A COMPANY STRATEGY

Executive Summary

Introduction
It is part of the general duties of the Utility Regulator to:

- protect the interests of consumers in relation to supply of water by water undertakers and the provision of sewerage services by sewerage undertakers, wherever appropriate by facilitating competition;
- secure that the functions of a water undertaker and of a sewerage undertaker are properly carried out; and
- secure that the Appointee is able to finance the proper carrying out of the functions in particular by securing reasonable returns on their capital.

NIW's first set of charges were determined by the Department for Regional Development (DRD) covering the 3 year period from 1st April 2007 to 31st March 2010. The rationale behind these charges were summarised in a document called Strategic Business Plan (SBP). The charges were based on the similar building blocks approach used by Ofwat.

After this initial period the duty of setting price limits passes on to the Utility Regulator. The Utility Regulator acts as a proxy for competition by determining the revenue required by the Appointee to finance its functions by a process known as Periodic Review. The first Periodic Review, PC10 is going to be a 2 year review covering the period from 1st April 2010 to 31st March 2012. PC10 will be followed by PC12 which will be a 5 year Periodic Review as used by Ofwat.

PC10 will be a 2 year review to allow NIW to understand its business better and improve the quality and reliability of its data. Furthermore, the 2 year review will break the 5 year Periodic Review cycle followed by Ofwat who are currently conducting PR09 review for the period covering 1st April 2010 to 31st March 2015. As a result, there will be more resources available for the water industry in Northern Ireland ie Ofwat, WICS and NIAUR will not be competing against each other for relatively scare industry experts all at once, nor shall NIW be tendering construction contracts at the same moment in time as Scottish Water and the England & Wales plcs.

Although we are going to conduct a 2 year review, it is imperative that the company does not slacken in its efforts to get good quality reliable data ready for us for PC 12. Where the company is presently unable to submit robust analysis of its needs, costs and forecasts at PC10 we require the company to submit its proposed arrangements, plans and attendant costs to enable a fully robust approach to business planning at PC12.

As PC10 is a 2 year review, there is not enough time to carry out long and detailed consultations as is the custom in England & Wales. The Utility Regulator will still take into account the views of and research undertaken by key stakeholders.

Our proposed overall approach
The Utility Regulator intends to use already well developed Periodic Review methodology developed by other regulators of the regulated industries.

Some of the key areas that will be reviewed for PC 10 are:

- Governance and incentives;
- Determination of allowed revenue;
- Investment and quality;
- Supply and demand/water resources;
- Capital maintenance;
- Operating & capital expenditure efficiencies; and
- Customer levels of service.

Governance and incentives
NIW is required to comply with Corporate Governance combined code that all listed companies are required to follow. NIW did not comply with this code for 2007/08 because they did not have majority of non-executive directors.

Internal governance was one of the main weaknesses of NIW that was identified during the mis-apportionment investigation. NIW is currently undertaking an exercise to address this issue. The Utility Regulator in common with other regulators operates incentive based regulation. A "RPI+K+S" incentive based methodology will be used in determining water and sewerage charges for PC10, where:

- RPI is the Retail Price Index
- K is the adjustment factor
- S is the Subsidy factor

At Periodic Reviews, the Utility Regulator caps the future prices that NIW can charge its customers. This will motivate NIW to cut costs over and above that allowed for in the price limits. At PC10, the Utility Regulator will transfer any out-performance benefits (over and above that allowed in SBP) from NIW to customers through lower price caps, essentially a "zero based" approach. For the future, the Utility Regulator has discretion as to the method and timing of transfer of any PC10 out-performance.

In order to encourage NIW to exceed the efficiency targets set by the Regulator, NIW will be allowed to keep operating and capital expenditure efficiencies for an adequate period of time. This will ensure that there is an adequate risk/reward balance between the customers and the company.

Since PC10 is the first periodic review of NIW, currently there is no agreed mechanism of how to transfer out-performance benefits from NIW to the customers.

The Utility Regulator is considering 2 options of how to transfer out-performance benefits from NIW to customers. These are:

<u>Option 1</u>
The whole of the out-performance is transferred to customers at Periodic Review. This on average transfers around 80% of the benefit to customers (Ofwat, Profit sharing paper May 1997).

<u>Option 2</u>
NIW is allowed to keep the out-performance for a 5 year period on a rolling basis. This on average transfers around 60% of the benefits to customers (Ofwat, Profit sharing paper May 1997).

Key stakeholders will need to decide which option they prefer during consultations prior to our Draft Determination.

Determination of allowed revenue
It is currently proposed that allowed revenue will be calculated using the building blocks approach that is shown below:

The opex figure in the diagram above is post out-performance claw back and post future efficiencies.

The capital charge comprises a charge for use of capital investment for both above and under ground assets.

The return on capital employed is calculated as pre-tax cost of capital multiplied by the regulatory capital value. The regulatory capital values depend on how capital efficiencies are clawed back from NIW and so capex efficiencies are just as important in determining the overall level of costs to consumers.

In determining revenue requirement, the Utility Regulator will reach important decisions about appropriate cost of capital, initial regulatory capital value that is rolled forward and financial ratios.

For cost of capital, the Utility Regulator will use the tried and tested "CAPM" (Capital Asset Pricing Model) theory. Therefore, we will determine equity risk premium and debt risk premium in order to calculate weighted average cost of capital ("WACC"). WACC based on CAPM approach is normally cross-checked against dividend growth model. This is primarily due to the fact that water stocks are generally regarded as yield rather than growth stock.

Due to the fact that the loan notes are backed by the government, it is expected that the "WACC" for NIW will be lower than corresponding companies in England & Wales. Unlike Scottish Water, NIW does not have higher cost of embedded debt either which again is a distinct advantage for NIW over Scottish Water.

Majority of NIW's capital investment programme is being financed by £1.28 billion Fixed Coupon Unsecured loan notes due in 2027. These carry a fixed rate of interest of 5.25% until 31 March 2010. Thereafter it carries an interest rate of 0.85% above the reference gilt rate as published by UK HM Government Debt Management Office.

For the period that SBP was used, the dividend is calculated as 5.1% of average Equity. Average Equity is calculated as average Regulatory Capital Value less average Net Debt.
The charges of the company will be determined on a basis that will allow it to maintain a strong investment grade credit rating provided it is managed efficiently. As part of this process, we have required the company to obtain a "shadow" credit rating by 31st October 2008 and an issuer credit rating by 31st December 2009.

One of the concerns of the Utility Regulator is that NIW does not have adequate reserves to be able to absorb any cost shocks. WICS has required Scottish Water to build up an adequate cash reserves for any such shock. The recent spate of highly geared re-financings in England & Wales requires such companies to maintain reserves or irrevocable facilities to have funds available to absorb cost shocks. These reserves/facilities should be in addition to working

capital facilities.

