APPENDIX E

COST CLASSIFICATION FLOW CHART

1. Is the expenditure related to backlog?
   - YES Classify as S7 - Meters
   - NO 2. Is the expenditure related to infrastructure?
       - NO 3. Classify as non-infrastructure expenditure:
                S1 - Operations, S5 - Customer Service, S6a - Housing or S6b - Depots and Workshops
       - YES 4. Is the expenditure related to meters?
            - YES Classify as S7 - Meters
            - NO 5. Is the expenditure related to unplanned maintenance of an asset?
                 - YES Classify as S6 - Preventative Maintenance
                 - NO 6. Is the expenditure related to unplanned maintenance of an asset?
                      - YES 7. Is the expenditure related to addressing a critical maintenance issue requiring immediate action?
                           - YES Classify as S6 - Emergency Corrective Maintenance
                           - NO 8. What is the planned frequency of the expenditure?
                                - Less than 12 months: Go to 9.
                                - Greater than 12 months: Go to 6.
8. What is the planned frequency of the expenditure?
   - YES 9. Is the expenditure related to unplanned maintenance of an asset?
           - YES Classify as S6 - Preventative Maintenance
           - NO Classify as S4 - Refurbishments
9. Is the expenditure related to unplanned maintenance of an asset?
   - YES 10. Will the expenditure improve the service capability of an existing asset?
             - YES Classify as S5 - Augmentations (Expenditure is related to a new asset.)
             - NO Apportion costs between S4 and S5 based on an estimate of additional costs related to service improvements: pipeline replacement of 20mm pipe with 30mm pipe. Cost of 20mm replacement = $45/m and cost of 20mm pipe replacement = $65/m. S4 = $45/m and S5 = $20/m.