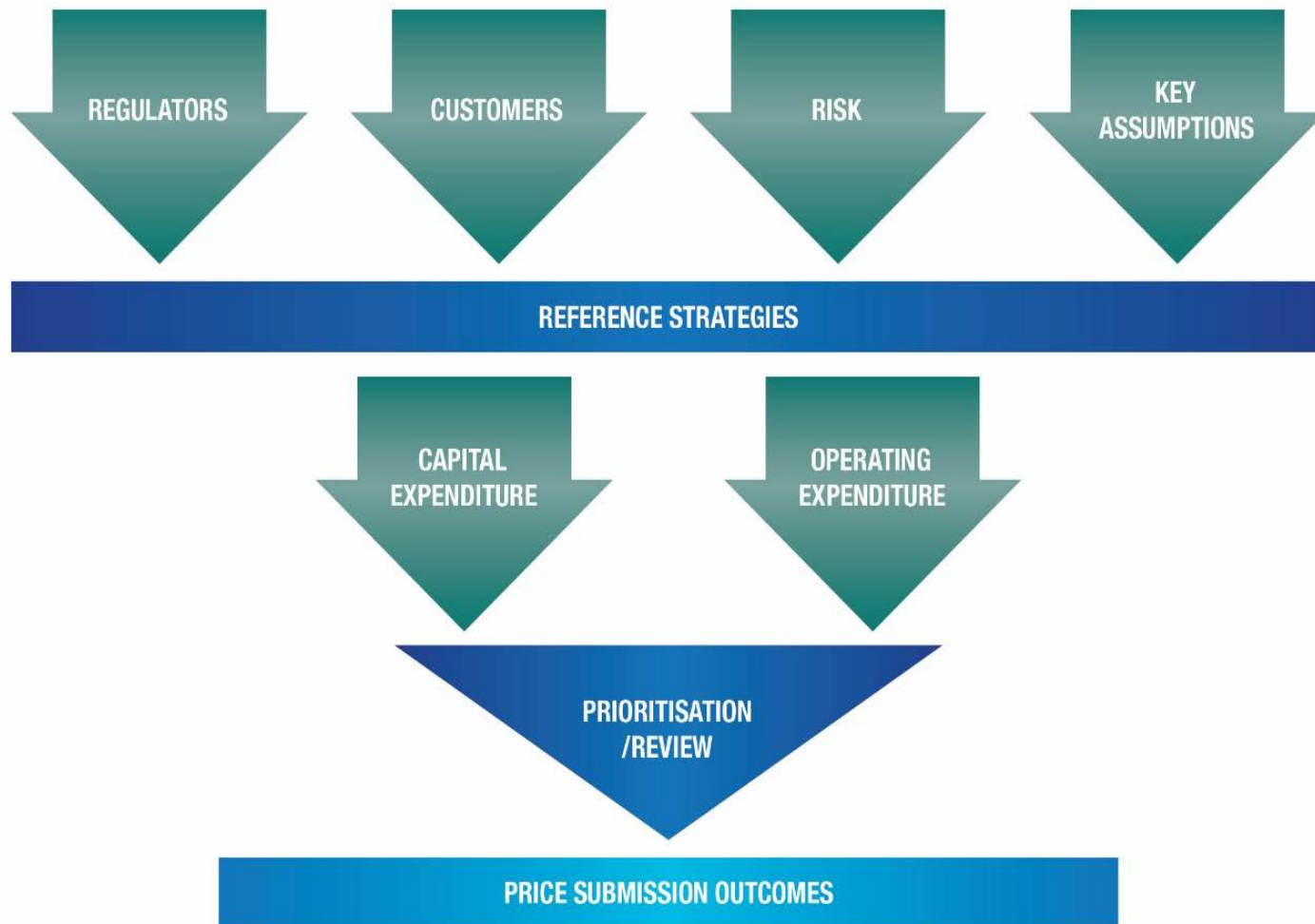
Five-year regulatory period.

Zero real price path.

\$62 million capital works.

\$98 million operating expenditure.

Standard (high) PREMO rating.



# Our engagement program







*Customer committee workshops*



*Round table discussions*



*Water cafés*



*Water cafés*

1. Current levels of services maintained.

2. Safe, high quality drinking water supplies.

3. No increase in average customer bill.

4. Commitment to environmental sustainability.

5. Enhanced liveability and resilience in our region.



## Bill payment difficulties:

- \$300 rebate.

## Sewage spills:

- \$1000 cash payment.

