

Appendix N

Information Template

ESC urban water price review 2008-09 to 2012-13 Western Water

[Go to Table of Contents](#)



General Cover Notes:

This model applies to the regional/urban businesses for the second ESC price review
Draft Decision Revenue Model
11 April 2008

Table of Contents

Western Water

[Go to Cover Sheet](#)

Section & Sheet Titles

- [a. Notes to the template](#)
- [b. Financing and price control assumptions](#)
- [c. Operating Expenditure forecast](#)
- [d. Capital Expenditure forecast by Asset Category](#)
- [e. Capital Expenditure forecast by Cost Driver - from 1/7/8](#)
- [f. New obligations forecast](#)
- [g. Rolled forward regulatory asset base](#)
- [h. Expenditure Summary](#)
- [i. Adjustments required from first period](#)
- [j. Revenue forecast](#)
- [k. Non-prescribed services](#)
- [l. Cash, debt and tax assumptions](#)
- [m. Revenue requirement detail](#)
- [n. Financial indicators](#)
- [o. Key business metrics](#)

Financing and price control assumptions

v1.4.2

Western Water

[Go to Table of Contents](#)



FIRST REG PERIOD					SECOND REG PERIOD						
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2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13

Inflation assumptions

March quarter annual CPI	141.3	144.1	147.5	151.9	155.6						
Inflation		1.98%	2.36%	2.98%	2.44%	4.24%	2.90%	2.90%	2.90%	2.90%	
Inflation factor	0.930	0.949	0.971	1.000	1.024358	1.068	1.099	1.131	1.163	1.197	

0.225358789 0.234914 0.24172651 0.24873658 0.25594994 0.26337248

WACC assumptions

Parameters

	1st period	Forecast
Risk Free Rate (Real)	2.67%	3.23%
Debt Premium	1.16%	1.75%
Equity Premium	6.00%	6.00%
Equity Beta	0.8	65%
Gearing (Debt/Assets)	60.00%	60.00%
Forecast Inflation	2.55%	2.90%
Franking credit value	0.5	0.5

'Vanilla' After Tax WACC (Real)

5.20%

5.80%

Operating Expenditure forecast

v1.4.2

Western Water

[Go to Table of Contents](#)

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	FIRST REG PERIOD				SECOND REG PERIOD				
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13

Operating Expenditure Summary									
Business as Usual	22.23	21.80	25.35	26.34	29.99	32.73	35.58	38.93	43.11
Licence fees	0.18	0.22	0.12	0.18	0.12	0.12	0.12	0.12	0.14
Environment Levy	1.02	1.34	1.30	1.27	1.51	1.47	1.43	1.39	1.35
Total prescribed BAU opex	23.43	23.35	26.77	27.78	31.62	34.32	37.13	40.45	44.60
<i>June 2005 Final decision</i>		25.80	24.17	23.96					

Total BAU operating expenditure

\$m, 1/1/07

Water									
Operations & Maintenance	2.93	2.90	3.52	3.66	4.18	4.12	4.14	4.21	4.24
Bulk charges	6.97	6.07	6.48	6.68	8.11	10.08	12.65	15.98	20.29
Treatment	1.88	1.80	1.79	1.94	2.32	2.60	2.71	2.95	3.03
Customer Service and billing	0.51	0.82	0.84	1.14	1.15	1.16	1.17	1.18	1.19
GSL Payments	-	-	-	-	-	-	-	-	-
Licence Fees	-	-	-	-	-	-	-	-	-
Corporate	2.81	2.86	3.96	3.83	3.86	4.08	4.07	4.10	4.08
Other operating expenditure	-	-	-	-	0.23	0.14	0.13	(0.16)	(0.28)
Total Water	15.10	14.45	16.59	17.24	19.85	22.18	24.87	28.25	32.55
Sewerage									
Operations & Maintenance	1.78	1.70	1.94	1.99	2.22	2.21	2.24	2.27	2.24
Bulk charges	-	-	-	-	-	-	-	-	-
Treatment	2.15	2.12	2.39	2.32	2.70	2.87	2.93	3.04	2.87
Customer Service and billing	0.41	0.67	0.69	0.93	0.94	0.95	0.95	0.96	0.97
GSL Payments	-	-	-	-	-	-	-	-	-
Licence Fees	-	-	-	-	-	-	-	-	-
Corporate	2.30	2.34	3.24	3.10	3.09	3.27	3.27	3.27	3.24
Other operating expenditure	-	-	-	-	-	-	-	-	-
Total Sewerage	6.65	6.82	8.25	8.35	8.95	9.30	9.39	9.54	9.31
Bulk water									
Operations & Maintenance	-	-	-	-	-	-	-	-	-
Bulk charges	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-
Customer Service and billing	-	-	-	-	-	-	-	-	-
GSL Payments	-	-	-	-	-	-	-	-	-
Licence Fees	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-	-
Other operating expenditure	-	-	-	-	-	-	-	-	-
Total Bulk water	-	-	-	-	-	-	-	-	-
Recycled water	0.48	0.53	0.50	0.75	1.19	1.24	1.32	1.15	1.25
Rural water	-	-	-	-	-	-	-	-	-
Licence fees									
Essential Services Commission	0.05	0.12	0.03	0.08	0.04	0.04	0.04	0.04	0.05
Department of Human Services	0.02	0.02	0.03	0.03	0.02	0.02	0.02	0.02	0.02
Environment Protection Authority	0.12	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Total Licence fees	0.18	0.22	0.12	0.18	0.12	0.12	0.12	0.12	0.14
Environment Levy	1.02	1.34	1.30	1.27	1.51	1.47	1.43	1.39	1.35

Capital Expenditure forecast by Asset Category

v1.4.2

Western Water

[Go to Table of Contents](#)

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FIRST REG PERIOD				SECOND REG PERIOD				
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2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13

Capital Expenditure Summary									
Water	7.74	10.41	9.27	6.99	7.39	8.10	16.05	8.44	5.40
Sewerage	13.43	14.12	11.72	25.11	28.70	23.75	6.72	4.90	4.08
Bulk water	-	-	-	-	-	-	-	-	-
Recycled water	0.81	0.67	1.47	2.36	2.06	1.53	2.38	3.57	6.41
Rural water	-	-	-	-	-	-	-	-	-
Total prescribed BAU capex	21.99	25.20	22.47	34.46	38.15	33.38	25.15	16.92	15.88
<i>June 2005 Final Decision</i>	<i>25.58</i>	<i>27.04</i>	<i>17.96</i>	<i>28.35</i>					
Government contributions	-	-	3.50	-	-	-	-	-	-
Customer contributions	11.74	2.83	1.58	1.67	3.60	3.73	3.83	3.88	4.01
Gifted Assets	11.05	14.36	10.32	10.57	10.33	10.47	10.57	10.69	10.73
Proceeds from disposals	0.79	1.70	0.78	0.93	0.77	0.77	0.77	0.77	0.77

Total BAU capital expenditure

\$m, 1/1/07 inclusive of government and customer contributions

Water

Headworks	1.50	5.70	0.37	0.13	0.21	0.50	0.35	0.43	0.23
Pipelines/network	4.08	2.76	3.38	3.85	5.13	5.76	12.30	5.44	3.14
Treatment	0.88	0.80	2.99	2.27	1.30	0.83	0.95	0.36	1.28
Corporate	1.28	1.16	2.53	0.74	0.75	1.01	2.46	2.22	0.76
Total Water	7.74	10.41	9.27	6.99	7.39	8.10	16.05	8.44	5.40

