Submission to AER on the Draft Decision on Transend's regulated revenue for the 2009 to 2014 regulatory period

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EXECUTIVE SUMMARY

This document is the Energy Users' Association of Australia's (EUAA) submission to the AER on its draft decision on the regulated revenue for Transend for the period 2009 to 2014.

Transend has applied for a significant increase in expenditure for the coming regulatory period. Their own calculations in their revised submission state that, if accepted, in constant currency revenues will be just under 61% higher at the end of the regulatory period than the start. This is on top of a 60% increase (constant currency) in expenditure over the current regulatory period. The rate of increase in expenditure sets a record for all transmission network service providers in Australia and will translate into very significant transmission price increases for Tasmanian energy users. The six biggest users in Tasmania are all transmission connected and make up about 60% of Tasmanian load. The AER should be very concerned about this outcome, as are Tasmanian energy users.

It is also a matter of some frustration to the EUAA and its members that we have been unable to reconcile the price increases that the AER has stated in its draft decision. In particular, the draft decision implies that prices will be 30% higher in constant currency at the end of the period than at the start (consistent with the stated 5.4% per annum price rises in constant 2008/9 dollars). We can not reconcile this with the fact that revenues will be a little under 60% higher (constant currency) at the end of the coming regulatory period than at the start of the period, under the draft decision.

We have two main concerns with the draft decision. The first is that it does not adequately take account of the Australian economic contraction now under way. The second is that there has been insufficient critical examination of Transend's proposal. The rest of this Executive Summary outlines our concerns in these areas, and describes what we suggest that the AER could do to address our concerns.

The draft decision does not take account of the severe economic contraction now under way

Transend's application for such a significant increase in expenditure comes as Australia enters what is accepted to be a severe and protracted downturn. The Australian Government, Federal Treasury and Reserve Bank have all made clear the severity of the crisis facing Australia. Many of our members, who jointly account for the majority of Tasmania's electrical demand, are having to make severe expenditure reductions in response to demand shifts.

Transend's proposal was developed and submitted to the AER at a time when the collapse of the sub-prime mortgage market in the United States of America was considered to be an issue that may not severely affect Australia. We now know that this is not the case.

There is little evidence that the AER or its main advisors have considered in any meaningful way what the impact of this downturn is likely to mean for the cost of prudently and efficiently operating and developing Transend's networks. While the AER has undertaken to update the price of various commodities in its indexation of costs, there is no evidence that the AER or its advisors have taken account of the economic contraction in terms of the need for investment and the timing of that investment.

To address this issue, we expect the AER to undertake a thorough review of:

- The need for all significant capital projects, to discern which should not be approved, which can be deferred to the next regulatory period and which should more appropriately be classified as contingent projects given uncertainty in costs and the need for investment;
- Undertake a thorough review of Transend's opex proposal to justify such a significant continued expansion in expenditure in a rapidly deteriorating economy.

Transend will not voluntarily face the unpleasant reality of a much less benign economic enviroment. It falls to the AER to ensure it does. The draft decision has not done this, partly because it was released before the extent of the impending economic malaise was known. However, the Final Determination needs to treat this matter and its consequences for the next regulatory period seriously.

There has been insufficient critical examination of Transend's proposal

The AER has relied substantively on the advice of its three consultants Nuttall Consulting, Econtech and WorleyParsons in its determination of opex and capex. We generally accept the analysis and advice presented by Nuttall Consulting and Econtech. Both of these advisers analysed and critiqued the information provided by Transend and its advisors, in reaching their own views and advising the AER accordingly.

Other than correction of an arithmetic error, WorleyParsons on the other hand, accepted almost everything that Transend told them. Worley Parsons had by far the biggest role in advising the AER on the efficiency and prudency of Transend's operating and capital expenditure proposal. We think that the WorleyParsons generally failed to apply their minds critically, as should be expected. The overall methodology of WorleyParsons' report is:

- to describe what the AER asked them to do,
- to ask Transend to answer the AER's questions or WorleyParsons' translation of the AER's questions,
- report back what Transend told them, and then

- assert that they are satisifed that Transend's proposal is prudent, efficient and best practice.

Generally, WorleyParsons reached conclusions without proper analysis or critique. If they did analyse or critique what Transend told them, they rarely disclosed such analysis and critique. Essentially, WorleyParsons asks the AER – and by extension energy users – to trust them unquestioningly. This is something that energy users are not prepared to do and nor should the AER.