Investment and quality
The investment and quality programme will be based on the guidance given by the Minister for Department of Regional Development. We will cost out Minister's preferred option together with our view on company's other costs and efficiencies to arrive at 2 year price limits. The uncertainties regarding IWRP and assembly indecision re introduction of domestic charging will not have a major impact on PC10 as it does not affect the revenue required by NIW for the 2 year PC10 period. It determines who pays for the water and not the quantum of how much needs to be paid for it.

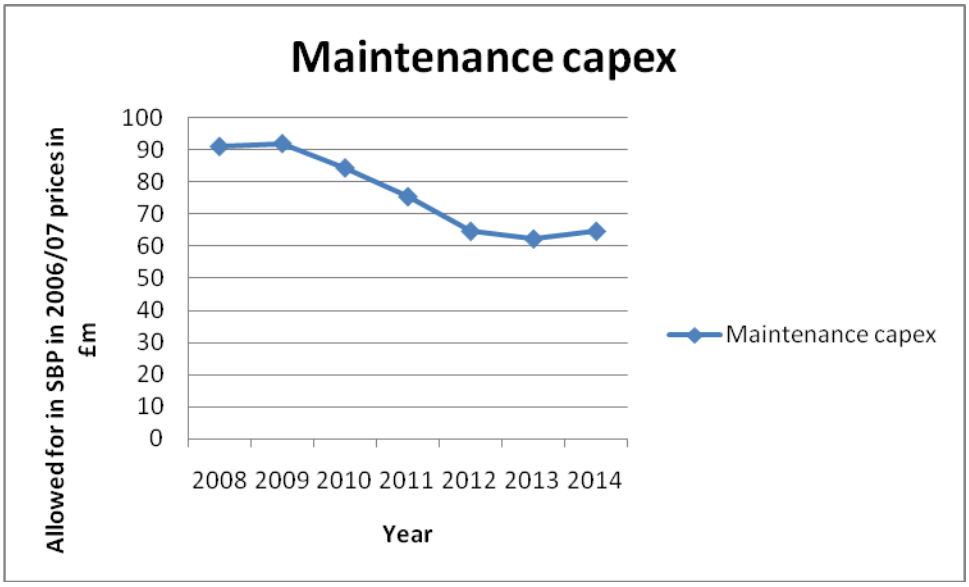
NIW's costing of the Minister's preferred option for the quality programme will be scrutinised by an independent reporter. The Utility Regulator will then determine NIW Water's requirements for delivery of the quality programme.

Supply and demand/water resources
The major driver for change in this area is the Water Framework Directive. It sets a framework that provides substantial benefits for the long term sustainable management of water. The Utility Regulator will review NIW's submission of how they propose to meet growth in demand from existing and new customers.

NIW will also be expected to bring down its leakage levels to those determined by economic level of leakage over a medium/long term time horizon.

Capital maintenance
The Utility Regulator will expect the company to at least maintain the current level of serviceability to customers. In the Assumptions and Data book for IFM, it is assumed that the yearly capital maintenance budget is over £90m p.a. for the first 2 years followed by approximately £85m for the final year before PC10 determination starts.

NIW needs to demonstrate how it has prioritised its current maintenance expenditure and how it plans to continue this into the future.



Operating & capital expenditure efficiencies
Ofwat has been very successful in delivering huge efficiency gains by following comparative

regulation and we intend to follow this approach. We will benchmark performance of NIW against other England & Wales water companies taking account of local conditions.

Additionally the Utility Regulator intends to benchmark the company's costs against those of its PFI/PPP contracts.

As far as your capital & operating expenditure is concerned, we expect an independent Reporter to inform us on reasonableness or otherwise of such costs, alongside comparative benchmarking analysis of standardised costs (the "cost base") and efficiency modelling. Our approach will then "triangulate" around a number of efficiency estimates since no single methodology for setting efficiency targets is likely to prove best.

History has shown that time and again water companies find ways of beating challenging targets set by regulators. Furthermore, during the first five to ten years of a new regulated utility's life most achieve a much higher level of efficiency during their early years.

The Utility Regulator is currently considering a proposal that any PC10 out-performance may be used in part or whole to fund a cost shock reserve.

Customer levels of service

On the customer levels of service, the Utility regulator expects the company to introduce guaranteed standard of service scheme that is similar to the one that is used in England & Wales.

Our focus for PC 10 will be output based where we would expect NIW to deliver certain key deliverables by certain dates. The Utility Regulator will expect the company to exceed most if not all of its Key Performance Indicators (KPIs). It will be up to the company as to how they deliver these outputs. Under no circumstances do we intend to micro-manage the company.

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Introduction

The following information has already been sought in support of the 2010 Price Control:

- capital maintenance econometric return
- cost base return

We will require the company's business plan to be submitted on 1st June 2009.
We will also collect an annual return in August 2008.

Business plan

The business plan is the key document from the company used by NIAUR in undertaking a periodic review. The key assumptions underpinning the business plan must be realistic and be set in the context of expenditure needs, the scope for efficiency and financing constraints. We commit to work from the business plan, reading, comparing, assessing, challenging and only substituting where there are good reasons to do so.

The business plan should:

- enable the company to set down and explain in a consistent and fair way its application for price limits;

- take account of all the issues that the company faces in 2010-12 and beyond, including the quality improvements required by Ministers and guidance from regulators; and

- inform us of all the relevant factors that we need to review the challenges facing the company and determine fair and reasonable price limits for the company consistent with our statutory duties.

In July 2009 DRD will issue final guidance on drinking water quality, environmental improvements and social issues for the period from 2010. Your business plan should set out your preferred strategy for 2010 to 2012 and beyond in the light of this guidance. The company will need to ensure that it draws together all the major issues facing it into an integrated plan which is agreed and signed off by its Board.

We will closely analyse the business plan to inform our determination of price limits.

We require the whole of the business plan to be subject to effective and focused scrutiny by the Reporter, and, where appropriate, by the company's Auditor.

Format of the business plan

The business plan has four distinct but inter-related parts:

- part A The company's strategy;
- part B Key components;
- part C Supporting information; and
- part D Public domain summary.

each of which is outlined in the following sections.

Part A The company strategy

The company strategy is at the heart of the business plan submission.

The text should focus on explaining:

- why the outputs have been selected for the company's preferred strategy;
- the rationale for the balance of activities chosen to deliver them;
- the resources required, allowing for improvements in efficiency ; and
- the prices that the company considers its customers should pay.

The company should explain how and why it believes its preferred strategy reflects its customers' views on services and prices.

Tables A1 to A8 have been designed so that we can understand, in numerical form, the outputs, activity and expenditure necessary to deliver these outputs, and the revenue required to secure the company's financial viability within the strategy adopted for each of the reference plans.