Sewerage

Headworks	-	-	-	-	-	-	-	-	-
Pipelines/network	8.74	6.20	2.54	7.40	9.73	5.49	2.61	2.71	2.78
Treatment	2.48	6.34	7.07	15.07	16.10	15.52	3.19	1.21	0.49
Corporate	2.22	1.58	2.11	2.64	2.87	2.73	0.92	0.98	0.81
Total Sewerage	13.43	14.12	11.72	25.11	28.70	23.75	6.72	4.90	4.08

Bulk water

Headworks	-	-	-	-	-	-	-	-	-
Pipelines/network	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-	-
Total Bulk water	-	-	-	-	-	-	-	-	-

Recycled water

	0.81	0.67	1.47	2.36	2.06	1.53	2.38	3.57	6.41
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Rural water

	-	-	-	-	-	-	-	-	-
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Above figures include contributions from:

Government contributions

Headworks	-	-	-	-	-	-	-	-	-
Pipelines/network	-	-	-	-	-	-	-	-	-
Treatment	-	-	3.50	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-	-
Recycled water	-	-	-	-	-	-	-	-	-
Rural water	-	-	-	-	-	-	-	-	-
Total Government contributions	-	-	3.50	-	-	-	-	-	-

Customer contributions

Headworks	11.74	2.79	1.58	1.67	3.60	3.73	3.83	3.88	4.01
Pipelines/network	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-	-
Recycled water	-	0.03	-	-	-	-	-	-	-
Rural water	-	-	-	-	-	-	-	-	-
Total Customer contributions	11.74	2.83	1.58	1.67	3.60	3.73	3.83	3.88	4.01

Gifted Assets

	11.05	14.36	10.32	10.57	10.33	10.47	10.57	10.69	10.73
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Asset disposals

Proceeds from disposals	0.79	1.70	0.78	0.93	0.77	0.77	0.77	0.77	0.77
Written down value of assets disposed	0.88	1.47	1.18	-	0.98	0.98	0.97	0.97	0.96

Capital Expenditure forecast by Cost Driver - from 1/7/8

v1.4.2

Western Water

[Go to Table of Contents](#)



FIRST REG PERIOD					SECOND REG PERIOD				
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2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
				1	2	3	4	5

Capital Expenditure Summary									
Net capital expenditure - renewals				7.66	7.03	6.45	5.38	6.55	
Net capital expenditure - growth				26.05	19.74	13.24	7.08	3.38	
Net capital expenditure - improved service				0.18	1.27	0.98	0.18	1.52	
Net capital expenditure - compliance				0.67	1.62	0.66	0.41	0.43	
Government contributions				-	-	-	-	-	
Customer contributions				3.60	3.73	3.83	3.88	4.01	
Total prescribed BAU capex				38.15	33.38	25.15	16.92	15.88	
Regulatory Depreciation				0.36	1.04	1.57	1.93	2.20	
Return on assets				0.99	2.81	4.22	5.11	5.71	
Gifted Assets		14.36	10.32	10.57	10.33	10.47	10.57	10.69	10.73
Proceeds from disposals				0.77	0.77	0.77	0.77	0.77	0.77

Total BAU capital expenditure

\$m, 1/1/07

Renewal of existing infrastructure

Total

Gross capital expenditure	7.66	7.03	6.45	5.38	6.55
Government contributions	-	-	-	-	-
Customer contributions	-	-	-	-	-
Net capital expenditure	7.66	7.03	6.45	5.38	6.55
Regulatory Depreciation	0.08	0.24	0.39	0.51	0.64
Return on assets	0.22	0.64	1.01	1.33	1.64

Growth

Total

Gross capital expenditure	29.65	23.46	17.07	10.96	7.39
Government contributions	-	-	-	-	-
Customer contributions	3.60	3.73	3.83	3.88	4.01
Net capital expenditure	26.05	19.74	13.24	7.08	3.38
Regulatory Depreciation	0.27	0.75	1.09	1.30	1.41
Return on assets	0.75	2.05	2.95	3.47	3.69

Improvement in service

Total

Gross capital expenditure	0.18	1.27	0.98	0.18	1.52
Government contributions	-	-	-	-	-
Customer contributions	-	-	-	-	-
Net capital expenditure	0.18	1.27	0.98	0.18	1.52
Regulatory Depreciation	0.00	0.02	0.04	0.05	0.07
Return on assets	0.01	0.05	0.11	0.14	0.19

Compliance

Total

Gross capital expenditure	0.67	1.62	0.66	0.41	0.43
Government contributions	-	-	-	-	-
Customer contributions	-	-	-	-	-
Net capital expenditure	0.67	1.62	0.66	0.41	0.43
Regulatory Depreciation	0.01	0.03	0.05	0.07	0.07
Return on assets	0.02	0.08	0.15	0.18	0.20

Gifted Assets

	11.05	14.36	10.32	10.57	10.33	10.47	10.57	10.69	10.73
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Asset disposals

Proceeds from disposals	0.77	0.77	0.77	0.77	0.77
Written down value of assets disposed	0.98	0.98	0.97	0.97	0.96

New obligations forecast

Western Water

[Go to Table of Contents](#)

v1.4.2

FIRST REG PERIOD					SECOND REG PERIOD				
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2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
				1	2	3	4	5

New Obligations Summary									
Operating expenditure				0.29	0.31	0.26	0.26	0.26	
Gross capital expenditure				-	-	-	-	-	
Government contributions				-	-	-	-	-	
Customer contributions				-	-	-	-	-	
Net capital expenditure on new obligations				-	-	-	-	-	
Regulatory Depreciation				-	-	-	-	-	
Return on assets				-	-	-	-	-	

Catchment & Land Protection Act & Flora									
Other Compliance									
Operating expenditure				0.20	0.20	0.20	0.20	0.20	
Capital expenditure				-	-	-	-	-	
Asset life (years)	0.00								
Depreciation method	0.00								
Gross capital expenditure				-	-	-	-	-	
Government contributions				-	-	-	-	-	
Customer contributions				-	-	-	-	-	
Net capital expenditure				-	-	-	-	-	

GHG/Carbon Trading									
Other Compliance									
Operating expenditure				0.05	0.05	0.05	0.05	0.05	
Capital expenditure				-	-	-	-	-	
Asset life (years)	0.00								
Depreciation method	0.00								
Gross capital expenditure				-	-	-	-	-	
Government contributions				-	-	-	-	-	
Customer contributions				-	-	-	-	-	
Net capital expenditure				-	-	-	-	-	

DRP Review									
Water [Cost Driver]									
Operating expenditure				0.03	-	-	-	-	
Capital expenditure				-	-	-	-	-	
Asset life (years)	0.00								
Depreciation method	0.00								
Gross capital expenditure				-	-	-	-	-	
Government contributions				-	-	-	-	-	
Customer contributions				-	-	-	-	-	
Net capital expenditure				-	-	-	-	-	

WSDS - restriction review									
Water Growth									
Operating expenditure				-	0.05	-	-	-	
Capital expenditure				-	-	-	-	-	
Asset life (years)	0.00								
Depreciation method	0.00								
Gross capital expenditure				-	-	-	-	-	
Government contributions				-	-	-	-	-	
Customer contributions				-	-	-	-	-	
Net capital expenditure				-	-	-	-	-	