Their assessment raises concerns in our minds that WorleyParsons has been too inclined to give Transend the benefit of the doubt, and that this has compromised the rigour and completeness of their analysis. For this reason, notwithstanding WorleyParsons' expertise and standing, we are not prepared to accept WorleyParsons' opinion unquestiongly, and we do not think the AER should be prepared to do this either. If anything, WorleyParsons' closeness to the regulated network businesses increases, not reduces, the need for transparency on how they have reached the conclusions they have reached. A transparent assessment must be done and be seen to be done.

In the body of this submission, we refer to specific areas where we consider that WorleyParsons' advice is unsubstantiated, internally inconsistent, makes unjustified inferences, or is incomplete.

A more comprehensive review could find other issues that will need to be addressed in order to arrive at reasonable judgements. The AER needs to undertake a thorough review itself, ask WorleyParsons to justify its opinions and/or procure the services of another qualified consultant to undertake a more robust and acceptable review.

Finally, our criticism of the draft report relates not only to the analysis provided by WorleyParsons. At several points the draft decision refers to analysis that the AER says it has undertaken itself. But in many (most) cases, there is no explanation or description of this analysis. These instances are mentioned in the body of the submission. We would like to review that analysis so that we can understand how the AER has supported its conclusions and seek that it be provided by the AER.

1 INTRODUCTION

This document is the Energy Users' Association of Australia (EUAA) submission to the AER on its draft decision on the regulated revenue for Transend for the period 2009 to 2014.

It examines in order:

- Opex
- Capex in the current regulatory period
- Capex in the next regulatory period.

Transend has applied for a significant increase in expenditure for the coming regulatory period. Their own calculations in their revised submission state that, if accepted, in constant currency, revenues will be just under 61% higher at the end of the regulatory period than the start. This is on top of a 60% increase (constant currency) in expenditure over the current regulatory period. The rate of increase in expenditure sets a record for all transmission network service providers in Australia. The six biggest users in Tasmania are all transmission connected and make up about 60% of Tasmanian load. The AER should be very concerned about this increase, as are Tasmanian energy users.

It is also a matter of some frustration to the EUAA and its members that we have been unable to reconcile the price increases that the AER has stated in its draft decision. In particular, the draft decision implies that prices will be 30% higher in constant currency at the end of the period than at the start (consistent with the stated 5.4% per annum price rises in constant 2008/9 dollars). We can not reconcile this with the fact that revenues will be a little under 60% higher (constant currency) at the end of the period that at the start of the period, under the draft decision.

2 OPEX

Transend's operating expenditure has increased faster than that of any other transmission network service provider. Transend has applied for a 62% increase in operating expenditure for the next five years compared to the last five years.

As our submission on the AER's draft decision for the New South Wales distributor' makes clear, there is evidence that a number of the opex cost drivers are weaking as a result of the global economic crisis and downturn in the Australian economy, which have become even more apparent since the Draft Decision was released. We have not reiterated this here, but draw the AER's attention to this, and specifically our desire that this evidence is considered in assessing Transend's opex allowance.

2.1 WorleyParsons' assessment of base year opex

WorleyParsons was asked to examine in detail the opex in the 2006/07 year to determine whether that year represents an efficient starting year for predicting opex in the coming regulatory control period In particular, WorleyParsons was required to determine whether the opex expenditure in that year reasonably reflects the operating expenditure criteria set out in the National Electricity Rules.

Worley Parsons investigated this in three ways:

- firstly they disaggregated opex into a number of sub-categories and then asked Transend to explain why the actual opex over the course of the existing regulatory period was so much more than the opex that the ACCC allowed them in the previous regulatory period;
- second, they compared the controllable opex in 2006/7 with the two previous years and the following two years;
- third, they visited two substations and spoke to a senior asset officer from Transend.

On the first approach, WorleyParsons said that they undertook a "*qualitative assessment*" of the opex. However they did not undertake such qualitative assessment themselves. Instead, "*the qualitative reasons … were as provided to WorleyParsons by Transend*" (p173).