PPP/PFI Schemes
Where data are required in relation to PPP schemes this has been stated. This may take the form of data being included within NI Water data (such as water available for use), or reported in the separate table provided (such as % of WwTW's compliant).

We suggest that the company strategy should be divided into seven sections (see below) thus providing a framework for the company to explain its strategy for the period 2010-11 to 2011-12 and in the longer term.

The company strategy	
Section 1	The overall strategy
Section 2	Achieving the right balance for customers
Section 3	The post 2010 environment
Section 4	Strategic objectives
Section 5	Delivery of the strategic objectives
Section 6	Costs of delivering the strategic objectives
Section 7	Financial projections for the company

Section 1 – The overall strategy

Section 1 provides for the company to summarise its strategy, to identify the implications of the strategy for price limits and how these translate into average domestic bills (be they notional or actual), both in real terms and actual likely bills (money of the day) through the period. The forecast bills should also be clearly related to the company's current charging policies. We expect that the company will draw on the numbers set down in table A1 and to highlight in particular the relationship between the proposed price limits and changes in customers' bills and the factors which account for any differences.

The company should set down the key assumptions underpinning its strategy.

The company should highlight its assessment of its recent service performance and whether it has incorporated any changes in its proposed price limits to reflect this comparative performance

Section 2 – Achieving the right balance for customers

The company should use this section to explain how its overall strategy reflects the views of its customers on the overall balance between service levels and prices and on the priorities for improvements. This should include confirmation of the delivery of all the outputs identified in the SBP and the regulatory expectations in the Price Control determination.

Section 3 – The post- 2010-11 environment

Section 3 provides for the Board of the company to set down its views on the environment, in its widest sense, which will set the parameters within which it will have to operate during the period 2010-11 to 2011-12. This would encompass, for example, the company view of changing demands from its customers. This provides the opportunity for the company to explain the position it has reached on the risks and uncertainties that exist or are likely to exist in the next five years.

We expect that the company will draw on some of the tabular information set down in tables A2 and A3. These tables set down its current performance and the state of its systems, especially its infrastructure and non-infrastructure assets, where these are relevant to the post 2010-11 environment in which it shall be operating.

We need to understand the company's strategy for achieving and maintaining leakage at the economic level and how these figures have been derived.

Section 4 – Strategic objectives

Section 4 builds on the company's assessment of how the post-2010 environment will influence its decisions on its strategic objectives for the period 2010-11 to 2011-12 and beyond. These will cover both the policies it adopts and the outputs it will deliver for its customers and the community over the period. We need to understand how these strategic objectives are reflected in charging policies. This is of general relevance to the company's proposed price limits, but also of specific relevance as to how the company expects to meet changing demands.

Tables A2 and A3 represent only some of the strategic objectives that the company will want to achieve over the next price limit period and the company should add other key outputs where relevant.

Company should give an overall assessment on trends in serviceability for customers. This assessment should relate to trends over the period preceding the submission. Columns 1 and 2 in tables A2 and A3 should report retrospectively on the company's assessment of its performance in the period preceding the submission of the draft and final business plan.

Section 5 – Delivery of strategic objectives

Section 5 provides for the company to explain how the delivery of the strategic objectives translates into programmes it will have to carry out during the period. In many instances this will be the continued and improved operation of existing assets or maintaining and improving existing practices. Where the delivery of the objectives involves renewing, replacing or extending physical assets this work will be summarised in tables A4 and A5.

Tables A4 and A5 are for company to report the levels of overall investment activity carried out in the current price limit period, and to set out their projections for the 2010-12 period. Investment activity will be carried out in order to maintain serviceability, or for enhancement reasons, that is to ensure compliance with improved standards of service to customers and the environment, or to maintain the balance between supply and demand. Assets should be included in this table if they have been or are expected to be either refurbished or upgraded as a result of capital investment (or both). New assets should also be counted in this table as investment activity. For the purposes of these tables, thresholds have been set for the reporting of capital investment activity for each output category.

Capital investment in PPP schemes is financed via the unitary charge. The company should report only NI Water activity projections in tables A4 and A5 and we wish the company to be transparent in its forecast for any "GainShare" under such arrangements.

The activity numbers reported in this table should form the basis of company expenditure projections. The activity projections in this table should therefore be

consistent with the individual schemes appearing in the quality enhancements and other capital projects databases.

The company's judgements about the scope for improving efficiency should be explained and justified. They may be informed by the comparative work published by NIAUR, the results of the company's own work on benchmarking its activities, or relevant work by others.

The company should explain how it intends to improve its efficiency over the period and thus be able to carry out the necessary programmes at lower costs than would have previously been the case.

The company's judgements should be summarised in table A6.

Section 6 – Costs of delivering the strategic objectives

Section 6 provides for the company to explain and set down its judgements on the expenditure that it expects it will incur in meeting the strategic objectives. These costs will reflect the earlier judgements on the activity/work needed to be carried out and the improvements in efficiency that the company is committed to delivering. In other contexts, for example the supply/demand balance, it will also reflect the extent to which the company has put in place charging policies that generate the revenues commensurate with the costs of meeting changing demands. The company's judgements on the implications of the delivery of the objectives should be summarised in table A7 (water service) and, where appropriate, table A8 (sewerage service).

Section 7 – Financial projections for the company

Financial projections for the company are captured under the B tables (in particular B7-1).

Guidance to Reporter

Company overall strategy

Reporter should check whether the overall strategy described by the company accurately reflects the contents of tables A1 to A8. When a company states that it has included an adjustment to its proposed price limits to reflect an assessment of overall performance, the Reporter should confirm whether the stated adjustment is included in the proposed price limits, whether the basis of the adjustment is clearly set out and whether the adjustment has been accurately carried out.

Reporter should check that text is consistent with data in tables A2 and A3.

Guidance for table A1 – Price limits, bills, water sales and the supply/demand balance

Four blocks of data are required in table A1. These relate to price limits (block A); projected domestic bills (blocks B and C) and water sales and the supply/demand balance (block D). For each block the main data are the annual figures for the period 2010-11 to 2011-12, together with the three years of the SBP period (2007-08 to 2009-10) and the years following the next price limits period (2012-13 to 2016-17).

Block A – Price limits

In lines 1, 2 and 3 the company should enter the proposed price limits that it considers necessary taking account of all relevant circumstances. The company should make it clear in the accompanying text whether the price limit proposals include any adjustments for comparative service performance.

Lines 2 and 3 provide for the proposed price limit to be subdivided into indicative price limits for water and sewerage services respectively. The indicative 'K's are those necessary to ensure no cross subsidy from one service to the other. We will provide guidance on the calculation of K.