Terrorism Act									
Water Compliance									
Operating expenditure				0.01	0.01	0.01	0.01	0.01	
Capital expenditure				-	-	-	-	-	
Asset life (years)	0.00								
Depreciation method	0.00								
Gross capital expenditure				-	-	-	-	-	
Government contributions				-	-	-	-	-	
Customer contributions				-	-	-	-	-	
Net capital expenditure				-	-	-	-	-	

Rolled forward regulatory asset base

Western Water

[Go to Table of Contents](#)

☺ ☹

v1.4.2

	FIRST REG PERIOD				SECOND REG PERIOD				
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
					1	2	3	4	5

Rolled forward asset base									
Opening asset base	91.38	95.19	110.74	122.36	148.75	145.73	142.71	139.68	136.66
Closing asset base	95.19	110.74	122.36	148.75	145.73	142.71	139.68	136.66	133.64
Weighted Average Asset life (yrs)					49.20				
Regulatory depreciation - Existing	5.49	4.55	3.98	3.98	3.02	3.02	3.02	3.02	3.02
Regulatory depreciation - New Assets	0.16	0.57	1.01	1.48	0.36	1.04	1.57	1.93	2.20
Regulatory depreciation - Total	5.65	5.12	4.99	5.46	3.39	4.06	4.60	4.96	5.22

Rolled forward asset base

\$m, 1/1/07

Opening asset base	91.38	95.19	110.74	122.36	148.75	179.15	203.97	219.92	227.22
plus Gross capex	21.99	25.20	22.47	34.46	38.15	33.38	25.15	16.92	15.88
less Government contributions	-	-	3.50	-	-	-	-	-	-
less Customer contributions	11.74	2.83	1.58	1.67	3.60	3.73	3.83	3.88	4.01
less Proceeds from disposals	0.79	1.70	0.78	0.93	0.77	0.77	0.77	0.77	0.77
less Regulatory depreciation	5.65	5.12	4.99	5.46	3.39	4.06	4.60	4.96	5.22
Closing asset base	95.19	110.74	122.36	148.75	179.15	203.97	219.92	227.22	233.11

Depreciation of asset base as at 1/7/08

Asset class	Remaining Life	Book Value	% of total					
Land	-	4.09	2.4%	0.00	0.00	0.00	0.00	0.00
Furniture & Fittings	48.00	0.01	0.0%	0.00	0.00	0.00	0.00	0.00
Motor Vehicles	48.00	-	0.0%	0.00	0.00	0.00	0.00	0.00
Plant & Equipment	48.00	4.59	2.7%	0.08	0.08	0.08	0.08	0.08
Computers	48.00	-	0.0%	0.00	0.00	0.00	0.00	0.00
Infrastructure	48.00	53.13	31.6%	0.98	0.98	0.98	0.98	0.98
Buildings	48.00	1.78	1.1%	0.03	0.03	0.03	0.03	0.03
Site Improvements	48.00	5.58	3.3%	0.10	0.10	0.10	0.10	0.10
-	-	-	0.0%	0.00	0.00	0.00	0.00	0.00
Land	-	-	0.0%	0.00	0.00	0.00	0.00	0.00
Furniture & Fittings	48.00	2.04	1.2%	0.04	0.04	0.04	0.04	0.04
Motor Vehicles	48.00	4.57	2.7%	0.08	0.08	0.08	0.08	0.08
Plant & Equipment	48.00	3.99	2.4%	0.07	0.07	0.07	0.07	0.07
Computers	48.00	5.80	3.5%	0.11	0.11	0.11	0.11	0.11
Infrastructure	48.00	81.97	48.8%	1.51	1.51	1.51	1.51	1.51
Buildings	48.00	0.11	0.1%	0.00	0.00	0.00	0.00	0.00
Site Improvements	48.00	-	0.0%	0.00	0.00	0.00	0.00	0.00
Adj to capex b/f	48.00	0.30	0.2%	0.01	0.01	0.01	0.01	0.01
-	-	-	0.0%	0.00	0.00	0.00	0.00	0.00
-	-	-	0.0%	0.00	0.00	0.00	0.00	0.00
-	-	-	0.0%	0.00	0.00	0.00	0.00	0.00
-	-	-	0.0%	0.00	0.00	0.00	0.00	0.00
Total assets		167.96						
				70				
					3.02	3.02	3.02	3.02
					2.13	2.13	2.13	2.13
					49.2	49.2	49.2	49.2

Expenditure Summary

Western Water

[Go to Table of Contents](#)

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v1.4.2

FIRST REG PERIOD				SECOND REG PERIOD				
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2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13

Operating Expenditure									
Total Operating Expenditure		23.35	26.77	27.78	31.91	34.63	37.39	40.71	44.86
Capex by Asset Category									
Total Gross Capital Expenditure	21.99	25.20	22.47	34.46	38.15	33.38	25.15	16.92	15.88
Total Government Contributions	-	-	3.50	-	-	-	-	-	-
Total Customer Contributions	11.74	2.83	1.58	1.67	3.60	3.73	3.83	3.88	4.01
Total Net Capital Expenditure	10.25	22.38	17.39	32.79	34.56	29.65	21.32	13.04	11.88
Gifted Assets	11.05	14.36	10.32	10.57	10.33	10.47	10.57	10.69	10.73
Proceeds from disposals	0.79	1.70	0.78	0.93	0.77	0.77	0.77	0.77	0.77
Capex by Class									
Total Gross Capital Expenditure	-	-	-	-	38.15	33.38	25.15	16.92	15.88
Total Government Contributions	-	-	-	-	-	-	-	-	-
Total Customer Contributions	-	-	-	-	3.60	3.73	3.83	3.88	4.01
Total Net Capital Expenditure	-	-	-	-	34.56	29.65	21.32	13.04	11.88
Total Regulatory Depreciation on new assets	-	-	-	-	0.36	1.04	1.57	1.93	2.20
Gifted Assets	14.36	10.32	10.57	10.57	10.33	10.47	10.57	10.69	10.73
Proceeds from disposals	-	-	-	-	0.77	0.77	0.77	0.77	0.77
Capex for Tax									
					36.97	32.52	23.11	15.82	14.78

Revenue forecast (price caps)

Western Water

Go to Table of Contents

v1.4.2

FIRST REG PERIOD			SECOND REG PERIOD				
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13

Revenue Summary

Non-tariff revenue	2.07	1.88	1.62	1.94	2.03	2.11	2.20	2.38
Tariff revenue	33.18	33.01	35.50	42.22	47.64	52.31	58.55	64.24
Total prescribed revenue	35.25	34.89	37.12	44.16	49.67	54.42	60.75	66.63
Revenue not collected	0.05	0.06	0.06	0.11	0.10	0.10	0.10	0.10
Net prescribed revenue	35.19	34.83	37.06	44.06	49.56	54.32	60.65	66.53
Revenue requirement	36.49	35.41	36.49	44.99	50.29	55.03	59.69	64.72
Non-prescribed revenue	-	-	-	-	-	-	-	-
TOTAL REVENUE	35.19	34.83	37.06	44.06	49.56	54.32	60.65	66.53

Price control	NPV	REGULATORY PERIOD
NPV Net Prescribed Revenue	236.96	
NPV Revenue Requirement	236.96	
Variance	(0.00)	
PRICE CONTROL OK		
Revenue tariff basket	42.22	47.64 52.31 58.55 64.24
Revenue price cap	228.16	9.24 1.94 2.03 2.11 2.20 2.38
Non-tariff revenue	(0.45)	(0.11) (0.10) (0.10) (0.10) (0.10) (0.10)
Revenue not collected		
NPV non-revenue cap	236.96	
Allowable revenue cap	0.00	
Revenue cap services	-	- - - - - -