Pages 173 to 179 of the Worley Parsons report then records, verbatim, what Transend told them. WorleyParsons did not critique this. Instead, at the end on page 179 it is simply asserted *"WorleyParsons concluded that the reasons given by Transend for the cost trends are reasonable and indicative of a well run organisation, complying with its statutory obligations in a prudent and efficient manner."*

WorleyParsons needs to do more than simply recording what Transend told them and then asserting that that is proof of efficiency and prudency. WorleyParsons needs to show that they have critiqued and assessed that information to justify an independent conclusion on the efficiency of that expenditure.

On the second approach, Worley Parsons compared Transend's controllable opex and self-insurance for the year 2006/7 with the two previous years and Transend's forecast for the two following years. From this they conclude that *"in every case with the possible exception of "Substations" the Opex expenditure in the Base-Year was not exceptional, rather it was a conservative level of expenditure when compared to the two years before and after it."*

This conclusion is not factually correct. Total controllable opex in 2006/7 was 20% higher than it was two years earlier in 2004/5. Furthermore, many constituent elements of this expenditure had very significant changes over this period.

However, more than this, this approach is methodologically flawed. Noting that Transend had forecast higher opex in future provides no basis to conclude on the efficiency of expenditure in the present or past.

On the third approach, WorleyParsons said that they went to physically inspect the Creek Rd and Chapel Street substations. A Senior Asset Officer from Transend also provided various documentation at this inspection. From this they concluded that Transend *"was very cost conscious", "did what was absolutely necessary", "maintained a very disciplined maintenance regime", "did not do things that were nice to do", "did not replace old with new if the old could be fixed"* (page 187).

Their summary conclusion from this is that this demonstrated that Transend's maintenance practices *"were in accordance with best industry practice, and therefore 'prudent'."* (page 187)

In other words, on the basis of a visit to two substations and a discussion with a Transend asset officer, WorleyParsons has been able to conclude that Transend maintenance is "best industry practice". How can this be expected to suffice as a critical review of Transend's opex proposal involving such a large increase in expenditure that end users will be required to pay for? End users can not accept WorleyParsons' analysis unless it can be supported. This support is not provided in the review.

2.2 AER's investigation of Base Year opex

The draft decision says that the AER conducted a review of Transend's expenditure in the current regulatory period to determine the efficient base year (expenditure) by reviewing Transend's external contracts, invoices, internal budget papers, business cases and financial models. Table 6.4 on page 167 describes several "cost categories" that the AER defined and Transend's explanation of why expenditure was higher in these categories. The draft decision says that the AER "*tested the validity of these expenditures*" (page 168). The decision then simply asserts (page 168):

> "*While the AER acknowledges that it is difficult in a review of this form to confirm whether these expenditures are efficient, the AER has seen no evidence to suggest that the over expenditures (sic) do not reflect prudent decisions".*

The AER has a duty under the Rules to justify its conclusions. It is not acceptable to simply assert that it has "seen no evidence". It needs to provide the evidence that shows this to be the case.

A similar concern applies to the AER's analysis of our concern in our earlier submission about the five-fold increase in Transend's staffing over the last eight years. In response to this, the draft decision concludes that "*nothing has come to our attention"* that increases in staffing levels were either "*imprudent or inefficient*" (page 168).

This is unacceptable to energy users. The AER has a duty under the Rules to justify its decisions, not to simply assert or draw a conclusion based on the lack of evidence to the contrary. The AER should explain what information it sought and what analysis it did to satify itself on this issue. It is not enough to assert that "nothing has come to our attention".

Furthermore, the draft decision states that staff numbers should not be examined in isolation since higher employee expenses may be offset by lower contractor expenditure. This may be so, but the AER has provided no evidence that it has considered the extent to which higher employee expenditure has been offset through lower expenditure on contractors. It should surely be of concern to the AER – as it is to energy users - that Transend has expanded its workforce so considerably, in a part of Australia that has long had the slowest rate of growth of energy or demand, and small amounts of new generation entry. The AER needs to do much more than it has done to investigate this.

Finally, in the draft decision two additional reasons for using 2006/7 as the base year in the opex decision, are provided:

- International Transmission Operation and Maintenance Study (ITOMS) benchmarks;
- Considerable and permanent changes to Transend's operations due to NEM entry and Basslink (which precluded consideration of opex in previous years).