The company's assumptions as to the general rate of inflation year by year (basket year) are to be set down in line 6.

Block B – Projected domestic bills – water service
Block C – Projected domestic bills – sewerage service

These blocks provide for the company to enter its estimates of typical domestic bills for water services and sewerage services for unmeasured and measured customers. These are to be based on the company's proposals for the 'K' price limit.

Lines 7 to 9 and 11 to 13 give the forecast of the average domestic bills in real terms at 2007-08 price levels. Lines 10 and 14 provide for the forecast of the average domestic bill in actual terms year by year taking account of forecast inflation (line 6).

The company should explain in the accompanying text how the overall and indicative K factors have been translated into customer bills. The company should explain and justify any annual tariff rebalancing.

Block D – Water Sales and the Supply/Demand Balance

Line 15 provides for the company forecast of the water it will deliver to its customers year by year. Line 16 provides for NIW to give its forecast of the sewage it will collect and dispose of from customers and the community.

Line 17 provides for the company forecast of water available for use. This should include water supplied under any PPP scheme.

Line 18 provides for the forecast of distribution input and should include water supplied

under any PPP scheme. Line 19 provides for the forecast of total leakage.

Guidance for Reporter

The Reporter should check that the projected typical and average domestic bills reconcile with the information and explanations provided by the company in part B8– Revenue and Tariffs.

TABLE A1

Table A1 Line definitions

Block A – Price limits & infrastructure charge limits

1	Proposed price limit "K" (including U)	% (2dp)
Definition	Adjustment factor, K, for each year. This should be consistent with the principle that the same rates of return on regulatory capital values are earned by each service, if appropriate.	
Processing rules	Copied from Table B7-16 Line 11	
Responsibility	Regulatory Finance Team	

2	Water service indicative "K"	% (2dp)
Definition	Adjustment factor, K, for water service for each year. This indicative K should be determined on the principle that the same rates of return on regulatory capital values are earned by each service, if appropriate.	
Processing rules	Copied from Table B7-16 Line 12	
Responsibility	Regulatory Finance Team	

3	Sewerage service indicative "K"	% (2dp)
Definition	Adjustment factor, K, for sewerage service for each year. This indicative K should be determined on the principle that the same rates of return on regulatory capital values are earned by each service, if appropriate.	
Processing rules	Copied from Table B7-16 Line 13	
Responsibility	Regulatory Finance Team	

4	Proposed infrastructure charge limit – water service	£ (~~1~~2dp)
Definition	The proposed standard infrastructure charge which will be applied to the number of new domestic connections to generate total revenues from infrastructure charges.	
Processing rules	Copied from Table B7-16 Line 14	
Responsibility	Regulatory Finance Team	

5	Proposed infrastructure charge limit – sewerage service	£ -(2dp)
Definition	The proposed standard infrastructure charge which will be applied to the number of new domestic connections to generate total revenues from infrastructure charges.	
Processing rules	Copied from Table B7-16 Line 15	
Responsibility	Regulatory Finance	

6	RPI – year by year assumption	% (2dp)
Definition	The annual rate of change in the Retail Price Index, as published by the Office of National Statistics, applied to each charging year and defined as the percentage rate of change in this index in the year ending the month of November prior to the charging year. Note: 2007-08, and 2008-09 are actuals and Interim Principal Statement values taken as 2.5%. Figures for subsequent years are company assumptions.	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

Block B – Projected domestic bills – Water service

7	Typical unmeasured domestic bill (base yr avg chg) – real terms	£ (2dp)
Definition	Unmeasured domestic water bill at 2007-08 average rateable value and expressed in 2007-08 prices. For the years 2007-08 to 2008-09, this bill should be based on actual Interim Principal Statement figures for unmeasured domestic tariffs.	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

8	Typical measured domestic bill (base yr avg chg) – real terms	£ (2dp)
Definition	Measured domestic bill at 2007-08 year average measured domestic water delivered and expressed in 2007-08 prices. For the years 2007-08 to 2008-09, this bill should be based on actual Interim Principal Statement figures for measure domestic tariffs.	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

9	Average domestic bills – real terms	£ (2dp)
Definition	Average unmeasured and measured domestic water bill expressed in 2007-08 prices. For the years 2007-08 to 2008-09, this bill should be based on actual Interim Principal Statement figures for domestic tariffs	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

10	Average domestic bills – nominal terms	£ (2dp)
Definition	Average unmeasured and measured domestic water bill expressed at charging year prices. This should reconcile with line 9 and the company's RPI assumptions in line 6.	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

Block C – Projected domestic bills – sewerage service

11	Typical unmeasured domestic bill (base yr avg chg) – real terms	£ (2dp)
Definition	Unmeasured domestic sewage bill at 2007-08 average rateable value and expressed in 2007-08 prices. For the years 2007-08 to 2008-09, this bill should be based on actual Interim Principal Statement figures for unmeasured domestic tariffs	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

12	Typical measured domestic bill (base yr avg chg) – real terms	£ (2dp)
Definition	Average measured domestic bill for average measured domestic sewage collected and expressed in 2007-08 prices. For the years 2007-08 to 2008-09, this bill should be based on actual Interim Principal Statement figures for measured domestic tariffs.	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

Block D – Water sales and supply/demand balance

13	Average domestic bills – real terms	£ (2dp)
Definition	Average unmeasured and measured domestic sewage bill expressed in 2007-08 prices. For the years 2007-08 to 2008-09, this bill should be based on actual Interim Principal Statement figures for unmeasured domestic tariffs.	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

14	Average domestic bills – nominal terms	£ (2dp)
Definition	Average unmeasured and measured domestic sewage bill expressed at charging year prices. This should reconcile with line 13 and the company's RPI assumptions in line 6.	
Processing rules	Input field	
Responsibility	Regulatory Finance Team	

15	Billed water delivered	Ml/d (2dp)
Definition	Total volume of water delivered and billed to domestics and non-domestics.	
Processing rules	Calculated field: The sum of table B5-1 lines 13 to 16	
Responsibility	Network Regulation Team	

16	Total volume of sewage collected	Ml/d (2dp)
Definition	The total volume of sewage collected at sewage treatment works and discharged to the sewerage area. This includes all domestic and non domestic sewage, trade effluent, septic tank and cesspool waste.	
Processing rules	Copied field: table B5-4 line 16	
Responsibility	Network Regulation Team	

17	Water available for use	Ml/d (2dp)
Definition	Company wide water available for use is defined as the deployable output less sustainability reductions, plus bulk supply imports, less bulk supply exports and less reduction made for outage allowance. Water available for use should be consistent with that collected by the NIEA as part of the Water Resource Planning Guideline. This should include that provided under any PPP schemes.	
Processing rules	Copied field: table B5-3 line 7	
Responsibility	Network Regulation Team	

