

Impact on residential rates

November 2016

Below you will find the impact on residential rates of a 508(A) special variation and an expiring special variation.

Great Lakes Region based on average residential rate of \$1,235 pa

Option 1: Current rate path Rate peg only, expiring Environmental Levy	2016-17	2017-18	2018-19	2019-20	2020-21	Cumulative increase
Average residential rate with assumed rate peg of 2.5%	\$1,235*	\$1,266*	\$1,297	\$1,250 <small>[environmental levy removed]</small>	\$1,281	
Annual Increase		2.5%*	2.5%*	-3.62%	2.5%	3.88%
Note: * These figures include an existing 6% Environmental Levy which expires in 2019-20. Option 2 below proposes that this is continued across the MCC region.						

Option 2: Special Rate Variation proposal 1 x 11% plus 3 x 5% [inclusive of rate peg and Environmental Levy]	2016-17	2017-18	2018-19	2019-20	2020-21	Cumulative increase
Average residential rate with: <ul style="list-style-type: none"> • 6% environmental levy <i>dropping out</i> • 6% environmental levy <i>coming in</i> • 2.5% special rate variation <i>coming in</i> • 2.5% rate peg <i>coming in</i> Commencing in 2017-18	\$1,235	\$1,296	\$1,360	\$1,428	\$1,499	27.5% <small>[21.5% + environmental levy of 6%]</small>
Annual Increase	-	5%	5%	5%	5%	

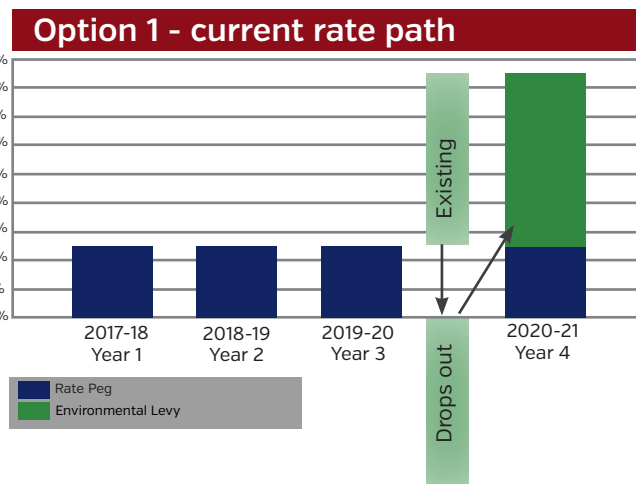
Note: In 2017-18 the increase includes the 2.5% rate peg and 2.5% for roads and bridges. It includes replacing the existing 6% Environmental Levy with a new 6% Environmental Levy. The 6% drops out and then comes back in at the same level. From 2018-19 the 5% represents the 2.5% rate peg and 2.5% for roads and bridges.

Impact of a special rate variation on residential rates: Great Lakes Region

The information overleaf has been prepared in accordance with IPART requirements. To help you interpret this information, we have summarised the impact of a SRV on residential rates into simpler language and included a graph that may help in explaining the two options - the current rate path, and the special variation proposal.

When applying for a SRV, IPART requires us to express the proposed variation as a total figure, inclusive of the rate peg and any other special variations and levies, for example, the environmental levy.

Notes



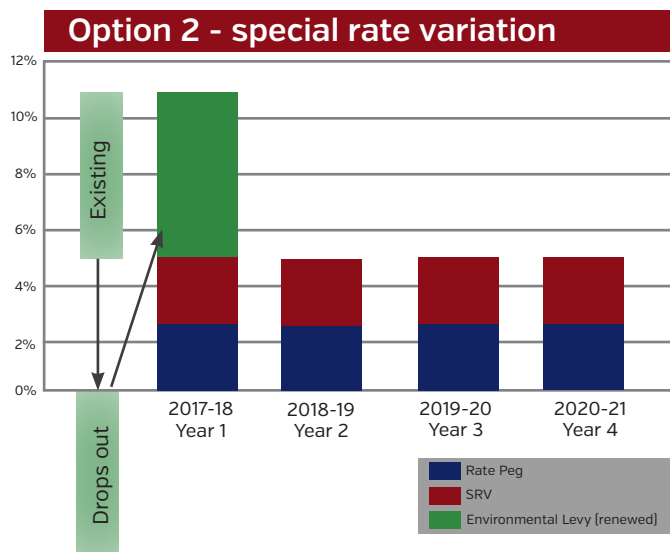
Under the current rate path your rates:

- Will increase by 2.5% per year (the assumed rate peg set by IPART)
- Include an existing 6% environmental levy which expires 30 June 2020

If this levy expires, the environmental program will no longer be funded. Under this option, MidCoast's plan would be to apply to renew the levy at a consistent level of 6% across the MidCoast region.

The graph shows the impact of this - with the environmental levy dropping out and then coming back in at 6% in 2020-21.

Other than that, the only increase would be the 2.5% rate peg, with no additional funds for roads and bridges.



Under the special variation proposal your rates:

- Will increase a total of 11% in year 1 followed by 5% for 3 years.
- Year 1 - the 11% includes 2.5% rate peg, 2.5% SRV for roads and bridges and 6% environmental levy.
- Year 1 - the actual increase is 5% as you already have a 6% environmental levy in your rates. This drops out and is replaced by a 6% levy.
- Years 2, 3 & 4 - rates will increase 5% per year. This includes the 2.5% rate peg plus 2.5% SRV for roads and bridges.

We have provided information on the average residential rate as this impacts the broadest number of ratepayers. The percentage will be the same across the rating categories, however the average rate as shown overleaf will be different.

To calculate the impact on your rates, apply the percentages above to the total shown on your annual rates notice (not including the waste charges as the SRV does not impact that component of your rates).