Revenue forecast

Non-tariff revenue	\$m, 1/1/07				1.0990	1.0770	1.0770	1.0770
Contract revenue					1.0990	1.0770	1.0770	1.0770
Trade Waste Contract Revenue					1.0330	1.0330	1.0260	1.0260
Sewerage Contract Revenue					1.0330	1.0330	1.0330	1.0330
Water Contract Revenue								
Recycled Water Contract Revenue								
Total Contract revenue								
Other non-tariff revenue								
Miscellaneous Services								
Other Revenue								
Total Other non-tariff revenue								
Total Non-tariff revenue								
Revenue not collected	\$m, 1/1/07							
Tariff revenue	\$m 1/1/07							

PQR	Service	Category	Tariff Description	Type	Unit	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Price City	Water	Fixed Service Charge Residential	Fixed price cap	\$	131.99	132.11	132.10	145.18	159.55	171.84	185.07	199.32
	City				Cust	45.071	47.819	49.370	50.959	52.630	54.318	56.180	58.204
	Rev				\$m	3.95	6.32	6.52	7.40	8.40	9.33	10.40	11.60
2	Price City	Water	Variable - 1st tier Residential	Variable price cap	KL	0.80	0.81	0.81	0.93	1.03	1.10	1.19	1.28
	City				ML	6,230,329	5,410,000	5,358,000	5,621,045	6,125,784	6,393,761	6,941,027	7,185,482
	Rev				\$m	4.97	4.36	4.36	5.25	6.28	7.06	8.26	9.21
3	Price City	Water	Variable - 2nd tier Residential	Variable price cap	\$	0.94	0.95	0.95	1.24	1.36	1.47	1.58	1.70
	City				KL	2,461,000	1,893,000	2,370,000	2,496,745	2,719,632	2,838,640	3,080,833	3,179,390
	Rev				\$m	2.30	1.79	2.26	3.09	3.70	4.16	4.86	5.40
4	Price City	Water	Variable - 3rd tier Residential	Variable price cap	\$	1.38	1.40	1.41	2.46	2.72	2.93	3.16	3.40
	City				KL	1,780,000	1,370,000	1,631,000	1,757,467	1,911,730	1,995,134	2,182,905	2,187,148
	Rev				\$m	2.46	1.91	2.30	4.35	5.20	5.85	6.83	7.44
5	Price City	Water	Fixed Service Charge Non-residential	Fixed price cap	\$	131.99	132.11	132.10	145.18	159.55	171.84	185.07	199.32
	City				Cust	3,313	3,418	3,676	3,798	3,921	4,046	4,194	4,343
	Rev				\$m	0.44	0.45	0.49	0.55	0.63	0.70	0.78	0.87
6	Price City	Water	Variable - usage Non-residential	Variable price cap	\$	0.88	0.89	0.90	1.24	1.36	1.47	1.58	1.70
	City				ML	1,609,871	1,713,000	1,820,000	1,909,393	2,081,684	2,172,015	2,358,465	2,441,980
	Rev				\$m	1.42	1.53	1.64	2.36	2.83	3.18	3.72	4.15
7	Price City	Sewerage	Fixed Service Charge Residential	Fixed price cap	\$	379.85	392.39	392.39	405.33	415.87	426.69	437.78	447.87
	City				Cust	1,489	1,635	42,516	43,886	45,324	46,779	48,383	50,126
	Rev				\$m	-	-	16.15	17.22	18.37	19.45	20.64	21.94
8	Price City	Sewerage	Fixed Service Charge Non-residential	Fixed price cap	\$	379.85	392.39	392.39	405.33	415.87	426.69	437.78	447.87
	City				Cust	-	-	2,599	2,885	2,772	2,860	2,965	3,070
	Rev				\$m	-	-	0.99	1.05	1.12	1.19	1.27	1.34
9	Price City				\$								
	City				\$m								
	Rev				\$								
10	Price City	Recycled water	Fixed Service Charge Class A - Golf Course	Fixed price cap	\$			913.74	1,004.20	1,103.62	1,188.59	1,280.12	1,378.69
	City				Cust			1	1	1	1	1	1
	Rev				\$m			0.00	0.00	0.00	0.00	0.00	0.00
11	Price City	Recycled water	Fixed Service Charge Class A	Fixed price cap	\$			57.11	62.76	68.98	74.29	80.01	86.17
	City				Cust			120	260	545	1,085	1,908	2,731
	Rev				\$m			0.01	0.02	0.04	0.08	0.15	0.24
12	Price City	Recycled water	Variable - usage Class A	Variable price cap	\$			0.81	0.93	1.03	1.10	1.19	1.28
	City				ML			228,000	249,000	295,000	409,000	578,000	746,000
	Rev				\$m			0.19	0.23	0.30	0.45	0.69	0.96
13	Price City	Recycled water	Fixed Service Charge Gisborne	Fixed price cap	\$	514.92	500.00	500.00	500.00	500.00	500.00	500.00	500.00
	City				Cust	5	5	5	5	5	5	5	5
	Rev				\$m	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.02
14	Price City	Recycled water	Variable - peak Gisborne	Variable price cap	\$	288.35	280.00	280.00	280.00	280.00	280.00	280.00	280.00
	City				ML	29	29	137	179	105	112	118	173
	Rev				\$m	0.01	0.01	0.04	0.05	0.03	0.03	0.03	0.05
15	Price City	Recycled water	Variable - off peak Gisborne	Variable price cap	\$	205.97	200.00	200.00	200.00	200.00	200.00	200.00	200.00
	City				ML	54	54	59	64	64	64	64	154
	Rev				\$m	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.03
16	Price City	Recycled water	Fixed Service Charge Sunbury-Melton	Fixed price cap	\$	514.92	500.00	500.00	500.00	500.00	500.00	500.00	500.00
	City				Cust	30	35	40	59	65	72	79	87
	Rev				\$m	0.02	0.02	0.02	0.03	0.03	0.04	0.04	0.04
17	Price City	Recycled water	Variable - peak Sunbury-Melton	Variable price cap	\$	288.35	280.00	280.00	280.00	280.00	280.00	280.00	280.00
	City				ML	163	450	571	725	910	1,125	1,351	1,588
	Rev				\$m	0.05	0.13	0.16	0.20	0.25	0.32	0.38	0.44
18	Price City	Recycled water	Variable - off peak Sunbury-Melton	Variable price cap	\$	205.97	200.00	200.00	200.00	200.00	200.00	200.00	200.00
	City				ML	163	450	413	391	432	478	528	583
	Rev				\$m	0.03	0.09	0.08	0.08	0.09	0.10	0.11	0.12
19	Price City				\$								
	City				\$m								
	Rev				\$								
20	Price City				\$								
	City				\$m								
	Rev				\$								
21	Price City	Trade waste	Availability	Fixed price cap	\$	212.63	212.63						
	City				Cust	396	403						
	Rev				\$m	0.08	0.09						
22	Price City	Trade waste	Risk Rank 1 Management Fee	Fixed price cap	\$			174.72	188.68	194.80	201.34	207.98	214.84
	City				Cust			255	335	350	361	372	385
	Rev				\$m			0.04	0.06	0.07	0.07	0.08	0.08
23	Price City	Trade waste	Risk Rank 2 Management Fee	Fixed price cap	\$			372.05	395.78	408.84	422.33	436.26	450.66
	City				Cust			124	79	83	86	88	91
	Rev				\$m			0.05	0.03	0.03	0.04	0.04	0.04
24	Price City	Trade waste	Risk Rank 3 Management Fee	Fixed price cap	\$			842.78	884.79	913.99	944.15	975.31	1,007.49
	City				Cust			19	7	9	9	9	10
	Rev				\$m			0.02	0.01	0.01	0.01	0.01	0.01
25	Price City	Trade waste	Risk Rank 4 Management Fee	Fixed price cap	\$			1,706.12	1,800.05	1,859.45	1,920.81	1,984.20	2,049.68
	City				Cust			3	5	5	5	5	5
	Rev				\$m			0.01	0.01	0.01	0.01	0.01	0.01
26	Price City	Trade waste	Risk Rank 2 Vol Fee	Variable price cap	\$			0.49	0.80	0.82	0.85	0.88	0.