18	Distribution input (dry year)	Ml/d (2dp)
Definition	The forecast of dry year annual average demand (expressed as distribution input) This should be consistent with the dry year annual average demand final planning forecast collected by the NIEA as part of the water resource plans. This should include that provided under any PPP schemes	
Processing rules	Copied field: table B5-3 line 9	
Responsibility	Network Regulation Team	

19	Total leakage	Ml/d (2dp)
Definition	The sum of network losses and underground supply pipe leakage. The input must be consistent with estimates of; leakage derived from night flow measurements; reservoir and trunk main tests; allowances for plumbing losses and customer night time use.	
Processing rules	Copied field: table B5-1 line 11	
Responsibility	Network Regulation Team	

Tables A2 and A3 – Current performance and planned outputs

Three blocks of information and data are required in the two tables A2 and A3. Blocks A and B relate to service performance and quality/environmental compliance for the water service (A2) and sewerage service (A3). Block C concerns company assessments of overall service and serviceability for customers.

Blocks A and B – Service performance, quality and environmental compliance

For each measure of performance or compliance the company is required to complete the following:

- the company's actual performance in the base year for PC10 (i.e. 2007/08); and the company's performance for the years 2008-09 and 2009-10.
- the level of performance the company is committed to achieve by March 2012 and March 2017 provided this performance level does not involve any deterioration from current levels or the level at which the company has already committed itself to deliver.

The measures in block A are those that are commonly reported in the Annual Information Return and for the most part are the DG levels of service indicators.

The measures in Block B are based on the information used to monitor quality and environmental compliance, either by the DWI or NIEA or in the annual information return. Those in table A2 relate to drinking water quality or risk of non-compliance. These projections should be based on current legislative requirements. Those in table A3 relate to compliance with sewage discharge consents, where the NIEA has identified an intermittent discharge as unsatisfactory (line 11) or compliance with microbiological standards for bathing waters.

For Table A2 the sum of lines 8 – 9a should equal 100%.

For Lines 14 – 17 on Table A3, NIW should report the sum of both its own works and the PPP works in the left hand table, and only the PPP works in the PPP table. This mirrors the reporting requirements of AIR08.

The company commentary should clarify the figure entered for the percentage of unsatisfactory intermittent discharges (line 11) through identification of the percentage of the overall number of intermittent discharges within the company that still need to be assessed by NIEA (if appropriate).

Block C – Serviceability to customers

These blocks on tables A2 and A3 provide for the company's latest assessment of serviceability for customers, being that related to the 2007-08 report year. The company should summarise its approach to these assessments drawing on the detail included in part B3.

Lines 14 and 15 of table A2 and lines 18 and 19 A3 provide for the company's assessment of the overall serviceability for customers of their physical asset networks split between the infrastructure networks and surface installations. A banding scheme for these assessments is set down below. It is anticipated that the company in commenting on these will draw on its own asset information. The primary measures of performance and compliance that are relevant to these assessments are those related to the actual service provided to customers or the community in terms of quality, continuity, pressure, etc.

Assessments of serviceability to customers	
Improving	Clear year to year improvements in the standards of service provided to customers by the assets since 2007-08.
Stable	No consistent trend, either improving or deteriorating, in the standards of services provided to customers since 2007-08.
Marginal	Generally stable trend in performance but with some evidence of deterioration in recent years.
Deteriorating	Clear year-on-year deterioration in standard of service provided to customers by the assets.
Poor	Clear and rapid year-on-year deterioration in standard of service.

It would assist us if the company sets down the indicators of serviceability for customers that it has used in arriving at its assessment for both infrastructure and surface assets. The company may find a graphical presentation of the trends in these measures over time would assist an understanding of the basis of its judgements.

Guidance for Reporter

The Reporter should confirm whether the reported historical levels of service are consistent with that previously reported in the annual returns.

Base levels of service should be consistent with those quoted in tables B6-3 and B6-4. The Reporter should also comment on whether the base service levels are consistent with improvements in performance likely to be achieved by March 2010 and check they are not lower than those achieved in 2007-08.

The Reporter should also verify that the serviceability information submitted draws on that provided in tables B3-1 and B3-2

TABLE A2

Table A2 – Line Definitions

Block A – Service performance

1	DG2 Properties at risk of receiving low pressure	nr
Definition	The total number of properties in the undertakers' area of water supply which, at the end of the year, have received and are likely to continue to receive a pressure or flow below the reference level.	
Processing rules	Copied field: table B3-1 line 1	
Responsibility	Comparative Efficiency and Performance Team	

2	DG3 Supply interruptions (overall performance score)	nr (2dp)
Definition	Reflects the percentage of properties in the company's area affected by unplanned and unwarned supply interruptions greater than 6 hours, 12 hours and 24 hours, as reported in table 2 of the Annual Information Return lines 6, 7 and 8. The sum of (% greater than 6 hrs multiplied by 1) plus (% greater than 12 hrs multiplied by 1) plus (% greater than 24 hrs multiplied by 2).	
Processing rules	Copied field: table B3-1 line 2	
Responsibility	Comparative Efficiency and Performance Team	

3	DG6 % billing contacts dealt with within 5 days	% (1dp)
Definition	The percentage of billing contacts responded to within 5 working days.	
Processing rules	Copied field: table B3-1 line 13. This will equate to line 4 of table 4 in the Annual Information Return.	
Responsibility	Comparative Efficiency and Performance Team	

4	DG7 % written complaints dealt with within 10 days	% (1dp)
Definition	The percentage of written complaints responded to within 10 working days.	
Processing rules	Copied field: table B3-1 line 14. This will equate to line 3 of table 5, Annual Information Return.	
Responsibility	Comparative Efficiency and Performance Team	

5	DG8 % metered customers receiving bill based on a meter reading	% (1dp)
Definition	The percentage of metered customers receiving a bill during the year based on a meter reading taken by either the company or the customer.	
Processing rules	Copied field: table B3-1 line 15. Referring to the Annual Information Return, the denominator for this percentage is calculated by deducting metered accounts excluded from indicator (table 5, Line 7) from total metered accounts (table 5, Line 6). The numerator is company or customer reading (or both) (table 5, Line 9)	
Responsibility	Comparative Efficiency and Performance Team	

6	DG9 % calls abandoned	% (1dp)
Definition	The percentage of telephone calls received which were abandoned before a company agent could substantively answer them or, where recorded messages (or answering machines or touch tone Telephones or automatic transactions or interactive voice response systems) are used, before completion of the relevant message.	
Processing rules	Copied field: table B3-1 line 16. The denominator is line 13 and the numerator is line 15 of Annual Information Return, table 5.	
Responsibility	Comparative Efficiency and Performance Team	

