

18 July 2014

Ms Mary Ann Hartley
President, Industry Panel
GPO Box 158
CANBERRA ACT 2601

Dear Ms Hartley

Response to Industry Panel Approach Paper

Thank you for your letter dated 30 June 2014. ACTEW welcomes the opportunity to comment on the Approach Paper issued by the Industry Panel (the Panel) in relation to its review of the Price Direction for regulated water and sewerage services for 2013-2019 made by the Independent Competition and Regulatory Commission (ICRC). ACTEW acknowledges and supports the proposed approach to the review as outlined in the Approach Paper.

ACTEW would make the following specific comments regarding the Panel's proposed approach:

- *Statement of facts and contentions*

ACTEW notes the Panel's intention to direct ACTEW to submit a Statement of Facts and Contentions (Statement) by 31 July 2014. ACTEW is working to this deadline and does not intend to request that it be revised as long as no additional information requests are put forward at the directions hearing on 25 July 2014.

ACTEW is preparing its Statement on the basis that any substitute Price Direction would be based, as far as practicable, on information that was available to the ICRC at the time of its decision in June 2013. Accordingly, ACTEW's proposed alternative form of Price Direction will be consistent with its submissions to the ICRC in July 2012 and April 2013. The alternative of revising and preparing justification for all inputs for assessment by the Panel would be costly and would not be possible in the time allotted. An approach whereby some, but not all, inputs were revised would be potentially inconsistent.

In relation to some of its contentions, ACTEW intends to provide evidence which was not available to the ICRC at the time of its decision. So far as possible, this evidence is limited to that required to address decisions on which no opportunity to comment was provided as part of the ICRC review process; that is, decisions which were not in the Draft Report, but were included for the first time in the Final Report.

- *Confidential information and open hearings*

ACTEW notes from the Charter in the Approach Paper that the Panel recognises the importance of maintaining the confidentiality of certain documents and information provided to the Panel in confidence. ACTEW understands that the directions hearing and the hearing of review issues will be open hearings. If ACTEW wishes to make any oral submissions or replies to queries which include confidential information, it will identify this to the Panel so that the Panel may consider convening a closed session if required.

- *Directions hearing*

ACTEW is pleased to confirm that it is available to attend the directions hearing on Friday 25 July 2014.

- *Hearing of review issues*

The Approach Paper proposes a hearing of review issues in mid-August. ACTEW's understanding is that the purpose of this hearing is to:

- enable the Panel to confirm the scope of the review taking into account the Statement along with the submissions received in reply;
- permit ACTEW and other parties who have lodged written submissions to make oral submissions;
- permit ACTEW and other parties who have lodged written submissions to provide comments in response to the written submissions made by other parties; and
- enable the Panel to ask questions to clarify any matters raised in the written submissions.

ACTEW confirms that, unless requested by the Panel, it would not propose to make lengthy oral submissions on the matters included in its Statement.

If the Panel intends to provide opportunity for ACTEW to comment on matters raised by other parties to the review in their written replies, ACTEW would request that the hearing of review issues not be held until ACTEW and the other parties have been given a period of at least one week in which to review and consider the written replies received. Were ACTEW to make any oral submissions, it would propose to also provide these comments in writing following the hearing. Alternatively, if a transcript is prepared, ACTEW would appreciate the opportunity to review the transcript to ensure its accuracy.

ACTEW is keen to ensure that appropriate representatives are available to provide answers to any questions that the Panel may have. It would assist ACTEW in achieving this outcome if the Panel were to provide questions in advance of the hearing. Otherwise, ACTEW would appreciate the ability to take questions on notice at the hearing, where required. ACTEW would undertake to provide written replies to all questions taken on notice within one week of the hearing.

ACTEW looks forward to working with the Panel throughout the review process. Further correspondence in relation to these matters should be directed to Mr David Graham, Director Regulatory Affairs and Pricing on 02 6248 3605.

Yours sincerely



John Knox
Managing Director