

## Overview for customers

Our submission to the NSW Independent Pricing and Regulatory Tribunal (IPART) outlines our proposed prices for water and wastewater services to customers in Broken Hill and the surrounding areas of Menindee, Sunset Strip and Silverton, to apply from 1 July 2022 to 30 June 2027.

### We have a reliable supply of water, but we need to invest in our network to maintain service levels

The Wentworth to Broken Hill Pipeline has provided us with a steady and reliable supply of water. However, we need to efficiently invest in and maintain our network to ensure we can continue to comply with our regulatory requirements and deliver the services our customers want and need.

Our focus for the next five years is to invest in our network where critical assets are aging and in need of repair or replacement. We forecast capital expenditure of about \$75 million over 1 July 2022 to 30 June 2027, which includes major upgrades to the Wills Street wastewater treatment plant and repairs to or replacement of our key service reservoirs and parts of our water and sewer reticulation network.

Our forecast operating and maintenance expenditure for the next five years is above the allowances IPART used to set current prices, but below current actual levels. These forecasts reflect the practical constraints and challenges we face in maintaining an aging network and serving a small customer base across a large and remote area. In addition to the costs of purchasing water from the Wentworth to Broken Hill Pipeline, which remain steady, they include our labour, fleet, materials and energy costs we incur in supplying services to our customers.

Our operating and capital expenditure requirements mean that our total efficient cost (or 'Notional Revenue Requirement') to provide our water and wastewater services increases from \$49 million in 2021-22 to about \$52 million by 2026-27. To ensure our services remain affordable, we propose to share this increase in our costs between our customers and the NSW Government.

### Prices and bills for most customers would increase by between 1.6% and 1.8% per annum, in addition to inflation

We have set most of our proposed prices to increase at about the same rate as our NRR, 1.6% per annum. We consider this is a reasonable share of our costs between our customers and the NSW Government. It recognises that customers should contribute to the efficient costs of the services they receive, but that a Government contribution is required to ensure that we can maintain current services levels at prices customers can afford. The NSW Government would fund the difference between the revenue we receive from customer prices and our NRR.

Under our proposal, over the five-year period from 1 July 2022:

- > **Water and wastewater bills for residential customers** would increase by an average of about 1.8% per annum above inflation, with pensioners experiencing a slightly higher average annual percentage increase (about 2.5%) because the pensioner rebate is fixed in nominal terms.
- > **Water and wastewater bills for non-residential customers** would increase by an average of 1.6% per annum above inflation.
- > **Untreated water prices for pipeline customers** would increase by an average of 8.4% per annum and **chlorinated water prices** by an average of 4.9% per annum, above inflation. These untreated and chlorinated water prices would be increasing from low bases and continuing their current transition paths to more cost-reflective levels.
- > **Trade waste prices** would be introduced for industrial and commercial customers who discharge high strength waste to the sewerage network.

Indicative residential and non-residential bills under our pricing proposal are listed in Tables 1 and 2 below.

**Further information on our pricing proposal is in our submission to IPART. This, along with information on IPART's review process, including opportunities to have your say, is available at IPART's website.**



Table 1: Indicative residential annual water and sewerage bills (\$2022-23)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Change 2021-22 to 2026-27 (%)
<b>Residential – treated water – non pensioner</b>							
200kL	1,298	1,332	1,353	1,375	1,397	1,421	9.5%
300kL	1,491	1,528	1,552	1,577	1,602	1,630	9.3%
400kL	1,684	1,724	1,751	1,779	1,807	1,839	9.2%
<b>Residential – treated water - pensioner</b>							
200kL	1,118	1,157	1,183	1,208	1,234	1,262	12.9%
300kL	1,311	1,353	1,382	1,410	1,439	1,471	12.2%
400kL	1,504	1,549	1,581	1,612	1,644	1,680	11.7%
<b>Residential chlorinated water (water bills only, no sewerage)</b>							
200kL	639	661	685	709	735	747	16.8%
300kL	783	813	846	879	915	930	18.7%
400kL	927	965	1,007	1,049	1,095	1,113	20.0%

Table 2: Indicative non-residential annual water and sewerage bills (\$2022-23)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Change 2021-22 to 2026-27 (%)
<b>Non-residential – treated water<sup>a</sup></b>							
20mm with 250kL usage	1,510	1,536	1,560	1,584	1,608	1,637	8.4%
25mm with 1,000kL usage	4,120	4,191	4,255	4,320	4,385	4,467	8.4%
40mm with 2,100kL usage	9,218	9,377	9,521	9,666	9,812	9,994	8.4%
80mm with 21,000kL usage	73,275	74,550	75,682	76,817	77,955	79,454	8.4%
<b>Non-residential – untreated water, pipeline<sup>b</sup> customers (water only, no sewerage)</b>							
20mm with 250kL usage	623	655	688	721	754	789	26.6%
25mm with 1,000kL usage	1,636	1,750	1,866	1,984	2,104	2,226	36.1%
40mm with 2,100kL usage	3,688	3,932	4,180	4,432	4,688	4,948	34.2%
80mm with 21,000kL usage	28,440	30,744	33,086	35,466	37,884	40,341	41.8%
<b>Non-residential – untreated water, non-pipeline customers (water only, no sewerage)</b>							
20mm with 250kL usage	774	787	800	813	826	839	8.4%
25mm with 1,000kL usage	2,240	2,277	2,314	2,351	2,389	2,428	8.4%
40mm with 2,100kL usage	4,957	5,038	5,119	5,202	5,287	5,372	8.4%
80mm with 21,000kL usage	41,140	41,806	42,483	43,172	43,871	44,582	8.4%

a. Sewerage service charges for non-residential customers are based on water meter size. The applicable meter charge is set using the formula: (meter size)<sup>2</sup> x 20mm meter charge / 400 x discharge factor. For the purpose of showing indicative bills, we have calculated service charges for larger meter sizes based on this formula using a discharge factor of 70%. Actual bills will depend on discharge factors for individual customers.

b. 'Pipeline customers' are customers who received untreated water from the Menindee or Umberumberka pipelines.