7	DG9 % calls receiving engaged tone	% (1dp)
Definition	The percentage of all calls received on customer contact lines receiving the engaged tone (or a message informing the caller that all lines into the company are busy and that the caller should try again later)	
Processing rules	Copied field: table B3-1 line 17 The denominator for this line is the sum of line 13 and line 14 and the numerator is line 14 (Annual Information Return, table 5).	
Responsibility	Comparative Efficiency and Performance Team	

Block B – Quality and environmental compliance

8	% distribution input covered by Article 31 undertakings at Water Treatment Works	% (3dp)
Definition	The percentage of the annual average daily volume of water entering distribution, which was covered by Article 31 undertakings, authorisations other legally binding instruments of work to carry out improvement to comply with the Water Supply (Water Quality) (Northern Ireland) Regulations 2007 at the end of the year. Imported bulk supplies covered by Article 31 undertakings for quality should be included. Each parameter to be counted separately, even if one works is affected by an undertaking with a work programme to deal with a number of parameters.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

9	% distribution input not affected by Article 31 undertakings or temporary relaxations or Authorised Departures	% (3dp)
Definition	The percentage of the annual average daily volume of water entering distribution which is not covered by either a Article 31 undertaking relating to a water quality parameter or "an Authorisation" or other legally binding instruments of work to carry out improvements to comply with the Water Supply (Water Quality) Regulations (Northern Ireland) 2007 at the end of the year. Only include in the calculation enforcement action or undertakings relating to current enforceable standards. NOTE: this is the position at the end of the year (with legal documents expiring on the last day of the year being disregarded for the calculations).	
Processing rules	Input field	
Responsibility	Network Regulation Team	

8a	% distribution input covered by Article 31 undertakings at Water Treatment Works (PPP)	% (3dp)
Definition	The percentage of the annual average daily volume of water entering distribution supplied by PPP works, which was covered by Article 31 undertakings, authorisations or other legally binding instruments of work to carry out improvement to comply with the Water Supply (Water Quality) Regulations (Northern Ireland) 2007 at the end of the year. Imported bulk supplies covered by Article 31 undertakings for quality should be included. Each parameter to be counted separately, even if one works is affected by an undertaking with a work programme to deal with a number of parameters.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

9a	% distribution input not affected by Article 31 undertakings or temporary relaxations or Authorised Departures (PPP)	% (3dp)
	The percentage of the annual average daily volume of water entering distribution supplied by PPP works which is not covered by either a Article 31 undertaking relating to a water quality parameter or "an Authorisation" or other legally binding instruments of work to carry out improvements to comply with the Water Supply (Water Quality) Regulations (Northern Ireland) 2007 at the end of the year. Only include in the calculation enforcement action or undertakings relating to current enforceable standards. NOTE: this is the position at the end of the year (with legal documents expiring on the last day of the year being disregarded for the calculations).	
Processing rules		
Responsibility	Network Regulation Team	

10	% props in Water Supply Zones affected by Article 31 undertakings in distribution or Authorised Departures	% (3dp)
Definition	The percentage of the properties in a company supply area that are located in Water Supply Zones covered by Article 31 undertakings (or Authorisations). For parameters in the distribution system do not include the lead parameter. This is the position at the end of the year. The properties affected include all those in the Water Supply Zones covered. Note: this is the number of properties covered by Article 31 undertakings (or Authorisations) to carry out improvement/renovation to the distribution system during the year.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

11	% mean zonal compliance with drinking water regulations	% (2dp)
Definition	The percentage mean zonal compliance with samples taken according to the current Drinking Water Quality Regulations during the calendar year. This is the same figure reported on a calendar year basis by DWI in the Report on Drinking Water Quality in Northern Ireland. Report by equivalent calendar year. For example, for the report year 2008-09 the percentage compliance as reported by DWI for the calendar year 2008 should be reported against Regulations in place at the time.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block C – Serviceability to customers

14	Below ground assets assessment (infrastructure)	text
Definition	Assessment of the recent historical trend in serviceability to customers provided by water infrastructure assets, as measured by movements in performance indicators relating to service, (making use of customer survey data where available).	
Processing rules	Input field	
Responsibility	Network Regulation Team	

15	Surface assets assessment (non-infra)	text
Definition	Assessment of the recent historical trend in serviceability to customers provided by water non-infrastructure assets, as measured by movements in performance indicators relating to service as perceived by customers or the environment.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

TABLE A3

Table A3 – Line Definitions

Block A – Service performance

1	DG5 properties at risk of flooding (2 in 10 years)	nr
Definition	The total number of properties at risk of flooding more than twice in ten years – at end of year.	
Processing rules	Copied field: table B3-2 line 1	
Responsibility	Comparative Efficiency and Performance Team	

2	DG5 properties at risk of flooding (1 in 10 years)	nr
Definition	The total number of properties at risk of flooding more than once in ten (but less than 2 in 10) years– at end of year.	
Processing rules	Copied field: table B3-2 line 2	
Responsibility	Comparative Efficiency and Performance Team	

3	DG5 Properties at risk of internal flooding (1 in 20)	nr
Definition	The total number of properties at risk of internal flooding more than once in twenty (but less than 1 in 10) years– at end of year.	
Processing rules	Copied field: table B3-2 line 3	
Responsibility	Comparative Efficiency and Performance Team	

7	DG5 Properties internally flooded in year due to overloaded sewers excluding severe weather	nr
Definition	Number of properties internally flooded due to overloaded sewers – at end of year	
Processing rules	Copied field: table B3-2 line 7	
Responsibility	Comparative Efficiency and Performance Team	

8	DG5 Properties internally flooded in year due to other causes	nr
Definition	The number of properties affected by flooding incidents from equipment failures, blockages or collapses (collectively grouped as other causes) – at end of year. A property affected by more than one incident under this definition is reported as one property in this line.	
Processing rules	Copied field: table B3-2 line 8	
Responsibility	Comparative Efficiency and Performance Team	

9	Areas flooded externally due to overloaded sewers, excluding severe weather	nr
Definition	Number of areas affected by external flooding in year due to overloaded sewers, excluding severe weather- at end of year	
Processing rules	Copied field: table B3-2 Line 9	
Responsibility	Comparative Efficiency and Performance Team	

10	Areas externally flooded in year due to other causes	nr
Definition	The number of areas in year affected by flooding incidents from equipment failures, blockages or collapses (collectively grouped as other causes) - at end of year.	
Processing rules	Copied field: table B3-2 Line 10	
Responsibility	Comparative Efficiency and Performance Team	

Block B – Quality and environmental compliance

11	% intermittent discharges unsatisfactory	% (1dp)
Definition	These will include combined sewer overflows (CSOs), emergency overflows, CSOs at pumping stations, storm overflows at the inlets to sewage treatment works and storm tank discharges which have been identified by the NIEA as unsatisfactory.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

