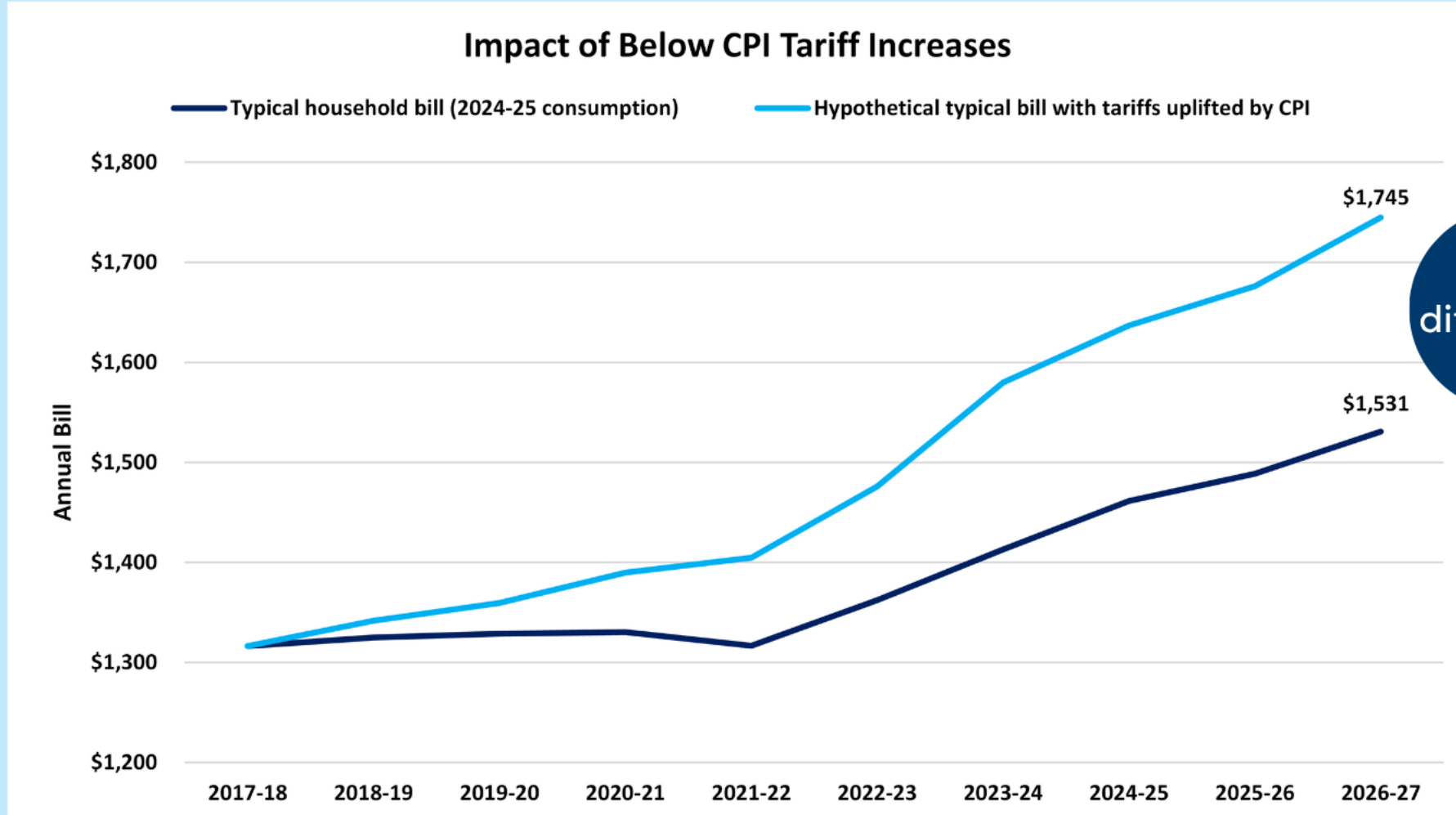


Bill impacts and options



Our starting point: 9 years of partially absorbing inflation





Our starting point: higher prices

Back in 2022, we predicted an increase of \$46.90 (2.95%) per year from 2028, or a one-off upfront increase in 2028-29 of \$145.13 (9.73%)

