WASTEWATER SERVICE & TRADE WASTE PRICING METHODOLOGY

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1 Scope

The intention of this document is to articulate East Gippsland Water's pricing principles for levying **wastewater service and trade waste charges** and the methodology used to determine these for residential and non-residential customers.

2 Background

EGW uses the Equivalent Tenement (**EQT**) pricing method (see Definitions, Appendix A) for wastewater services supplied to residential and non residential customers.

EQT prices have historically varied between districts with each developed residential property being one EQT and, in the case of vacant land, a half EQT. In addition, a property with supplementary occupiable buildings (such as additional units/flats on the one property) is assessed as having more than one EQT.

The pricing for Non Residential properties is assessed on an individual basis according to water usage, business type and function, with an industry discharge factor applied.

2.1 WASTEWATER & TRADE WASTE PRICING PHILOSOPHY & PRINCIPLES

In order to ensure a consistent and robust assessment of the relative merits of alternative methodologies, the Corporation has developed a set of pricing principles. The pricing principles provide the framework to set prices that are cost reflective are fair and reasonable and not overly complex.

Table 1: Principle Criteria Objective indicator.

Principle	Criteria	Objective
Equitable	These should be fair between all residential and non residential customers	Relationship between costs and service delivery
Consistent	Charges are applied consistently using water volume and industry discharge factors to apportion charges on the demand that each customer has on the wastewater and trade waste services of the Corporation. Charges will be consistent with the pricing principles authorised by the regulator.	
Good Administration	Charges are transparent Charges should reflect the cost of providing these services to customers	

2.2 EQT FOR RESIDENTIAL PROPERTIES

All **residential developed** properties are assessed as being as a single (1.0) EQT unless further separate occupiable dwellings are located on the property.

2.3 ASSESSING THE WASTEWATER DISCHARGED TO THE SYSTEM

A **discharge factor** (see definition Appendix A) is used to assess the amount of wastewater flowing to sewer from a property. The discharge factor reflects the property use and for non-residential properties the **Industry Type** (refer Table 1, below)**.** This is based on the accepted water industry standard where either; 95%, 90%, 75%, 50%, 25% or 0% is applied dependant on Industry Type.

Where the known (measured) **peak load discharge,** or load discharged to the **sewer network** or treatment facility, is not reasonably reflected by the industry discharge factor, EGW may alter the discharge factor to better reflect the cost of the service.

Table 2: Industry Type Classification and discharge factor applied.

Industry Type	Discharge %
Abattoir	95
Aerodrome	75
Animal Pound	90
Art Gallery	95
Bakery	75
Bank	95
Bed & Breakfast/ Boarding Guest House	75
Boat Shed/Storage	75
Bowling Green/Croquet Green/Golf Course	25
Bowling/Golf Club with Bistro	50
Café/Takeaway/Coffee Shop	90
Canteen	75
Car Park	90
Car Wash	75
Car Yard	50
Caravan Park/Camping Ground	75
Cattle Yards/Saleyards	25
Cemetery	25
Child Minding Centre/Day Care	75
Church &/or Church Hall	90
Club Non-sporting/Clubrooms/Surf Club/RSL	90
Commercial Gardens	75
Community Centre/Hall/Education Centre	90
Concrete Batching Plant	75
Convent	90
Court House/Law Court	90
Dairy	95
Depot	95
Disability Centre	90
Dry Cleaners	75
Emergency Services (incl Fire Station)	75
Factory	95
Farm (incl House)	75
Food Processing/Manufacturing	90
Foundry	75
Funeral Parlor	90
Gymnasium	95
Hairdresser/Barber/Beauty Salon	95
Hall	90
Hospital Public/Private	90
Hostel	90
Hotel/Motel/Accommodation	90
House & Dairy	95
House & Flat/Shop	90
House & Winery	75
Ice Works	25
Kindergarten/Infant Welfare Centre	75
Laboratory	95
Laundry	95
Library	95
Manufacturing & Trade Services	90
Market Garden	50
Mini Golf	90
Mining Treatment	75
Motor/Engineering Works/Auto Repairs	95
Museum/Historical Buildings/Tourist Att	95
Nursing Home/Retirement Village/Aged Care Unit	90
Office/Retail Outlet/Business/Shop	95
Orchard	75
Ovals - & Club Rooms	75
Panel Beating Shop	75
Paper Mill	95
Parks, Gardens & Reserves	25
Plant Nursery/Garden Supplies	25
Police Stn & Dwelling	90
Post Office	95
Pottery	75
Poultry Shed	75
Pre school/Kindergarten	75
Printing/Photography processing	95
Quarry	75
Race Course	50
Railway Station	90
Recreation/Sporting Ground no function/change rooms	25
Recreation/Sporting Ground incl function/change rooms	95
Resource Centre	95
Restaurant either licensed or not	95
Retail/Wholesale food outlet/processing	95
School - Primary/Secondary	75
Service Station	90
Shed/Storage	95
Shop & Dwelling	90
Special Accommodation	90
Squash Courts	95
Stables	75
Store Yard/Warehouse	95
Sub-station (elect)	95
Supermarket	95
Surgery Dentist &/or Doctors	95
Swimming Pool	75
Telephone Exchange	95
Television Station & Yard	95
Tennis Courts & Hall	75
Tennis Courts Lawn	25
Theatre &/or Drive-in theatre	95
Timber Yard/Mill	95
Tip	95
Toilet Block/Public Conveniences	95
Tourist Information Centre	95
Trotting Track	90
University or TAFE	95
Veterinary Clinic	90
Vineyard	50
Water Sport Facilities	90
Weighbridge	95
Wood Yard	75
Workshop	95
Wrecking Yard	95
Yacht Club/Marina	75
Youth Club	95