12	% Bathing waters not meeting mandatory standards	% (1dp)
Definition	The percentage of the total number of EU designated bathing waters in the company's area which do not meet the mandatory quality standards set down in the EU Bathing Water Directive (76/160/EEC).	
Processing rules	Input field	
Responsibility	Network Regulation Team	

13	% Bathing waters not meeting guideline standards	% (1dp)
Definition	The percentage of the total number of EU designated bathing waters in the company's area which do not meet the guideline quality standards set down in the EU Bathing Water Directive (76/160/EEC).	
Processing rules	Input field	
Responsibility	Network Regulation Team	

14	% of WwTWs non compliant (Water (NI) Order numeric consents)	% (1dp)
Definition	Percentage of wastewater treatment works with Water Order numerical discharge consents which were sampled by the NIEA in the calendar year and found not to be compliant with either or both the sanitary and non-sanitary consent conditions.	
Processing rules	Copied field: table B3-2 line 16	
Responsibility	Network Regulation Team	

15	% of WwTWs non compliant (UWWTD Consents)	% (1dp)
Definition	Percentage of Wastewater treatment works with Urban Waste Water Treatment Directive consents, which were sampled by the company in the calendar year, and found to be non-compliant with any of the consent conditions.	
Processing rules	Copied field: table B3-2 line 16a	
Responsibility	Network Regulation Team	

16	% of total pe served by WwTWs in breach of Water Order consent (LUT)	% (1dp)
Definition	Percentage of the total population equivalent served by wastewater treatment works, (sampled by the company on behalf of NIEA) during the calendar year , which were non-compliant with their Water Order look-up table consent conditions. Equivalent population should be calculated on the basis of 60g BOD_5 per capita per day. No account should be taken of holiday population.	
Processing rules	Copied field: table B3-2 line 16c	
Responsibility	Network Regulation Team	

17	% of total pe served by WwTWs in breach of UWWTD consent (LUT)	% (1dp)
Definition	Percentage of population equivalent served by sewage treatment works with Urban Waste Water Treatment Directive consents, which were sampled by the company in the calendar year, and found to be non-compliant with look-up table consents for biochemical oxygen demand (BOD) and/or chemical oxygen demand (COD) and/or phosphorus (P) and also nitrogen where appropriate.	
Processing rules	Copied field: table B3-2 line 16d	
Responsibility	Network Regulation Team	

Block C – Serviceability to customers

18	Below ground assets assessment (infrastructure)	text
Definition	Assessment of the recent historical trend in serviceability to customers provided by sewerage infrastructure assets, as measured by movements in performance indicators relating to service. (Making use of customer survey data where available)	
Processing rules	Input fields.	
Responsibility	Network Regulation Team	

19	Surface assets assessment (non infra)	text
Definition	Assessment of the recent historical trend in serviceability to customers provided by sewerage non-infrastructure assets, as measured by movements in performance indicators relating to service (making use of customer survey data where available)	
Processing rules	Input fields.	
Responsibility	Network Regulation Team	

Tables A4 and A5 – Key Activity Projections

Tables A4 and A5 provide for the company to report and forecast its aspirations for overall substantive activity on its physical asset systems. The blocks of data relate to normal classification of these systems. For the water service the blocks are:

A – water resource asset systems;
B – water treatment assets systems;
C – water distribution asset systems;
D – management and general assets; and
E – metering performance.

For the sewerage service the blocks are:

A – sewers;
B – sewage treatment and disposal asset systems;
C – other sewerage service assets; and
D – management and general asset
E – sewer flooding.

For the purpose of providing substantive activity projections in these tables, the company should report all activity. The company should adopt the same thresholds for reporting capital projects as set out in Chapter C5 of the reporting requirements. This is summarised below for clarification.

Capital maintenance:	Include all the substantive capital investment projects planned for PC10 which exceed a threshold value of £1m. The company may elect to justify their strategy by including information on smaller projects. Otherwise, individual projects which do not exceed the threshold should be aggregated together and the total cost and outputs included as one project. These aggregated projects or work programmes should be based on geographically defined areas. Where work programmes are not yet planned, company can link an estimate of the capital maintenance required in such a geographically defined area to specific cost driver(s).
Enhanced service levels:	Include all the substantive capital investment projects planned for PC10 which exceed a threshold value of £100K. For sewer flooding the company should include all activity. The company may elect to justify their strategy by including information on smaller projects. Otherwise, individual projects which do not exceed the threshold should be aggregated together and the total cost and outputs included as one project. These aggregated projects or work programmes should be based on geographically defined areas.
Supply/demand balance:	Include all the substantive capital investment projects planned for PC10 which exceed a threshold value of £100K. The company may elect to justify their strategy by including information on smaller projects. Otherwise, individual projects which do not exceed the threshold should be aggregated together and the total cost and outputs included as one project. These aggregated projects or work programmes should be based on geographically defined areas.
Quality enhancement::	All the schemes determined in consultation with the quality regulators and included in the Quality programme for PC10 which exceed a threshold value of £100K must be included and costs provided There is no threshold value.

Company should explain in their commentary the methodology they have used in arriving at the activity projections and associated capital investment included in these tables.

Both tables call for information for each line item as set out below:

- to set down the overall activity carried out to date in the SBP period including activity planned for the final years of this period; and
- to set down the company's forecast of the activity needed on these systems:
  - just to maintain the current performance or compliance and
  - maintain the company's commitment to the service levels set down in tables A2 and A3 over the NIAMP3 period 2010-11 to 2011-12 inclusive.
- To set down the net additional activity on the asset systems that the company has identified as

necessary to achieve its strategic objectives where these involve improvements in performance or compliance.

- The summation of this base level of activity and the net additional activity to give the company's forecast of the total planned activity in the NIAMP3.
- The company's view as to the profile of this activity over the NIAMP3 period using the simplified coding scheme set out below:

Activity Profiles	
S	A stable or uniform level of activity over the period
R	A rising trend of activity over the period
F	A falling trend of activity over the period
*P**	Activity peaking in a particular year in the period
*T**	An activity trough in a particular year in the period

The company should record forecast NIAMP3 activity and associated investment for dealing with additional demand in the 'enhance service / quality' column.

Guidance for Reporter

The Reporter shall confirm or otherwise that the capital investment forecasts by purpose category in other tables of the business plan are consistent with the activity projections and capital investment submitted in these tables. In particular the Reporter should verify that activity projections for enhancement agree with the schemes appearing in the quality enhancement spreadsheet and that levels of expenditure forecast for capital maintenance in tables B3-5, B3-6, B3-7and B3-8 are consistent with the Company reporting of activity projections.