On the ITOM's benchmarks, we are aware of the claims that Transend made on ITOMs benchmarks. Evidently the AER has accepted these claims. This is highly significant and the AER should explain how it tested these claims, and why ITOM's benchmarks support Transend's claims.

On the "considerable and permanent changes" attributable to NEM entry and Basslink, the AER should quantify and explain what such considerable and permanent changes are and hence why it is inappropriate to consider operating expenditure levels before 2006/7 in establishing a base for future opex projections.

3 CAPEX

This section sets out our comments on the AER's decision on capex in the current and coming regulatory period.

Again we draw your attention to our submission on the AER's draft decision on the New South Wales distribution businesses which presents evidence on the evolution of costs that will be capitalised. We ask that the AER considers the evidence that we have set out in those submissions.

3.1 Review of capex incurred in the current regulatory period

Transend spent $78m more in the current regulatory period than the AER provided for in its previous revenue control decision. As a proportion of its allowance, this "overspend" is the highest of any NEM transmission network service provider to-date.

Pages 30 to 57 of the draft decision sets out the AER's consideration of this. We understand the key points to be the following:

- WorleyParsons found no meaningful fault with anything that Transend did. According to WorleyParsons all the money the Transend spent was "efficient and prudent";
- Nuttall Consulting said that Transend did not demonstrate that it had selected the most economically efficient replacement projects, and that their expenditure was inconsistent with their documented processes;
- The AER "noted" that costs and wages escalated by more than the AER thought they would in 2003;
- The AER "noted" that Transend put more effort into assessing the condition of their assets and found from this that they needed to spend more to replace their assets than they had previously expected.

It is not clear why the AER decided that almost all of the "overspend" was prudently incurred. We presume that "noting" is used euphemistically to mean that the AER agrees with what Transend told them.

We are not in a position to assess these arguments but we think that the AER's assessment approach is one-sided and incomplete, and thus unreasonable. Specifically it has not examined why expenditure should have been lower than the ACCC allowed in 2003, or the extent to which exogenous cost increases could reasonably be expected to have been managed by Transend.

For example:

- Labour and other input costs are only partly beyond Transend's control – what did the AER do to assess how Transend could have adjusted for this by doing things differently or doing different things?
- What adjustment has the AER made in the next regulatory period to take account of the fact that replacement expenditure has apparently been brought-forward?
- What did the AER do to investigate reasons why actual expenditure should have been lower than they allowed in 2003?
- What did the AER do to take account of the lower maintenance expenditure that can be expected to result from the massive replacement program Transend has implemented?

We also reviewed WorleyParsons' examination into capital expenditure in the current regulatory period. On page 51 of their report, WorleyParsons provide the three main reasons to explain why they think that actual capital expenditure was higher than the ACCC allowed:

- Firstly, the AER got their forecast wrong because they did not account for the commodities boom or increase in labour rates;
- Secondly, SKM (who was hired by Transend in 2002 to produce a development expenditure forecast) got it wrong because they used the wrong "market prices";
- Thirdly, SKM got it wrong because they failed to accurately predict in 2002 which projects would be developed.

WorleyParsons has concluded that the difference between Transend's actual expenditure and its allowed expenditure is all attributable to either the ACCC having got the forecast wrong, or SKM (Transend's consultant) having got their forecasts wrong. By implication, WorkleyParsons appears to have assumed that by definition the actual level of expenditure is efficient, and the reason for the overspend lies with poor forecasts. However, this is not sufficient to support such a conclusion. Evidence of this ought to be provided.

WorleyParsons also reviewed, in detail, 10 out of 298 projects and programs that together accounted for around $100m (out of around $450m) of capital expenditure in Transend's current regulatory period. It concluded that the expenditure on all of these was prudently incurred, and by implication all of the overspend was prudently incurred.

We think that this approach is flawed methodologically. We draw attention to two issues:

- **Sample size error:** A sample of 10 (out of 298) projects cannot provide the basis for conclusions on the population (it is not statistically significant);
- **Sample selection error:** The conclusion will depend on which projects are reviewed. Even a random selection cannot be relied upon to produce unbiased conclusions unless the sample can reasonably be asserted to be representative of the population.

WorleyParsons should have compared what Transend told the AER that it would do at the previous revenue reset, with what Transend actually did, and from this comparison devine the real reasons for the significant overspend. This is hardly a profound suggestion: the standard analytical approach for any *ex-post* analysis of failure is to compare what was planned with what transpired and then analyse the gap.