Work to drive costs down has reduced the impact

Our early modelling predicts \$44.78 (2.87%) per year from 2028, or a one-off upfront increase in 2028-29 of \$130.36 (8.85%)

Any spend you recommend as a panel will be in addition to this increase





Factors impacting annual bills

- Regulatory inputs: inflation + cost of debt
- Infrastructure investment costs | construction costs 10% above inflation since 2022
- Growth, or slowing growth
- Information technology operational spend | increased by 54% since 2022
- Cyber security - increased by 62% since 2022
- Data security
- External cost pressures - energy, chemicals, Government charges and more
- Ground conditions and increasing breaks



Major customer evolution

Major industry changes:

- New industry entering the region
- Existing industry leaving the region
- Existing industry reducing operation

Considerations for tariff modelling:

- Certainty of the identified change
- Who should bear the risk?
- PS23 mandate for major industry to pay for what they use



Bill impact options | differences

We're interested in your view on the balance between affordability today, investment for tomorrow and fairness across current and future customers.

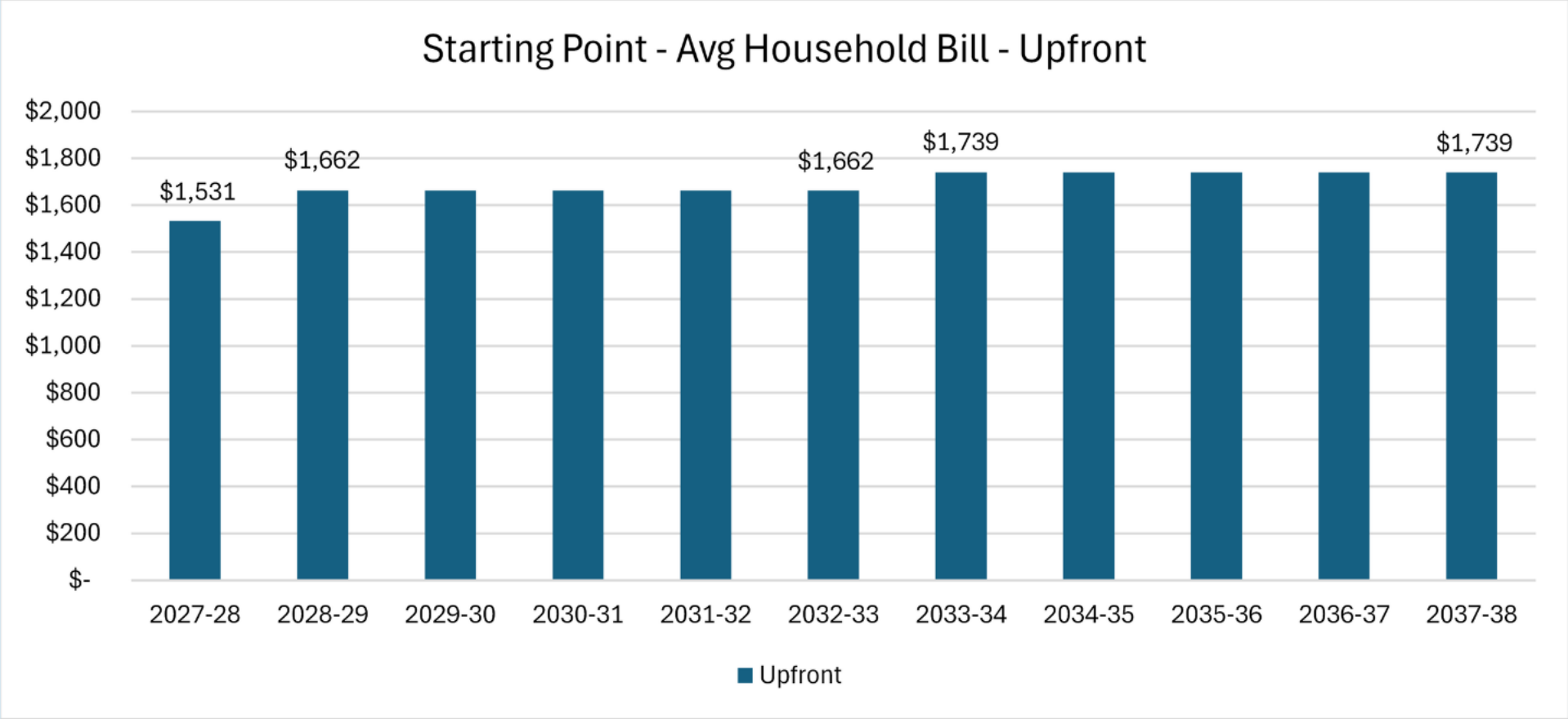
We can spread costs evenly over time, keeping prices stable in the short term or recover more costs earlier, reducing borrowing and future price pressures.