Cash, debt and tax assumptions

v1.4.2

Western Water

[Go to Table of Contents](#)



	FIRST REG PERIOD					SECOND REG PERIOD				
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
					1	2	3	4	5	

Finance and tax summary									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Opening cash balance	14.40	13.23	0.94	4.41	1.76	1.85	1.74	1.85	1.76
Interest earned	0.80	0.31	0.09	0.10	0.10	0.11	0.11	0.10	0.10
Opening debt balance	2.11	1.80	5.50	19.76	40.93	67.79	90.82	102.75	106.06
Interest incurred	0.14	0.21	0.94	2.21	4.50	5.74	6.91	7.57	8.04
Book depreciation	10.76	11.00	11.60	11.80	12.07	12.27	12.39	12.52	12.50
Tax depreciation - existing	21.98	19.43	18.74	18.65	16.65	14.65	13.12	11.28	10.31
Tax depreciation - new					1.00	2.70	3.90	4.84	5.20
Tax losses brought forward									

Cash and Debt

\$m, 1/1/07

Opening cash balance	14.40	13.23	0.94	4.41	1.76	1.85	1.74	1.85	1.76
Interest earned	0.80	0.31	0.09	0.10	0.10	0.11	0.11	0.10	0.10
Opening debt balance	2.11	1.80	5.50	19.76	40.93	67.79	90.82	102.75	106.06
Interest incurred	0.14	0.21	0.94	2.21	4.50	5.74	6.91	7.57	8.04

Depreciation

\$m, MOD

Tax losses brought forward (enter a positive value)									
Book depreciation	10.76	11.00	11.60	11.80	12.07	12.27	12.39	12.52	12.50
Tax depreciation - existing assets	21.98	19.43	18.74	18.65	16.65	14.65	13.12	11.28	10.31

Tax depreciation on capital expenditure (incl non-prescribed)

[Asset class]	8.00								
Asset life (years)	8.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					0.12	0.12	0.12	0.12	0.12
					0.01	0.03	0.05	0.06	0.07
[Asset class]	60.00								
Asset life (years)	60.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					6.35	7.01	13.25	6.14	4.08
					0.08	0.24	0.49	0.72	0.83
[Asset class]	80.00								
Asset life (years)	80.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					27.66	22.48	6.66	6.72	7.85
					0.26	0.72	0.98	1.09	1.21
[Asset class]	3.00								
Asset life (years)	3.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					1.89	1.96	2.13	1.89	1.83
					0.47	1.20	1.62	1.99	1.93
[Asset class]	6.33								
Asset life (years)	6.33								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					1.03	1.06	1.10	1.14	1.18
					0.12	0.34	0.52	0.66	0.78
[Asset class]	15.00								
Asset life (years)	15.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					0.41	0.41	0.41	0.41	0.46
					0.02	0.06	0.09	0.13	0.16
[Asset class]	6.33								
Asset life (years)	6.33								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					0.05	0.05	0.05	0.05	0.05
					0.01	0.02	0.02	0.03	0.04
[Asset class]	5.00								
Asset life (years)	5.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					0.05	0.05	0.05	0.05	0.05
					0.01	0.02	0.03	0.04	0.04
[Asset class]	10.00								
Asset life (years)	10.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					0.24	0.24	0.24	0.24	0.24
					0.02	0.05	0.08	0.10	0.12
[Asset class]	50.00								
Asset life (years)	50.00								
Depreciation method	Declining Balance	1.50	declining balance multiple						
Gross capital expenditure	No		switch to straight line?						
Tax Depreciation - new					0.20	0.20	0.20	0.20	0.10
					0.00	0.01	0.01	0.02	0.02

Revenue requirement detail

v1.4.2

Western Water

[Go to Table of Contents](#)



	FIRST REG PERIOD				SECOND REG PERIOD				
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13

Revenue requirement and RAV outputs

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue requirement									
Operating expenditure					31.91	34.63	37.39	40.71	44.86
Return on assets to 30/6/08					8.52	8.30	8.08	7.86	7.64
Regulatory depreciation of assets to 30/6/08					3.02	3.02	3.02	3.02	3.02
Return on new assets					0.99	2.81	4.22	5.11	5.71
Regulatory depreciation of new assets					0.36	1.04	1.57	1.93	2.20
Adjustments from last period					-	-	-	-	-
Benchmark tax liability					0.18	0.48	0.75	1.06	1.29
Total revenue requirement		36.49	35.41	36.48	44.99	50.29	55.03	59.69	64.72

Revenue requirement detail									
WACC detail									
Risk Free Rate (Real)									
Debt Premium									
Equity Premium									
Equity Beta									
Gearing (Debt/Assets)									
Forecast Inflation									
Franking credit value									
'Vanilla' After Tax WACC (Real)									5.8%
Existing assets detail									
Opening asset base	91.38	95.19	110.74	122.36	148.8	144.96	141.16	137.36	133.57
plus capital expenditure	21.99	25.20	22.47	34.46					
less customer contributions	11.74	2.83	1.58	1.67					
less government contributions	-	-	3.50	-					
less regulatory depreciation	5.65	5.12	4.99	5.46	3.02	3.02	3.02	3.02	3.02
less disposals	0.79	1.70	0.78	0.93	0.77	0.77	0.77	0.77	0.77
Closing asset base	95.19	110.74	122.36	148.75	144.96	141.16	137.36	133.57	129.77
Average asset base	93.28	102.96	116.55	135.56	146.85	143.06	139.26	135.47	131.67
Return on assets	4.95	5.56	6.25	7.06	8.52	8.30	8.08	7.86	7.64
Return on and of existing assets	10.60	10.68	11.24	12.52	11.54	11.32	11.10	10.88	10.66
New capital expenditure									
Opening asset base					-	34.19	62.81	82.55	93.66
plus capital expenditure					38.15	33.38	25.15	16.92	15.88
less customer contributions					3.60	3.73	3.83	3.88	4.01
less government contributions					-	-	-	-	-
less regulatory depreciation					0.36	1.04	1.57	1.93	2.20
less disposals (all disposals included in existing assets)									
Closing asset base					34.19	62.81	82.55	93.66	103.33
Average asset base					17.10	48.50	72.68	88.11	98.50
Return on assets (new)					0.99	2.81	4.22	5.11	5.71
Return on and of new assets					1.35	3.85	5.79	7.05	7.91
Rolled forward RAV									
Opening asset base	91.38	95.19	110.74	122.36	148.75	179.15	203.97	219.92	227.22
plus capital expenditure	21.99	25.20	22.47	34.46	38.15	33.38	25.15	16.92	15.88
less customer contributions	11.74	2.83	1.58	1.67	3.60	3.73	3.83	3.88	4.01
less government contributions	-	-	3.50	-	-	-	-	-	-
less regulatory depreciation	5.65	5.12	4.99	5.46	3.39	4.06	4.60	4.96	5.22
less disposals	0.79	1.70	0.78	0.93	0.77	0.77	0.77	0.77	0.77
Rolled forward RAV	95.19	110.74	122.36	148.75	179.15	203.97	219.92	227.22	233.11