2.4 CALCULATING THE EQT FOR A NON-RESIDENTIAL PROPERTY

To calculate the number of EQT's for a non-residential property the property's average water use from the last 3 years is multiplied by the discharge factor for the industry type and then divided by the average discharge for a residential property from the last 3 years.
EQT charges will apply to all non residential properties. Extra costs will be charged for treatment of wastewater that is a higher strength (composition) than domestic sewerage.

Properties that have buildings specifically available for holiday accommodation (holiday units or motel accommodation) which are not permanently occupied may be charged at less than 1 EQT rounded to the nearest .5 EQT for each occupiable building based on water volume. Any holiday accommodation that is individually owned or permanently occupied will be charged a full EQT as provided by the Water Act 1989.

Table 3: EQT Calculation for non residential wastewater pricing

Detail	Calculation Basis	Result	Discharge factor	Volume to sewer	EQT's
Residential	Volume of water at the 75% percentile of all residential customers (average over last 3 years)	236kL	75% (household discharge into sewer)	177kL	1
Non Residential	Average water volume of residential properties from past 3 years	**(A)** kL – Property average	**(B)** % - As per industry type	(A)*(B) kL	(A)*(B) / 177kL

Example:

Residential water use at the 75 percentile of all customers (3 year average) = 236 kL

Discharge factor into the sewer for residential customers = 75%

236 kL X 75% = 177kL equal to one Equivalent Tenement (EQT) (load into the sewer of a residential household).

The formula is then applied to determine the number of EQTs for non residential customers see following example;

Example:

Average 3 year use X Industry Type discharge factor (%)
Divided by average residential usage allowance
= # EQT's

For example, a Hotel (Average usage 1977.3kL) would be calculated as follows:-

1977.3kL * 90% ÷ 177kL = 10 EQT's

For example, a Restaurant (Average usage 3711.3kL) would be calculated as follows:-

3711.3kL * 95% ÷ 177kL = 19 EQT's

Example: CHARGE = EQT * Average[1] charge = Wastewater Service Charge

Charge = 10EQT * $600[2] = $6,000

Charge = 19 EQT * $600 = $11,400

2.5 ASSESSMENT OF EQT DETERMINATION EVERY 3 YEARS

An assessment of contribution to sewer will be carried out every 3 years for each non residential property (other than Major Trade Waste Customers) based on volumetric water use. Property use (industry type) will be re-assessed annually and EGW reserves the right to alter the discharge factor used.

2.6 UNDEVELOPED PROPERTIES – VACANT LAND

Residential Vacant Land and **Non Residential Vacant Land** are assessed as being 50% (or 0.50) of a full EQT.