	Upfront	Smoothed
Customer bills	Higher increases early	Consistent and moderate increases
Revenue recovery	Revenue collected sooner	Revenue collected evenly
Debt levels	Lower debt accumulation	Moderate debt accumulation
Cash flow	Stronger operating cash flow	Stable operating cash flow
Risk of bill shock	Higher risk now, lower risk later	Lower risk now



Bill impact options | Option one: upfront bill impact

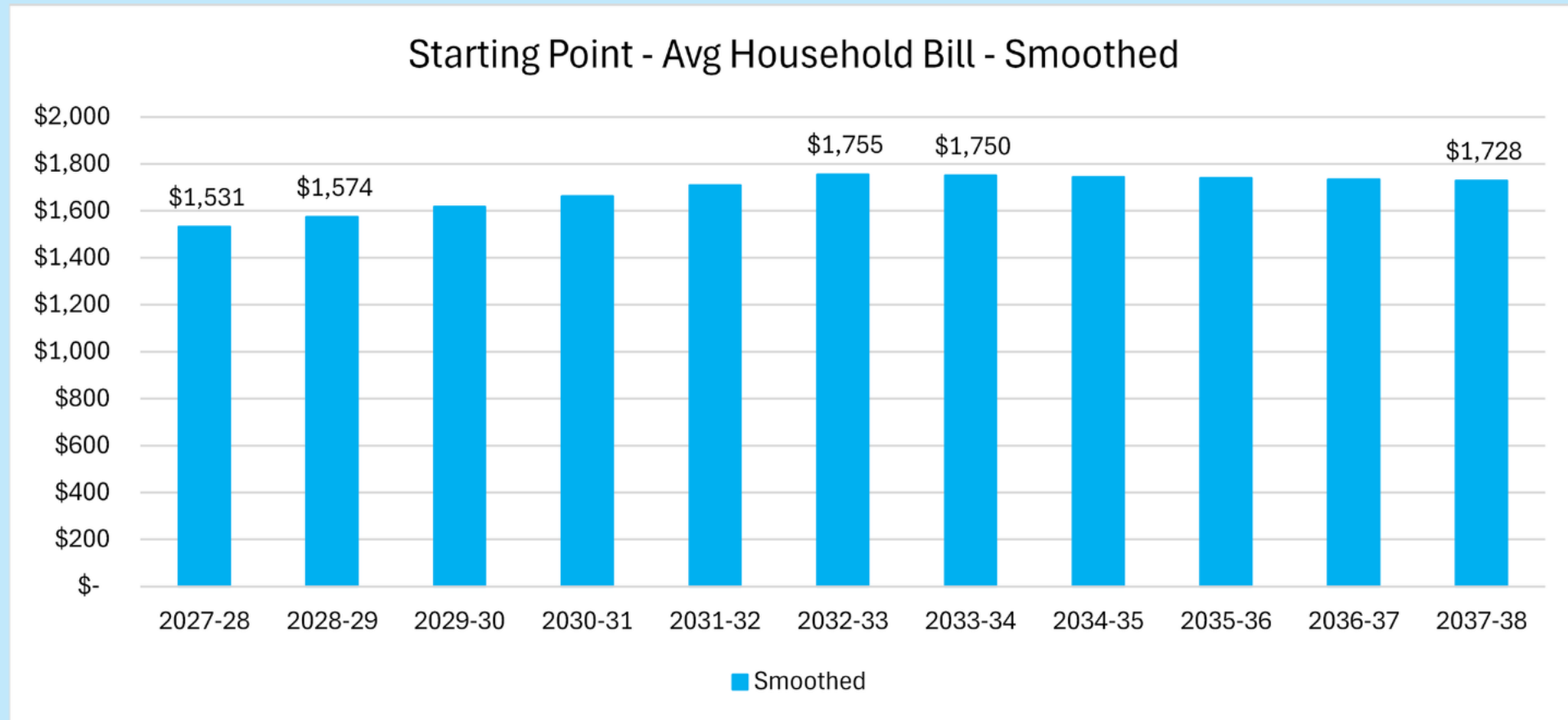
Excluding annual inflation, cost of debt and water purchase adjustments