Revenue requirement detail

v1.4.2

Western Water

[Go to Table of Contents](#)



	FIRST REG PERIOD				SECOND REG PERIOD				
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13

Revenue requirement and RAV outputs

Revenue requirement									
Operating expenditure					31.91	34.63	37.39	40.71	44.86
Return on assets to 30/6/08					8.52	8.30	8.08	7.86	7.64
Regulatory depreciation of assets to 30/6/08					3.02	3.02	3.02	3.02	3.02
Return on new assets					0.99	2.81	4.22	5.11	5.71
Regulatory depreciation of new assets					0.36	1.04	1.57	1.93	2.20
Adjustments from last period					-	-	-	-	-
Benchmark tax liability					0.18	0.48	0.75	1.06	1.29
Total revenue requirement		36.49	35.41	36.48	44.99	50.29	55.03	59.69	64.72
Benchmark tax liability									
Parameters									
Forecast inflation	2.0%	2.4%	3.0%	2.4%	4.2%	2.9%	2.9%	2.9%	2.9%
Inflation factor	0.949	0.971	1.000	1.024	1.068	1.099	1.131	1.163	1.197
Gearing	60%	60%	60%	60%	60%	60%	60%	60%	60%
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%
Risk free rate (real)				3.2%					
Debt premium				1.8%					
Cost of debt (nominal)				9.4%					
Franking credit value				0.5					
Taxation calculation									
\$m, 1/1/07									
Revenue requirement					44.81	49.80	54.28	58.63	63.43
Customer contributions					3.60	3.73	3.83	3.88	4.01
Government contributions					-	-	-	-	-
Gifted assets					10.33	10.47	10.57	10.69	10.73
Operating & maintenance expenditure					31.91	34.63	37.39	40.71	44.86
Average RAV					163.95	191.56	211.94	223.57	230.17
Debt (60% of ARAV)					98.37	114.93	127.17	134.14	138.10
\$m (MOD)									
Revenue requirement					47.84	54.72	61.37	68.21	75.93
Customer contributions					3.84	4.09	4.33	4.52	4.80
Government contributions					-	-	-	-	-
Gifted assets					11.03	11.51	11.95	12.44	12.84
Operating & maintenance expenditure					34.07	38.05	42.28	47.36	53.70
Tax depreciation (new)					1.00	2.70	3.90	4.84	5.20
Tax depreciation (existing)					16.65	14.65	13.12	11.28	10.31
Interest					9.90	11.91	13.56	14.71	15.59
Tax losses brought forward					-	-	-	-	-
Before tax net income					1.09	3.02	4.80	6.97	8.78
Benchmark gross tax liability					0.38	1.07	1.69	2.46	3.10
Franking benefit					0.19	0.53	0.85	1.23	1.55
Benchmark tax liability (MOD)					0.19	0.53	0.85	1.23	1.55
Benchmark tax liability (real)					0.18	0.48	0.75	1.06	1.29

FIRST REG PERIOD			SECOND REG PERIOD					FUTURE ASSUMPTIONS				
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18

Dividends - whole of business

\$m, MOD

Dividend plus tax equivalents benchmark 65%

Revenue from ordinary activities

Prescribed revenue	34.23	34.89	38.03	47.16	54.57	61.53	70.67	79.76	19.25	19.08	18.87	18.65	18.38
(less income not received)	0.05	0.06	0.06	0.11	0.11	0.12	0.12	0.12	-	-	-	-	-
Government and developer contributed assets	13.94	10.32	10.82	11.03	11.51	11.95	12.44	12.84	-	-	-	-	-
Developer cash contributions	2.74	1.58	1.71	3.84	4.09	4.33	4.52	4.80	-	-	-	-	-
Government cash contributions	-	3.50	-	-	-	-	-	-	-	-	-	-	-
Investment income	0.30	0.13	(0.06)	0.11	0.14	0.17	0.17	0.20	0.23	0.06	0.06	0.06	0.05
Proceeds from asset disposal	1.65	0.78	0.95	0.83	0.85	0.87	0.90	0.93	-	-	-	-	-
Other non-prescribed revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue adjustments ¹	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue from ordinary activities	52.81	51.14	51.39	62.85	71.05	78.73	88.58	98.41	19.48	19.14	18.93	18.71	18.44

Expenditure from ordinary activities

Operating expenditure (prescribed)	22.67	26.77	28.46	34.07	38.05	42.28	47.36	53.70	0.27	0.28	0.30	0.32	0.33
Operating expenditure (non-prescribed)	-	-	-	-	-	-	-	-	-	-	-	-	-
Book depreciation	11.00	11.60	11.80	12.07	12.27	12.39	12.52	12.50	-	-	-	-	-
Interest expense	0.21	1.25	2.68	5.74	7.54	9.23	10.58	11.74	10.91	10.53	10.35	10.16	9.98
Written down value of assets disposed	1.43	1.18	-	1.05	1.07	1.10	1.13	1.15	-	-	-	-	-
Expenditure adjustments ²	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditure from ordinary activities	35.31	40.80	42.94	52.93	58.93	65.00	71.58	79.10	11.18	10.82	10.65	10.48	10.32

Profit from ordinary activities (before tax)

	17.51	10.34	8.45	9.92	12.12	13.74	17.00	19.31	8.31	8.32	8.28	8.23	8.12
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Prima facie income tax expense

	5.25	3.10	2.54	2.97	3.63	4.12	5.10	5.79	2.49	2.50	2.49	2.47	2.44
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Return to government

	11.38	6.72	5.49	6.44	7.88	8.93	11.05	12.55	5.40	5.41	5.38	5.35	5.28
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Dividend payments (offset)

	8.23	6.46	5.01	4.83	5.44	5.87	6.70	7.32	4.33	4.08	3.88	3.70	3.61
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Retained revenue

	4.03	0.78	0.90	2.11	3.04	3.75	5.21	6.20	1.48	1.74	1.91	2.06	2.08
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Adjusted cash flow statement

\$m, MOD

Operating Activities

Total prescribed revenue	34.23	34.89	38.03	47.16	54.57	61.53	70.67	79.76	19.25	19.08	18.87	18.65	18.38
Non-prescribed revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer cash contributions	2.74	1.58	1.71	3.84	4.09	4.33	4.52	4.80	-	-	-	-	-
Government cash contributions	-	3.50	-	-	-	-	-	-	-	-	-	-	-
Revenue not collected	(0.05)	(0.06)	(0.06)	(0.11)	(0.11)	(0.12)	(0.12)	(0.12)	-	-	-	-	-
Payments to suppliers and employees (opex)	(22.67)	(26.77)	(28.46)	(34.07)	(38.05)	(42.28)	(47.36)	(53.70)	(0.27)	(0.28)	(0.30)	(0.32)	(0.33)
Income tax paid	(3.15)	(0.27)	(0.48)	(1.62)	(2.43)	(3.06)	(4.36)	(5.24)	(1.07)	(1.32)	(1.50)	(1.65)	(1.67)
Interest received	0.30	0.13	(0.06)	0.11	0.14	0.17	0.17	0.20	0.23	0.06	0.06	0.06	0.05
Interest paid	(0.21)	(1.25)	(2.68)	(5.74)	(7.54)	(9.23)	(10.58)	(11.74)	(10.91)	(10.53)	(10.35)	(10.16)	(9.98)
Operating Adjustments ³	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash inflows from operating activities	11.19	11.76	8.00	9.56	10.67	11.35	12.95	13.96	7.24	7.00	6.78	6.58	6.45