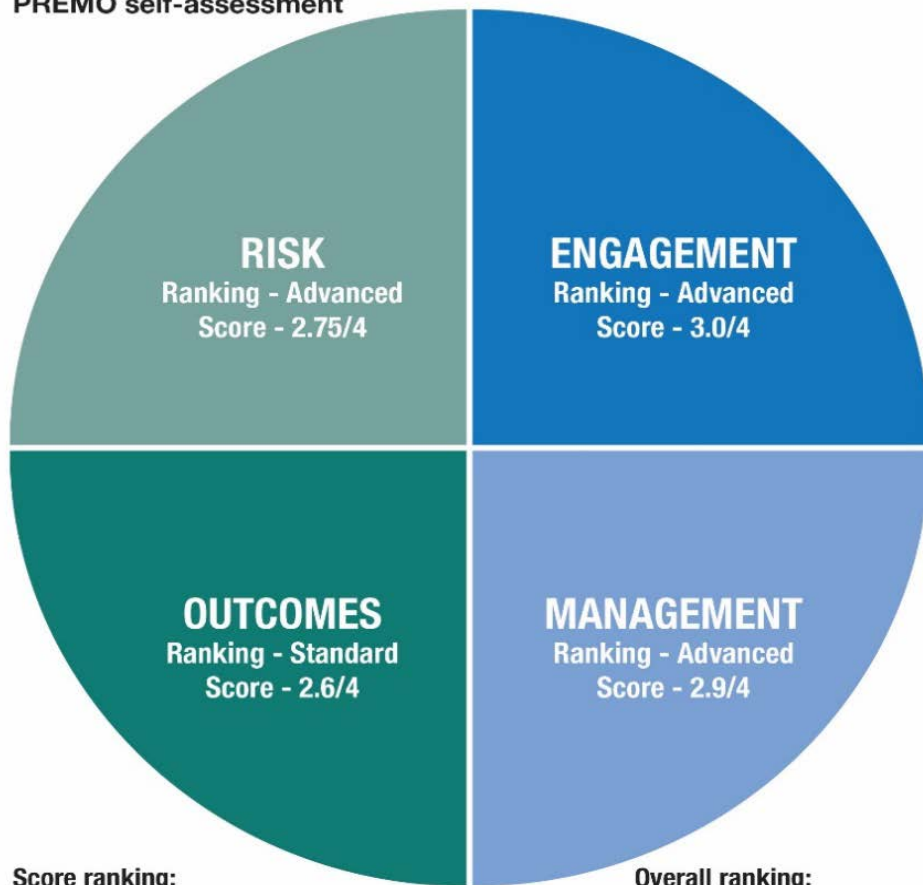
## Planned water supply interruptions:

- 48 hours advanced notice or \$65.
- Planned interruption goes over time - \$65 rebate.

## Environmental sustainability:

- Public apology if carbon pledge updates not provided.
- Unspent money from native vegetation grant carried over.

## PREMO self-assessment



### Score ranking:

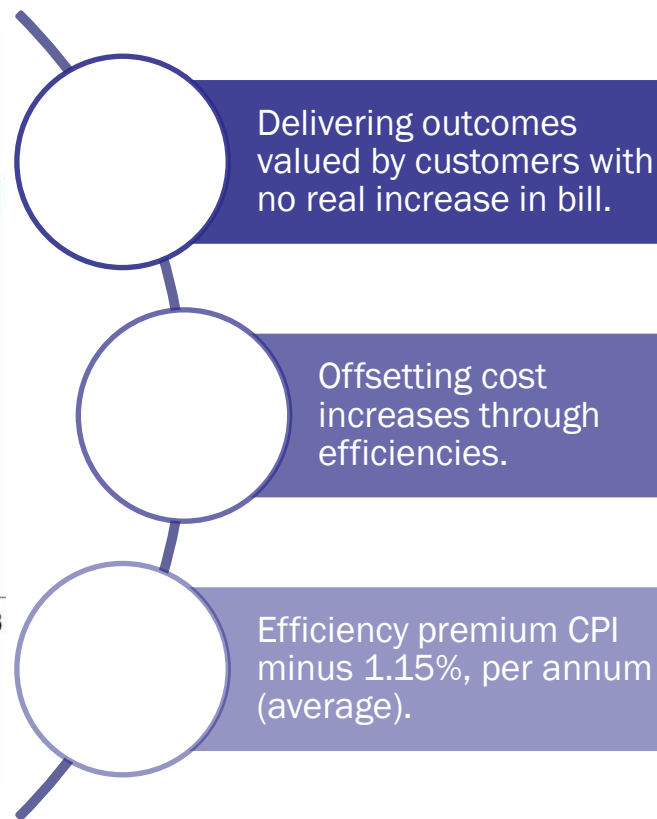
Basic	1 - 1.5
Standard	1.75 - 2.5
Advanced	2.75 - 3.5
Leading	3.75 - 4