2.7 ASSESSMENT OF EQT'S FOR A NEW NON-RESIDENTIAL PROPERTY

Where a new business is established within a district, an assessment of industry type will occur so that the EQT determination can be made. This may be triggered from implementation of a new wastewater scheme, from a large tapping, PIC Consent number or when a Trade Waste application is received.

The Manager Revenue & Customer Service will make the assessment of the EQT's to be applied to the property based on a comparison to industry type.

2.8 TRADE WASTE ANNUAL FEE

Major and Minor Trade Waste customers will be charged an annual fee for trade waste compliance audit inspection.

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[1] Charge has been averaged, however charge applied would be as per district as approved in ESC price determination for appropriate financial year

[2] $600 average wastewater charge 2011/12, actual charge will be used as approved in ESC price determination

2.9 MAJOR TRADE WASTE

A **Major Trade Waste** customer will incur the extra costs for treatment of higher than domestic wastewater using the Corporation's Trade Waste pricing formula.

Table 4: Form of Pricing for Trade Waste Customers

Type	Extra Cost to Treat Higher than Domestic Waste Strength using Mogden Formula	EQT wastewater charge	Trade waste Compliance Audit/Inspection fee
Major Trade Waste Customers	Yes	According to volume using Industry discharge % to sewer	Yes
Minor Trade Waste Customers	No	Multiple charge depending on volume and industry discharge % to sewer.	Yes

2.10 CUSTOMER REVIEW PROCESS

Customers will have the opportunity to request a review of their EQT calculation on supply of appropriate evidence.

Appendix A

Definitions	
Allowance	An allowance refers to an allowable volume applied to minor trade waste customers.
Discharge Factor	Is an estimate of the percentage of the metered volume delivered to the property that is discharged to sewer, and is based on industry type. Some of the metered water delivered is used and does not enter the sewer (eg water used outside for watering lawns etc.)
EGW	East Gippsland Water
Equivalent Tenement - EQT	A unit of measure that is based on normal household use being 1.0 EQT which is the equivalent of one typical house on an allotment.
Industry Type	Is the category of the different types of business ie Caravan Parks, Motels, Hotels & Café.
Major Trade Waste	Businesses that discharge an unusually large volume and/or strength of trade waste. These businesses (generally larger commercial or industrial type businesses) are required to hold a trade waste agreement before discharging trade waste. The trade waste agreement will be specifically tailored to their business process and the wastes they discharge
Minor Trade Waste	A business that has a trade waste apparatus or other form of on-site treatment of the waste discharged to sewer. This includes businesses that should have such a device. These businesses (generally small commercial type businesses) are required to hold a trade waste agreement before discharging trade waste to the sewer. These businesses produce a trade waste that is greater in volume or strength than domestic sewage, but not to a large degree.
Mogden Formula	Is a standard formula to calculate charges for discharging trade waste to the sewer and the costs for the treatment of this waste. The formula determines payment according to the volume and strength of effluent discharged. Refer to Mogden Formula OFWAT website.
Non Residential – Developed	A parcel of land occupied or used as the site of a business/industry (i.e. is not primarily used as a domestic dwelling) and has services available for connection.
Non Residential – Vacant Land	Is land in which business/industry predominates and has a no structure erected/connected located on it and has services available for connection.

Peak Load Discharge	Is the maximum load demand requirement discharged to a system.
Residential – Developed	A parcel of land developed with buildings occupied or used solely as a non commercial domestic dwelling including flats, units a boarding or lodging house, and has services available for connection.
Residential – Vacant Land	Is a parcel of land that is located within a largely residential area that has no domestic dwellings able to be occupied or used and has services available for connection.
Sewer Network	Sewerage system is EGW's network of sewage collection and conveyance and the treatment and reuse facilities owned and/or operated by the Corporation.
Trade Waste	Trade Waste is any liquid or any substance contained within it, discharged to the sewerage system other than normal domestic sewage.
Annual Trade Waste Compliance Audit Inspection	Is applicable to all trade waste customers. The fee is to cover the annual inspection of wastewater barriers to ensure that they meet compliance.
Wastewater Service Charge	Is the EQT charge which contributes to the maintenance of the sewerage network including sewer mains, pumping stations to ensure the reliable transport of sewage from the customer to the treatment plant for treatment and disposal.

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