Bill impact options | Option two: smoothed bill impact

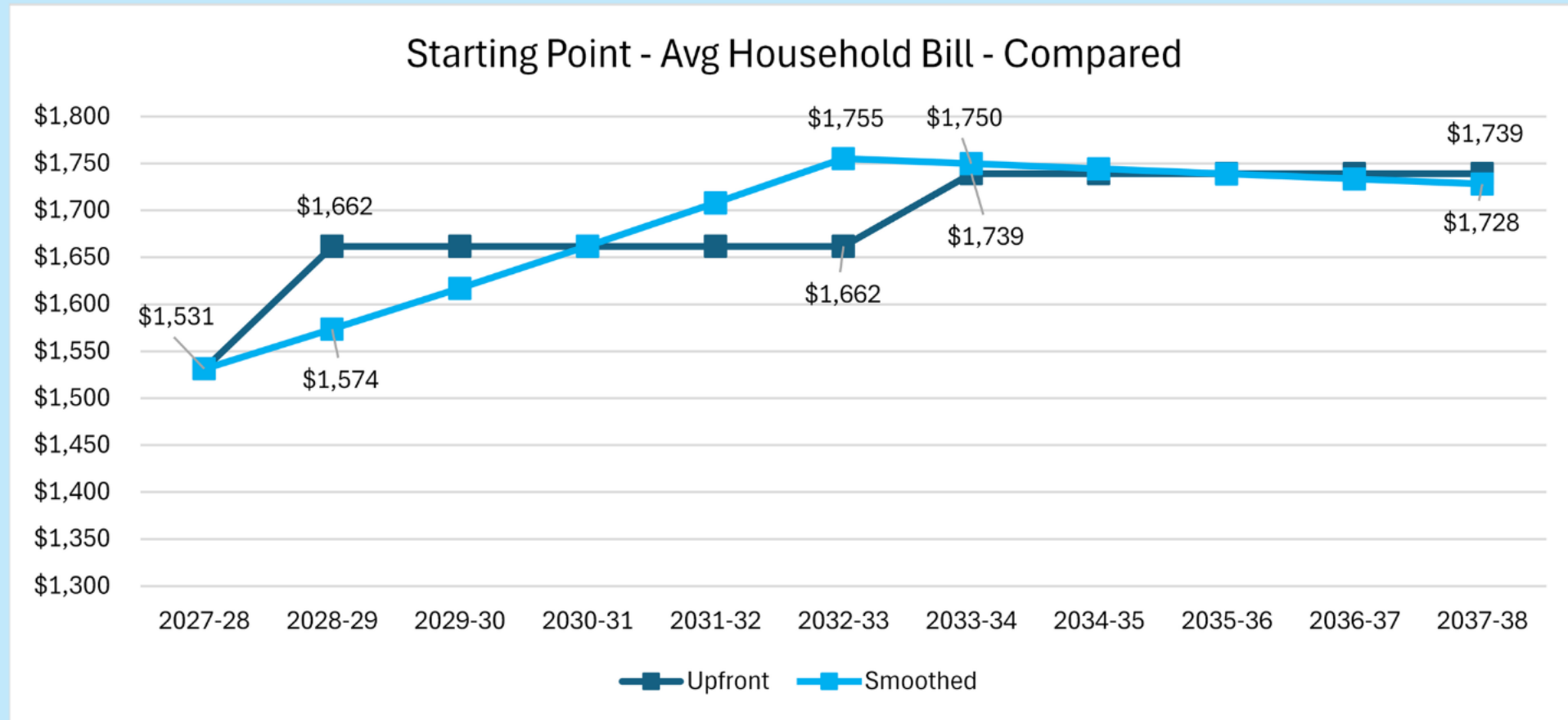
Excluding annual inflation, cost of debt and water purchase adjustments