Investing activities

Payment for property, plant, equipment and WIP (capex)	(24.47)	(22.47)	(35.30)	(40.74)	(36.68)	(28.44)	(19.69)	(19.02)	-	-	-	-	-
Proceeds from sale of property, plant and equipment	1.65	0.78	0.95	0.83	0.85	0.87	0.90	0.93	-	-	-	-	-
Investing adjustments ⁴	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash (outflow) from investing activities	(22.82)	(21.69)	(34.34)	(39.91)	(35.83)	(27.56)	(18.79)	(18.09)	-	-	-	-	-

Dividend payable

	(8.23)	(6.46)	(5.01)	(4.83)	(5.44)	(5.87)	(6.70)	(7.32)	(4.33)	(4.08)	(3.88)	(3.70)	(3.61)
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Net cash (outflow) for cash or debt

	(19.86)	(16.38)	(31.36)	(35.18)	(30.60)	(22.08)	(12.53)	(11.44)	2.91	2.91	2.90	2.88	2.84
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Financial indicators

Western Water

[Go to Table of Contents](#)

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FIRST REG PERIOD			SECOND REG PERIOD					FUTURE ASSUMPTIONS				
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18

Adjusted cash and debt

Target cash balance

Target Cash (\$)	1.71	1.74	1.90	2.36	2.73	3.08	3.53	3.99	0.96	0.95	0.94	0.93	0.92
Cash at the beginning of the financial year	12.84	1.71	1.74	1.90	2.36	2.73	3.08	3.53	3.99	0.96	0.95	0.94	0.93
Increase in Cash	(11.13)	0.03	0.16	0.46	0.37	0.35	0.46	0.45	(3.03)	(0.01)	(0.01)	(0.01)	(0.01)
Cash at the end of the financial year	1.71	1.74	1.90	2.36	2.73	3.08	3.53	3.99	0.96	0.95	0.94	0.93	0.92
Debt at the beginning of the financial year	1.75	10.48	26.90	58.42	94.05	125.02	147.46	160.44	172.34	166.41	163.49	160.58	157.69
Increase in Debt	8.73	16.42	31.52	35.63	30.97	22.43	12.99	11.90	(5.93)	(2.92)	(2.91)	(2.89)	(2.66)
Debt at the end of the financial year	10.48	26.90	58.42	94.05	125.02	147.46	160.44	172.34	166.41	163.49	160.58	157.69	154.83
TAX PAYABLE CALCULATION													
Revenue from ordinary activities	52.81	47.64	51.39	62.85	71.05	78.73	88.58	98.41	19.48	19.14	18.93	18.71	18.44
less Opex	(22.67)	(26.77)	(28.46)	(34.07)	(38.05)	(42.28)	(47.36)	(53.70)	(0.27)	(0.28)	(0.30)	(0.32)	(0.33)
less Interest	(0.21)	(1.25)	(2.68)	(5.74)	(7.54)	(9.23)	(10.58)	(11.74)	(10.91)	(10.53)	(10.35)	(10.16)	(9.98)
less Tax Depreciation	(19.43)	(18.74)	(18.65)	(17.65)	(17.35)	(17.02)	(16.12)	(15.51)	(4.75)	(3.91)	(3.28)	(2.74)	(2.56)
less Tax Losses brought forward	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxable Income	10.50	0.89	1.60	5.39	8.11	10.20	14.53	17.45	3.55	4.41	5.00	5.49	5.57
Tax Payable	3.15	0.27	0.48	1.62	2.43	3.06	4.36	5.24	1.07	1.32	1.50	1.65	1.67

Interest adjustments

Marginal Interest Rate - Borrowings:

Marginal Interest Rate - Cash:

Forecast Cash (opening)	12.84	0.94	4.52	1.88	2.04	1.96	2.16	2.11	-	-	-	-	-
Adjusted Cash	12.84	1.71	1.74	1.90	2.36	2.73	3.08	3.53	3.99	0.96	0.95	0.94	0.93
Forecast Interest Earned	0.30	0.09	0.10	0.11	0.12	0.12	0.12	0.12	-	-	-	-	-
Adjusted Interest Earned	0.30	0.13	(0.06)	0.11	0.14	0.17	0.17	0.20	0.23	0.06	0.06	0.06	0.05
Forecast Debt (opening)	1.75	5.50	20.24	43.70	74.48	102.68	119.54	126.97	-	-	-	-	-
Adjusted Debt	1.75	10.48	26.90	58.42	94.05	125.02	147.46	160.44	172.34	166.41	163.49	160.58	157.69
Forecast Interest Paid	0.21	0.94	2.26	4.81	6.30	7.81	8.81	9.62	-	-	-	-	-
Adjusted Interest Paid	0.21	1.25	2.68	5.74	7.54	9.23	10.58	11.74	10.91	10.53	10.35	10.16	9.98

Key business metrics

Western Water

[Go to Table of Contents](#)



Figures in tables displayed in Real dollars ▼

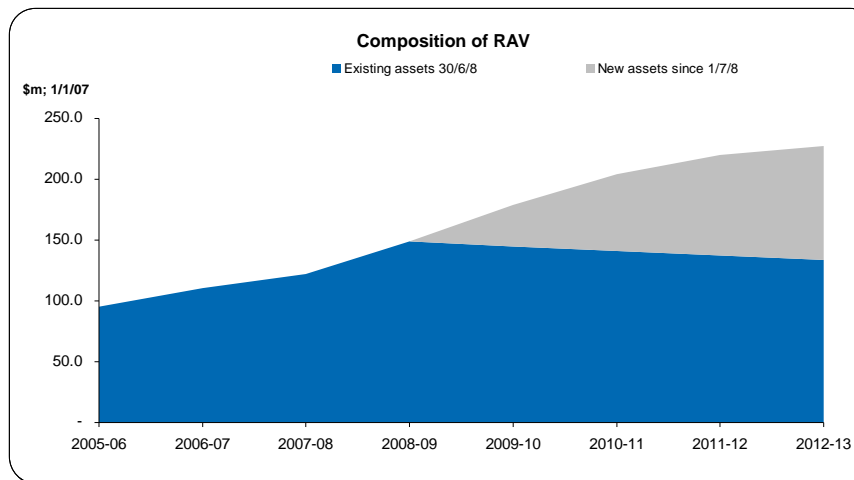
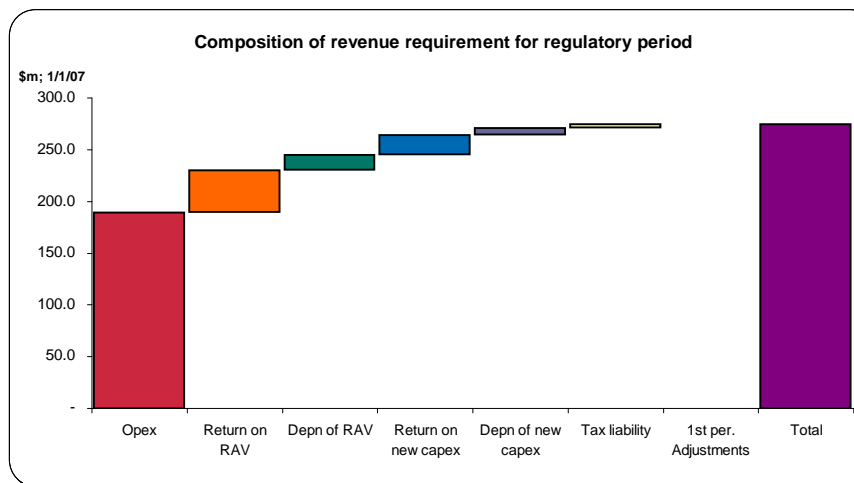
WESTERN WATER INDICATIVE INCOME STATEMENT