The conclusion we draw from this is that WorleyParsons' review of historic expenditure is methodologically flawed and hence provides no reasonable basis for concluding that the historic overspend was prudent and efficient.

3.2 Review of capital expenditure in the next regulatory period

Transend has sought to expand capital expenditure over the next five years by around two-thirds more than they spent in the last five years. The main review of their proposal was undertaken by WorleyParsons (covering around $460m of expenditure) with the balance on replacement projects (worth around $230m) reviewed by Nuttall Consulting.

We have some significant concerns about the conclusions that the AER has reached on this. The first concern is the need for investment and the cost of that investment; the second is inclusion of a risk factor adjustment; and the third is the treatment of land and easements.

3.2.1 The need and cost of the capital expenditure program

WorleyParsons' assessment of the need and cost of investment in respect of the $450m that they were responsible for advising on, is based on a "detailed review" of 10 (out of 122) capex projects, that together account for around 30% of Transend's total capex application.

These project-specific reviews are set out in Appendix 4. WorleyParsons has produced inconsistent conclusions from this analysis. On the one hand they note:

> "*In many cases, a business case had not yet been prepared as the project was in an early stage of development*" (page 140)

and

> *Most of the projects reviewed are at a very early stage of development, so the assessment of conformance with policies, procedures and governance arrangements rests on limited information*" (page 141).

Yet, despite this, they are able to conclude (on pages 140 and 141) that

> *"In all cases, there was clear alignment to Transend's strategic business objectives".*

and

> *"In all cases, the project drivers were clearly identified, together with the alignment to the NER "capital expenditure objectives"*

Inconceivably, WorleyParsons has extrapolated from this 10 project review to conclude that all of the capital expenditure Transend sought was prudent and efficient.

To get a better sense of the analysis underlying this conclusion we reviewed this appendix. Our conclusion from this review is that these so-called project reviews consist, in the main, of WorleyParsons repeating verbatim what they have been told by Transend. We could not find any meaningful analysis or critique of the information that Transend provided to them. If they did undertake such critique and analysis, their report provides no evidence of it. Such evidence is central to the conclusion they draw but it is not provided. The AER should not accept this conclusion without this significant gap in the WorelyParsons analysis being closed.

The Waddamama-Lindisfarn project illustrates this. This project is by far Transend's most significant project. It alone accounts for around 15% of Transend's proposed capex spend. As we discussed in our previous submission, the costs of this project have more than tripled since Transend first costed the project. It would surely be a candidate as good as any for detailed scrutiny. Instead, after repeating what Transend told them, WorleyParsons asserts that

> *"WorleyParsons'(sic) is satisfied that the level 1 estimates used for the revenue proposal provides a reasonable basis for forecasting expenditure"* (Page 124, Appendices)

and

> "*WorleyParsons notes that the estimated cost for this project has significantly increased over earlier estimates, as further information has come to hand. In spite of the significant cost increases, there is no evidence to suggest that Transend has over-estimated the cost of the project; rather, it highlights previous issues in regard to the estimating process applied at the time. WorleyParsons is satisfied that the forecast costs are reasonable for the work proposed".* (Page 125, Appendices)

We are not satisfied with this. Such important conclusions need to be supported by a proper analysis, not simply asserted. Our conclusion from this is that WorleyParsons' detailed project review provides no basis to conclude on the efficiency or prudency of the two-thirds of capital expenditure that they reviewed.

We also have a general concern that WorleyParsons and Nuttall Consulting could arrive at such fundamentally different conclusions on Transend's capex program. Nuttall Consulting considered that Transend had failed to develop satisfactory economic or financial analysis to establish the need for their proposed projects. Accordingly, Nuttall Consulting advised that Transend's replacement expenditure proposal should be reduced by 25%. The AER accepted Nuttall Consulting's advice.

WorleyParsons on the other hand reach no such conclusion. Indeed there is no evidence that WorleyParson's even analysed the extent to which Transend had undertaken an economic or financial analysis to justify their proposed projects. Despite this, the AER accepted WorleyParsons' advice without alteration.

This is a major inconsistency. The AER needs to review which of these two consultants is correct, and then revise Transend's capex allowance accordingly. Alternatively the AER must justify how it has reconciled such different conclusions from its advisors. As previously outlined, we find the WorleyParsons assessement is far too reliant on conclusions based on assertions, uncritical acceptance of Transend's views and information, and limited analysis.

