

WATER INDUSTRY ACT 2012 (SECTION 35)

SECOND PRICING ORDER

FOR THE REGULATORY PERIOD 1 JULY 2013 – 30 JUNE 2016

Pursuant to s35(4) of the *Water Industry Act 2012 (the Act)*, the Treasurer hereby issues the following pricing order (**this Order**):

1. INTERPRETATION

1.1 Where a term used in this Order is defined in the Act, it has the meaning given in the Act.

1.2 In this Order, unless the contrary intention appears:

determination means a determination of the Commission under s35 of the Act and Part 3 of the *Essential Services Commission Act 2002* made in respect of retail services;

drinking water retail service means a retail service constituted by the sale and supply of water of a quality fit for human consumption;

initial regulatory period means the three year period commencing 1 July 2013;

Initial Pricing Order means the order issued by the Treasurer pursuant to s35(4) of the Act dated 24 September 2012;

sewerage retail service means a service constituted by the sale and supply of sewerage services for the removal of sewage.

2. APPLICATION

2.1 This Order is to take effect from the date that it is signed.

2.2 This Order is to apply to a determination for the initial regulatory period in respect of drinking water retail services and sewerage retail services provided by SA Water, and as such applies in conjunction with the Initial Pricing Order.

3. ADOPTION OF INITIAL REGULATED ASSET BASE – DRINKING WATER RETAIL SERVICES

3.1 Further to paragraph 4.1.7.1 of the Initial Pricing Order, the Commission must adopt or apply the value of \$7.77 billion as the regulated asset base (RAB) as at 1 July 2013 (in December 2012 dollars) in relation to assets used by SA Water in the provision of drinking water retail services.

4. ADOPTION OF INITIAL REGULATED ASSET BASE – SEWERAGE RETAIL SERVICES

4.1 Further to paragraph 4.1.7.1 of the Initial Pricing Order, the Commission must adopt or apply the value of \$3.58 billion as the regulated asset base as at 1 July 2013 (in December 2012 dollars) in relation to assets used by SA Water in the provision of sewerage retail services.

5. ADOPTION OF ANNUAL DEMAND FORECAST

5.1 The Commission must consistently adopt or apply an annual demand forecast of 190 gegalitres of water for each year of the initial regulatory period for the purposes of the determination with respect to drinking water retail services.

6. VARIATION

6.1 This Order may be varied by a subsequent pricing order issued under s35 of the Act.



JAY WEATHERILL M.P.
Treasurer

Date: 17 May 2013