Financial Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Prescribed revenue	35.2	34.8	37.1	44.1	49.6	54.3	60.6	66.5
Contributions and gifted assets	17.2	15.4	12.2	13.9	14.2	14.4	14.6	14.7
Other revenue *	2.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total revenue	54.4	51.1	50.2	58.9	64.7	69.6	76.1	82.2
Prescribed operating expenditure	23.4	26.8	27.8	31.9	34.6	37.4	40.7	44.9
Other operating expenditure	-	-	-	-	-	-	-	-
WDV of assets disposed	1.5	1.2	-	1.0	1.0	1.0	1.0	1.0
Total expenditure	24.8	27.9	27.8	32.9	35.6	38.4	41.7	45.8
EBITDA	29.6	23.2	22.4	26.0	29.1	31.3	34.5	36.4
Book depreciation	11.3	11.6	11.5	11.3	11.2	11.0	10.8	10.4
EBIT	18.2	11.6	10.9	14.7	17.9	20.3	23.7	25.9
Interest expense *	0.2	0.9	2.2	5.4	6.9	8.2	9.1	9.8
NPBT	18.0	10.7	8.7	9.3	11.0	12.1	14.6	16.1
Income tax expense *	5.4	3.1	2.5	2.8	3.3	3.6	4.4	4.8
NPAT	12.6	7.6	6.2	6.5	7.7	8.5	10.2	11.3

WESTERN WATER PRESCRIBED REVENUE & OPERATING EXPENSES

Financial Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
REVENUE								
Water	17.6	16.4	17.6	23.0	27.0	30.3	34.8	38.7
Sewerage	15.4	16.3	17.1	18.3	19.5	20.6	21.9	23.3
Bulk water	-	-	-	-	-	-	-	-
Recycled water	0.1	0.3	0.6	0.7	0.8	1.1	1.5	2.0
Rural water	-	-	-	-	-	-	-	-
Other	2.1	1.9	1.8	2.1	2.2	2.3	2.4	2.6
TOTAL REVENUE	35.2	34.8	37.1	44.1	49.6	54.3	60.6	66.5
OPEX								
Water	14.4	16.6	17.2	19.9	22.2	24.9	28.3	32.5
Sewerage	6.8	8.3	8.3	8.9	9.3	9.4	9.5	9.3
Bulk water	-	-	-	-	-	-	-	-
Recycled water	0.5	0.5	0.7	1.2	1.2	1.3	1.1	1.3
Rural water	-	-	-	-	-	-	-	-
New obligations	-	-	-	0.3	0.3	0.3	0.3	0.3
Licence fees / Enviro levy	1.6	1.4	1.4	1.6	1.6	1.6	1.5	1.5
TOTAL OPEX	23.4	26.8	27.8	31.9	34.6	37.4	40.7	44.9

* Note: interest earned and interest expense (which impacts income tax expense) have been imputed for the second regulatory period based on forecast revenue and expenditure. Refer to the Indicators worksheet, Interest Adjustments section for assumptions.



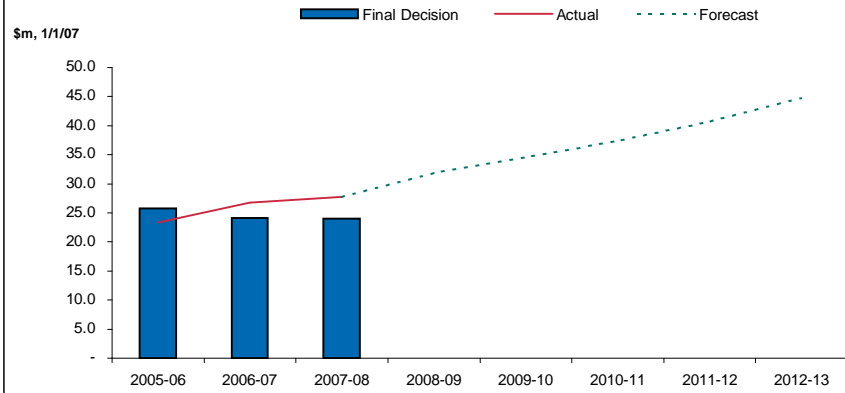
Key business metrics

Western Water

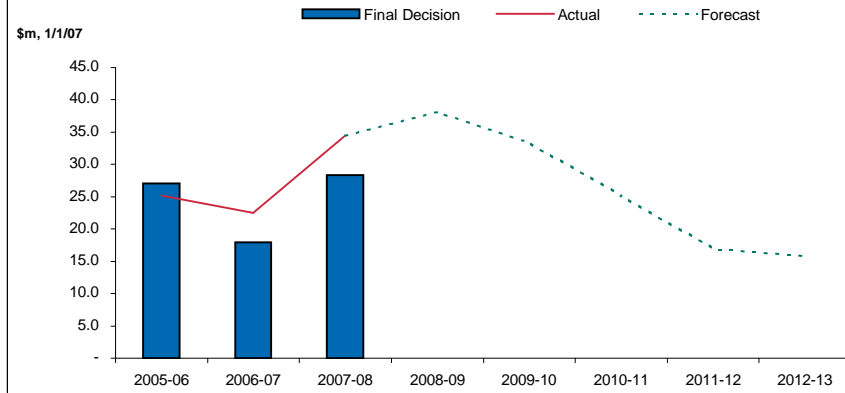
[Go to Table of Contents](#)

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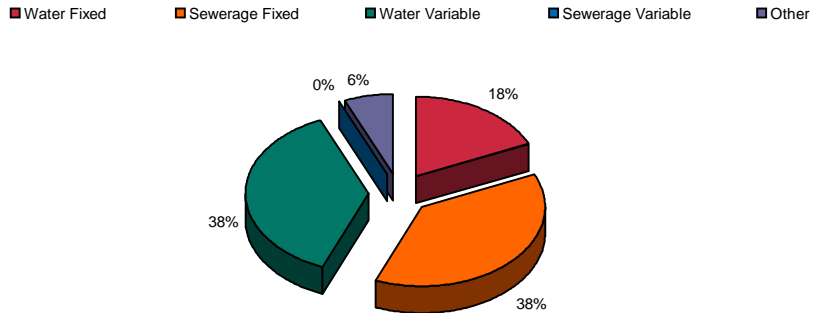
Operating expenditure comparison and forecast



Capital expenditure comparison and forecast



Breakdown of tariff revenue - fixed v. variable



Capital expenditure by cost driver - regulatory period

