

SEQWATER'S 9 NOVEMBER SUBMISSION / RESPONSE TO QCA REQUEST OF 7 NOVEMBER

7 November 2012

Seqwater's responses would be appreciated by **COB this Friday 9 November 2012.**

From: Colin Nicolson
Sent: Friday, 9 November 2012 2:51 PM
To: 'Angus MacDonald'
Cc: Damian Scholz
Subject: RE: QCA 7 November 2012 Data Request

Hello Angus

Here is the response to your data request with attachments. Please let me know if there are any problems.

Kind regards

QCA Question 1 -- Supporting Spreadsheets

Further to the recent updates, please also now provide the updated spreadsheets for the attached files which formed the basis for your NSPs submitted on 5 November 2012?

- Irrigation Report - pricing cost data
- Copy of A2 Operational Cost Consolidated inc Allowable #
- Insurance allocation
- Direct cost allocation
- Dam Safety Spend
- Cost allocation to sector HUF
- Copy of Corporate Cost data
- Copy of A16 Operational Cost Rpt - Noosa WTP

Seqwater Response to Item 1

The following files are attached which are either a direct update of the above files or the equivalent data in a different file. This is a result of difficulties encountered in extracting the data for the NSP/Submission update.

- *Irrigation Report – Updated Q1 (equivalent to Irrigation Report - pricing cost data)*
- *Copy of Income Statement – 27 9 12 – final (used instead of A2 Operational Cost Consolidated inc Allowable # due to data extraction issues)*
- *Insurance allocation (updated)*
- *Direct cost allocation 311012 (updated)*
- *Dam Safety spend (unchanged)*
- *Cost allocation to sector HUF (updated)*
- *Copy of Corporate Cost data (updated)*

- *Veolia Q1 directs (used instead of A16 Operational Cost Rpt - Noosa WTP due to data extraction issues)*

QCA Question 2 -- Water Usage Data Comparison

- A. In the 2 November 2012 NSPs, we note that you still present Average actual annual usage for 9 years to December 2011. It would have been appreciated if this was, instead, 9 or 10 years water use to 30 June 2012, as we note you have this actual data. As there are no tracked changes in this table – we presume the tables (typically Table 2.3 or Table 2.4) have not been updated.

In contrast, the tracked changes show that Seqwater has updated the Figures / Graphs on water use (typically Figure 2.1).

We have compared Seqwater's submitted (2 Nov 2012) average actual annual usage for 9 years to December 2011 found in "Table 2.3 or 2-4: Forecast vs Actual Usage" with our calculations for the same period using Seqwater's updated "Usage Charts for NSP" Excel spreadsheet (attached) provided to QCA on 26 October 2012. Even adopting the same data – we cannot replicate your calculations, giving us some cause for concern (refer to the attached Excel "Water Use Data Comparison"). We seek an explanation of the difference.

More importantly, however, we wish to use the correct figures (e.g. 10 years to 30 June 2012). On this we seek your advice. We are not keen to receive all the updated NSPs again – but seek a suggested solution from you in this regard.

Seqwater Response to Item 2A

The actual average usage was not updated due to an oversight. However, as the NSPs propose a 100% Part A charge, there is little value in updating the average usage as it has no bearing on the proposed tariff in the NSPs.

The reason that you had difficulty in replicating the calculations of the average usage is that the averages were calculated to December 2011 as disclosed in the NSPs but were also shown as "9" year averages instead of "9.5" year averages.

- B. Moreover, there is no "Table 2.3 or Table 2.4: Forecast vs Actual Usage" for Mary Valley WSS and Pie Creek. You may, therefore need to consider updating this NSP OR suggest an alternative solution.

Seqwater Response to Item 2B

An amended NSP for Mary Valley with the table included is attached.

- C. Thirdly, the "Figure 2.1: Actual Usage" figures / graphs in the NSPs for Mary Valley WSS (including Pie Creek) and Cedar Pocket Dam WSS are not consistent with the corresponding figures / graphs in your updated "Usage Charts for NSP" Excel spreadsheet (attached) provided to QCA on 26 October 2012. This is also concerning as the tracked changes to the latest (2 Nov) NSPs for these figures may indeed be wrong.

That is, we assumed that the NSP updates (this time) would be derived directly from Seqwater's "Usage Charts for NSP" provided to QCA on 26 October 2012. Please advise whether the NSP figures are correct. If so, please also explain why they deviate from the underlying "Usage Charts for NSP".

Seqwater Response to Item 2C

The NSP figures are correct. The data provided to QCA on 26 October is also correct. For consistency with the prior years' data which was shown as annual volumes, the quarterly volumes for 2012 were added together and shown in the charts in the NSP as an annual volume.

QCA Question 3 - Insurances

We note a discrepancy between the insurance costs submitted in NSPs versus the Main Submission. The difference seems to indicate a major recording error in the Main Submission.

Specifically, please review the main submission Table 7-10 (page 95) for:

- Cedar Pocket
- Central Lockyer
- Lower Lockyer
- Pie Creek
- Warrill

Seqwater Response to Item 3

The table has been updated in the attached amended Submission.

QCA Question 4 -- Item Added From Email of 8 November 2012:

Further to the below information request – I add a single item of a similar nature.

Upon further review of your recent submissions, we note that the revenue offsets specified in Seqwater's updated main submission do not align with the updated NSPs of 2-5 November 2012.

For example, in Central Brisbane River NSP the revenue offset is \$523,600 (for 2013-14); whereas in Seqwater's main submission the corresponding figure is \$195,900 (for 2012-13).

Please ensure that Seqwater's (we presume main) submissions aligns with the correct position (which we hope is reflected by the early November NSPs) and resubmit by **COB 9 November 2012**.

Seqwater Response to Item 4

The table has been updated in the attached amended Submission.