### Overall ranking:

Basic	4 - 7.25
Standard	7.5 - 11.25
Advanced	11.5 - 15.25
Leading	15.5 - 16

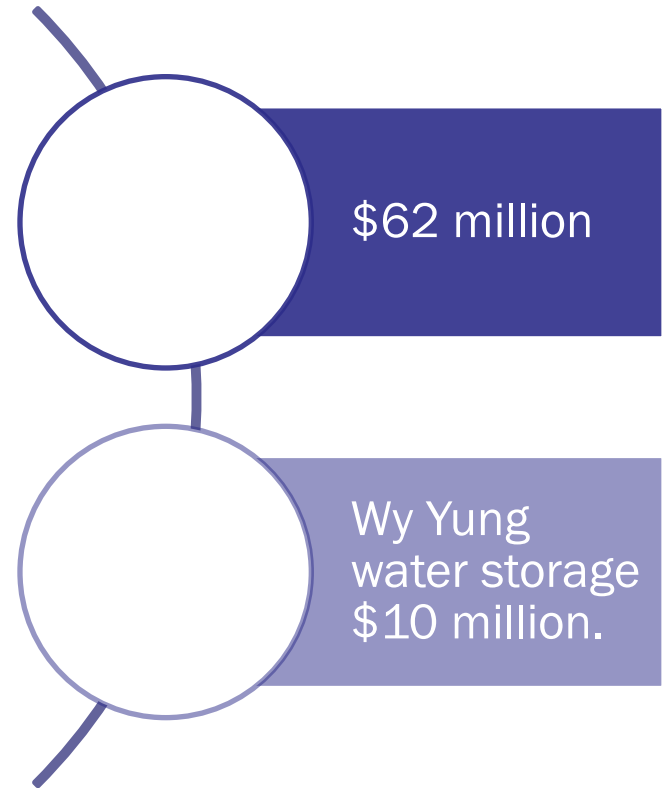
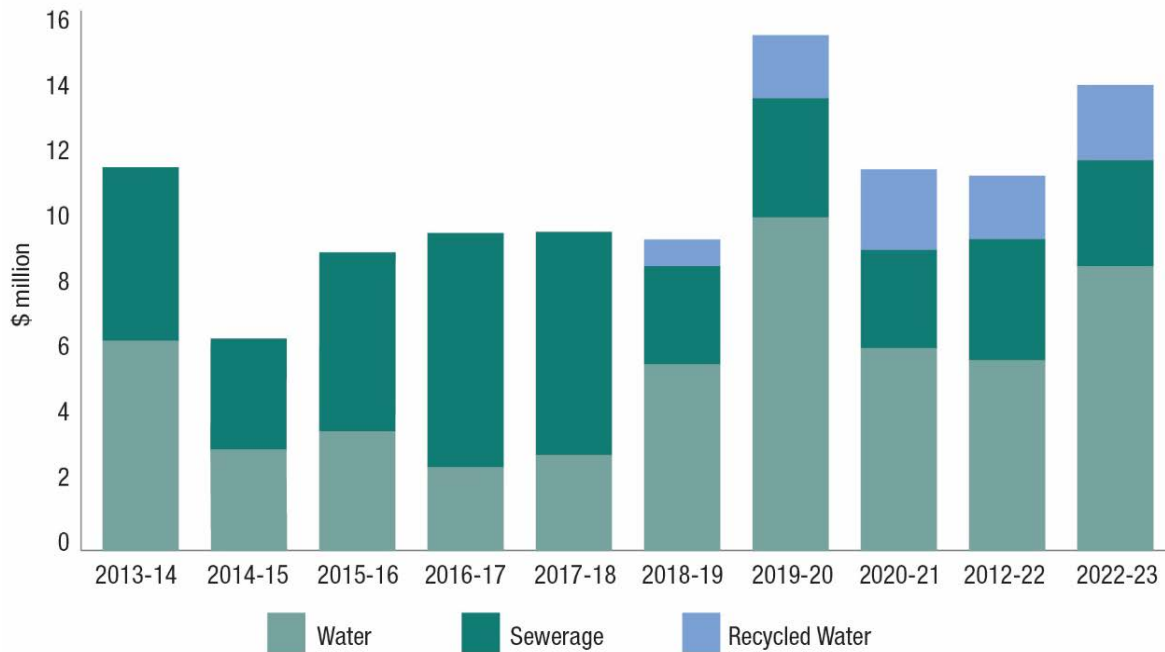
PREMO self-assessment  
score was **11.25 = standard  
(high)**

# Operating expenditure

- Delivering outcomes valued by customers with no real increase in bill.
- Offsetting cost increases through efficiencies.
- Efficiency premium CPI minus 1.15%, per annum (average).

# Capital expenditure



# Key projects (example)

## Wy Yung Clear Water Storage



Cost and timing:

- \$9,975k (2018-21)

Cost Driver category:

- Renewals

Description:

- A 50ML storage will be constructed

Outcome:

- Maintain current levels of service

Current risk rating:

- Very high

Risk rating post-control:

- Moderate

	BENCHMARK	2018/19	2019/20	2020/21	2021/22	2022/23
Interest cover (times)	> 1.5 times	24.7	16.8	17.4	18.2	16.7
Net debt / RAB (Gearing) (%)	< 70%	8%	5%	8%	7%	7%
Internal financing ration (%)	>35%	140%	70%	100%	104%	84%
Funds from operations / net debt (%) <sup>*</sup>	>10%	42%	34%	39%	42%	37%
Total forecast borrowings (\$ million)	-	13.0	17.0	17.0	17.0	19.0

\* Forecast borrowing levels used, not borrowing levels contained in the pricing model.