Bill impact options | option comparison

Excluding annual inflation, cost of debt and water purchase adjustments





Our forecast tariff estimate

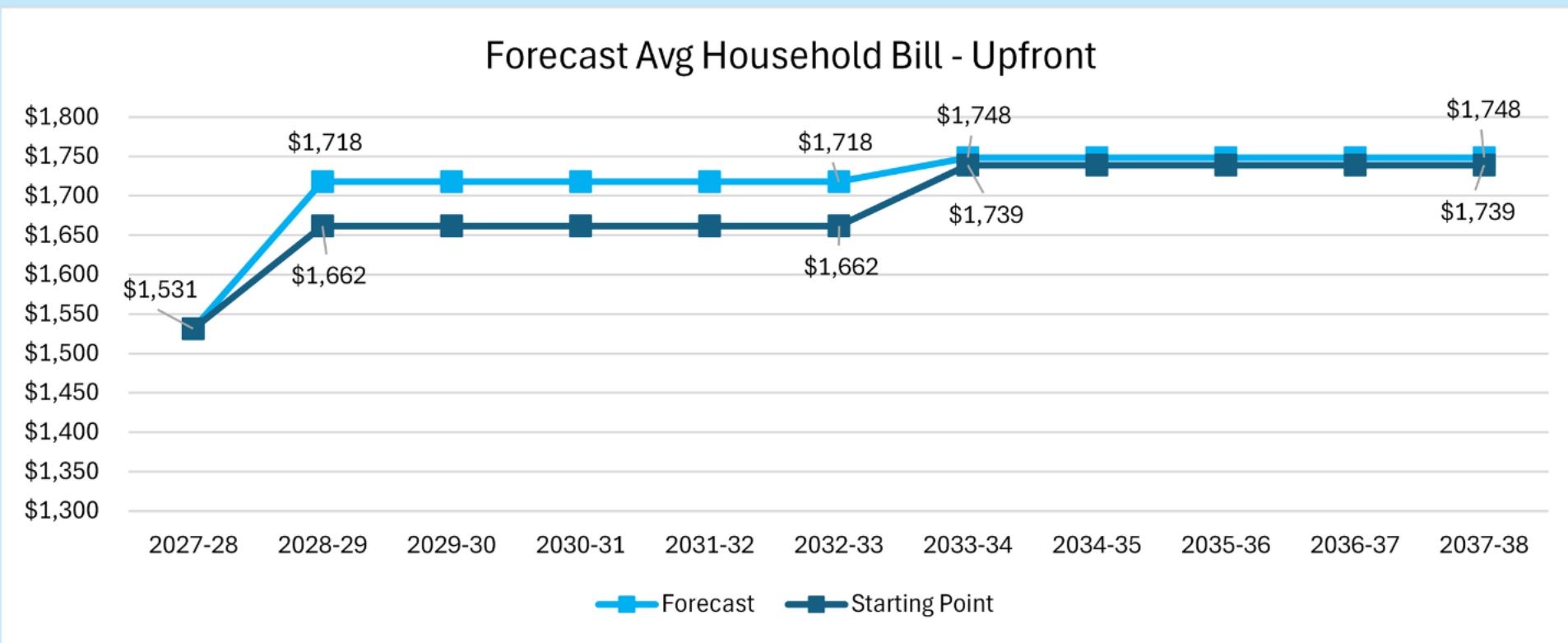
Considerations in our modelling:

- Changes to regulatory inputs – cost of debt and inflation
- Major customer changes – new customers and volume increases / decreases
- Capital expenditure increases due to construction and material prices increasing above CPI
- Strategic resourcing to deliver targets and promises
- Increased IT, data security and cyber security investment