3.2.2 Consideration of non-network solutions

Several EUAA members are concerned that Transend has been reluctant to fully and fairly consider opportunities to defer or avoid network investment through the promotion of non-grid solutions. For example, Powerco suggested to us that spare capacity existed in gas pipeline capacity in Tasmania, and that in their dealings with Transend they had experienced a strong reluctance to pursue solutions that would involve the substitution of electrical demand by gas in distributed generation applications. Australian Paper supported this position. Fronterra suggested that regulatory decisions should seek to ensure the optimum development and use of both gas and electricity assets, and that preference should not be given to one above the other.

3.2.3 Risk factor adjustment

The AER has decided to allow Transend to inflate its expenditure allowance by 3.15% (around $21m) based on a "risk factor adjustment".

Page 111 of the draft decision, says that the AER decided that the "base planning objects" and "base planning elements" of the costing of Transend's projects represent "efficient costs that a prudent operator would require". Nevertheless the AER has decided to allow these costs to be adjusted upwards by around $21m.

Page 131 explains that this decision was made

> "*on balance … to provide Transend with a total forecast capex allowance that reasonably reflects the efficient costs a prudent TNSP in Transend's circumstances would require to achieve the capex objectives*".

Its not clear what considerations the AER balanced to reach this conclusion, but further on page 131 it says that:

> *"The AER considers that it is reasonable to provide a cost estimation risk factor to take account of risks that are outside of Transend's control when estimating projects. It accepts that Transend has sufficiently established that there is a tendency for outturn costs to be greater than forecast costs, due to factors unforeseen at the time of preparing the project cost estimates."*

We think the decision to allow a risk factor adjustment is wrong for several reasons:

- We do not accept that the analysis that the AER or WorleyParsons has undertaken can support the conclusion that the historic overspend was only due to forecasting errors. However, even leaving our views on this to one side, there is no reason to believe that any difference in future between the regulatory allowance and actual expenditure is necessarily to be attributed to forecasting error. To argue this would be to greatly misunderstand the theory of the economic regulation of monopoly networks and specifically the economic incentives that monopoly service providers operate under ;
- We do not accept the AER's assertion that "there is a tendancy for outturn costs to be greater than forecasts". The AER has established no evidence to support the assertion that cost risks are asymmetrically skewed to the upside.
- It is logically flawed and inconsistent with the Rules for the AER to increase expenditure above the level of what the AER deems to be the "efficient costs that a prudent operator would require". To do so means that the "efficient costs that a prudent operator would require", cannot be the efficient costs that a prudent operator would require, they must be something less than that.
- The risk factor adjustment creates a perverse incentive for Transend to spend above the allowance, in order to sustain the supposed evidence that it under-forecasts expenditure, and through this providing justification for the AER to provide even higher expenditure allowances in future.

We are aware that the AER has provided such risk factor adjustments in its determination of allowed revenues for Electranet, and hence a precedent exists for this. Perpetuating errors of the past in the name of consistency is not defendable. Errors of logic and fact must be fixed. "Risk factor adjustments" cannot be sustained under the National Electricity Rules.

3.2.4 Land and easements

The AER has decided that Transend should receive $21m so that they can buy land and easements for a 220 kV line and substations between Sheffield and Burnie. The draft decision says that AER has concluded that it is "reasonably likely" that this expenditure will be needed over the next five years and said that WorleyParson told them that for the medium growth scenario it would be cheaper in present cost terms to spend this money now rather than later.

The Sheffield to Burnie augmentation is listed as a "contingent project" with triggers related to generation developments in North West Tasmania.

We are not convinced that the AER's decision is reasonable. There is no clear need for the Sheffield to Burnie project now, and there is no compelling argument on strategic grounds to buy the land for this now. The impact of the economic crisis is likely to make this even more uncertain.

A much better solution to this would be to either make the acquisition of land for this project a contingent project, like the project itself, or to allow funding to Transend to buy options to acquire the land or easements at a later date. This would be a far more appropriate approach to ensure that the strategic benefits of early land acquisition are presevered, while avoiding increasing user charges to pay for land or easements which may or may not be needed at some uncertain point in the future.