

3 December 2018

Our Ref: 641/005/004

Marcus Crudden
Director, Pricing Monitoring and Regulation
Essential Services Commission
Level 37, 2 Lonsdale Street
MELBOURNE VIC 3000

Dear Marcus,

RE: Response to Price Review 2020: South Gippsland Water Draft Guidance paper

I write in response to the Price Review 2020: South Gippsland Water Draft Guidance Paper released 23 October 2018 by the Essential Services Commission (ESC).

A review of the Draft Guidance Paper has been undertaken, and the following comments are provided.

South Gippsland Water supports the following specific proposals by the Essential Services Commission;

- The draft guidance on South Gippsland Water's 2020 price review proposes a three year regulatory period
- The Essential Services Commission propose less information requirements for South Gippsland Waters' 2020 Price Submission
- The draft guidance proposes not to apply the PREMO Return on Equity matrix or fast track South Gippsland Water's Price Submission to an early decision
- If the Essential Services Commission makes an assessment for a Standard Rating, a return on equity of 4.5% will be set
- South Gippsland Water must lodge its price submission with the commission by 15 November 2019

South Gippsland Water supports all other aspects of the guidance. Should you require any further information, please do not hesitate to contact me on 5682 0425.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'PDP', with a horizontal line extending to the right.

Philippe du Plessis
Managing Director