

25 May 2023

Mr Marcus Crudden
Executive Director, Price Monitoring and Regulation
Essential Services Commission
Level 8, 570 Bourke Street
MELBOURNE VIC 3000

Via email: [REDACTED]

Dear Mr Crudden,

Update on capital expenditure and implications for PS23 proposal currently with the Essential Services Commission (ESC) for determination

The purpose of this email is to provide some supplementary information to the Coliban Water Price Submission in relation to capital expenditure.

We have noted that some water businesses have included actual capital expenditure in their Regulatory Asset Base (RAB) calculation for year five where they delivered higher capital expenditure than planned. As you know, Coliban Water needed to increase capital expenditure to meet some critical compliance requirements over recent years. You will recall that we briefed you on this as we necessarily needed to deviate from the 2018-2023 plan as originally approved by the ESC.

Our year five capital expenditure is planned to be more than \$20 million greater than planned. Our proposal, if supported by you, is to have this reflected in our RAB and that we maintain our proposed price path while slightly improving the regulatory depreciation of the assets assigned 11 years, to a level closer to 12 years.

We would appreciate your consideration of this important capital expenditure information as the ESC resolves the Coliban Water determination. Our team will provide the detailed information to your team via email.

Yours sincerely,

[REDACTED]
Damian Wells
Managing Director

CC [REDACTED]
[REDACTED]