Our estimated tariff range: upfront bill impact

Estimates do not include the impacts of the panel's recommendations

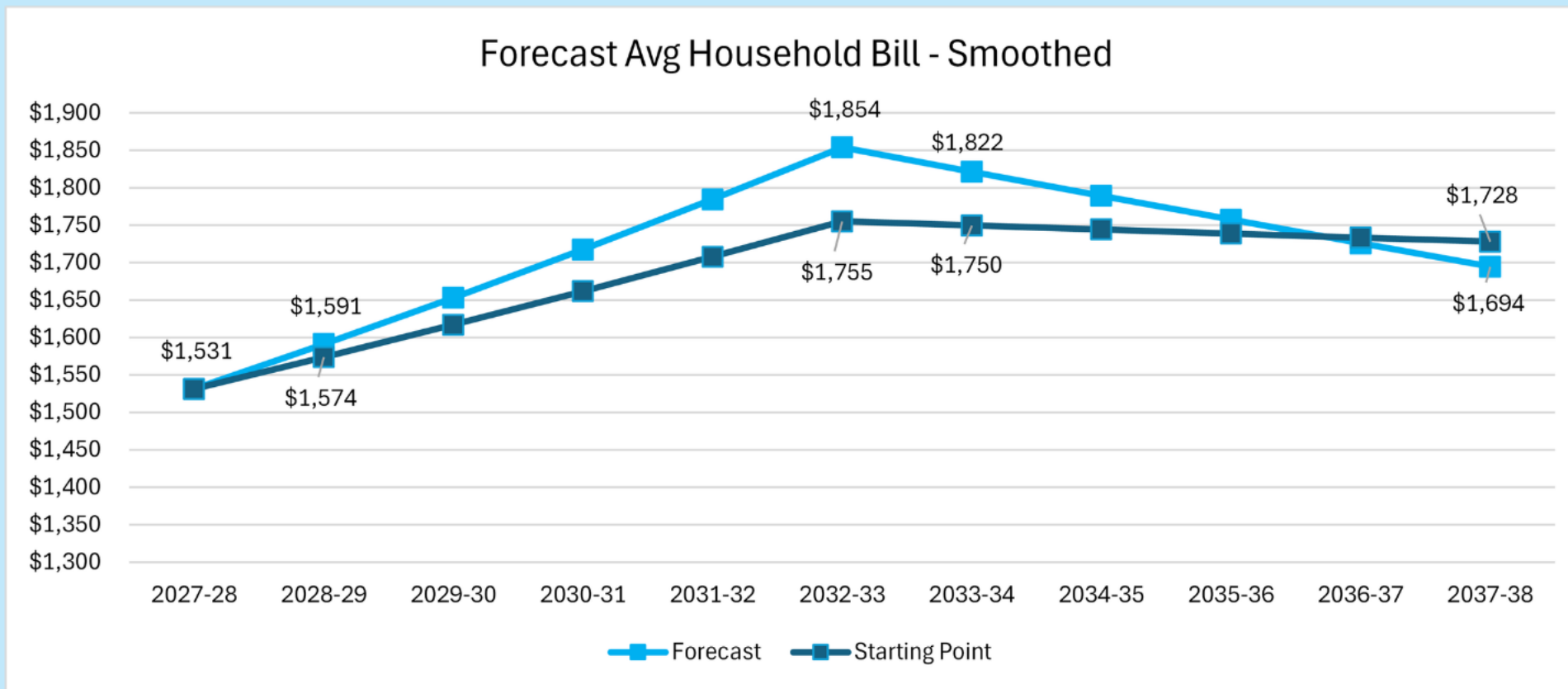


Our early modelling is indicating the upper price increase threshold to be \$187 upfront in Price Submission 2028-33 and \$30 upfront in Price Submission 2033-38.



Our estimated tariff range: smoothed bill impact

Estimates do not include the impacts of the panel's recommendations



Our early modelling is indicating the upper price increase threshold to be \$65 annually in Price Submission 2028-33 and a reduction of \$32 annually in Price Submission 2033-38.



Our forecast tariff estimate

If changes in assumptions or inputs drive a material variance to this estimate, we will come back to the panel for further deliberation

We'll take you through our key issues and show you the options we've modelled so far

We can model other scenarios you may be interested in and can bring them back for you to consider