TABLE A4

Table A4 – Line definitions

General guidance: For the purposes of the activity projections in this table, substantive capital investment implies capital investment in excess of £1m for capital maintenance and supply/demand balance, in excess of £100K for enhanced service levels and all capital investment for quality enhancements.

Block A – Key activity projections – water resources

1	Length of aqueducts refurbished	km (1dp)
Definition	Length of aqueducts undergoing substantive capital investment during the specified periods to maintain serviceability or to enhance service/quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

2	Work on dams & impounding reservoirs	nr
Definition	Number of dams and impounding reservoirs undergoing substantive capital investment during the period to maintain serviceability or for enhance service/quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

3	Capital investment in aqueducts, dams & impounding reservoirs	£m (3dp)
Definition	Total substantive capital investment in dams and impounding reservoirs during the period associated with the activity projections in lines 1 and 2	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block B – Key activity projections – water treatment

4	Number of refurbished or new treatment works	Nr
Definition	Number of 1. existing treatment works undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. new treatment works resulting from substantive capital investment to enhance service/quality during the specified periods.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

5	Ml/day of refurbished or new treatment works	Ml/d (2dp)
Definition	Capacity (Ml/d) of 1. existing treatment works undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. new treatment works resulting from substantive capital investment to enhance service / quality during the specified periods.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

4a	Number of refurbished or new treatment works (PPP)	Nr
Definition	Number of 3. existing treatment works (PPP) undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 4. new treatment works (PPP) resulting from substantive capital investment to enhance service/quality during the specified periods.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

5a	Ml/day of refurbished or new treatment works (PPP)	Ml/d (2dp)
Definition	Capacity (Ml/d) of 3. existing treatment works (PPP) undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 4. new treatment works (PPP) resulting from substantive capital investment to enhance service / quality during the specified periods.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

6	Capital investment in refurbished or new treatment works	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed treatment works during the period associated with the activity projections in line 4.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block C – Key activity projections – water distribution

7	Length of mains renewed	km (1dp)
Definition	Length of mains renewed during the specified periods to maintain serviceability or to enhance service / quality. Include mains whose prime purpose is renewal of an existing main, even where the existing main remains in service (i.e. is not abandoned immediately on commissioning of new main). Include mains sleeving, pipe cracking, slip-lining where used for this category of work, and record any original main as abandoned. An adjustment to size classification should be made where renewal activity results in upsizing or downsizing. Mains activity should be allocated between columns on a prime purpose basis.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

8	Length of mains relined	km (1dp)
Definition	Length of mains relined during the specified periods to maintain serviceability or to enhance service / quality. Include all cement and epoxy relining.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

9	Length of new mains	km (1dp)
Definition	Length of new mains laid during the specified periods to maintain serviceability or to enhance service / quality. Include new mains and mains renewals involving upsizing, whose prime justification is the requirement for additional capacity.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

10	Number of refurbished or new district meters & pressure control valves	nr
Definition	Number of 1. existing district meters and pressure control valves undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. newly installed district meters and pressure control valves resulting from substantive capital investment to enhance service / quality during the specified period.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

11	Capital investment in underground water distribution activity (including Block E meters)	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed underground water distribution assets (include meters) during the period associated with the activity projections in lines 7, 8, 9 and 10. Please state in the commentary the breakdown of expenditure between mains, communication pipes, and meters.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

12	Number of refurbished or new pumping stations	nr
Definition	Number of 1. existing pumping stations undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. newly installed pumping stations resulting from substantive capital investment to enhance service / quality during the specified period.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

13	Capital investment in refurbished or new pumping stations	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed pumping stations during the period associated with the activity projections in line 12.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

14	Number of refurbished or new service reservoirs	nr
Definition	Number of 1. existing service reservoirs undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. newly installed service reservoirs resulting from substantive capital investment to enhance service / quality during the period. Include water towers.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

15	Capital investment in refurbished or new service reservoirs	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed service reservoirs during the period associated with the activity projections in line 14. Include substantive capital investment in water towers.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

17	Capital investment in offices, labs, depots, workshops and vehicles	£m (3dp)
Definition	Total capital investment in existing or newly installed offices, laboratories, depots, workshops and vehicles during the period associated with the activity projections in line 16.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block D – Key activity projections – management & general

16	Offices, labs, depots, workshops	m^2 (1dp)
Definition	Total area of 1. existing offices, laboratories, depots and workshops undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. the total area of newly constructed offices, laboratories, depots and workshops resulting from substantive capital investment to enhance service / quality during the specified period.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

18	Capital investment in ICA, telemetry & computers	£m (3dp)
Definition	Total capital investment in existing or newly installed telemetry & computers during the period to a) maintain serviceability or b) deal with additional demand or enhance service / quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block E Key activity projections = metering performance

19	Number of domestic meters renewed	nr
Definition	The total number of domestic meters renewed at domestic properties during the periods specified.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

20	Optional meters: domestics	nr
Definition	The total number of meter options installed at domestic properties during the periods specified. Include meters installed at domestic properties fitted in any location (eg internal, external in garden, external at boundary etc). Include only those meters which are used to determine a customer's bill.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

21	Selective meters: domestics	nr
Definition	The number of meters installed during the specified period at existing domestic properties at the behest of the company and used to determine customers' bills. Include meters installed at domestic properties fitted in any location (e.g. internal, external in garden, external at boundary etc). Include only those meters which are used to determine a customer's bill. Exclude all meters installed for meter optants.	
Processing rules	Input field (equates to AIR Table 8 line 1)	
Responsibility	Network Regulation Team	

22	Percentage of domestics metered (at the end of the period)	% (1dp)
Definition	The total number of domestics charged for water on a measured basis during the specified periods divided by the total number of domestics billed for water services during the specified period.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block F Total – water service

23	Total capital investment in the water service	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed water service assets during the period associated with the activity projections in lines 1, 2, 4, 7 to 10, 12, 14 and 16	
Processing rules	Calculated field: Sum of lines 3,6,11,13,15,17,18	
Responsibility	Network Regulation Team	

Table A5

Table A5 – Line definitions

For the purposes of the activity projections in this table, substantive capital investment implies capital investment in excess of £1m for capital maintenance and, in excess of £100K for enhancements.

Block A – Key activity projections - sewers

1	Length of critical sewers renewed	km (1dp)
Definition	Length of critical sewers renewed during the specified periods to maintain serviceability or to enhance service / quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

2	Length of critical sewers renovated	km (1dp)
Definition	Length of critical sewers renovated during the specified periods to maintain serviceability or to enhance service / quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

3	New critical sewers	km (1dp)
Definition	Length of new critical sewers during the specified periods to maintain serviceability or to enhance service / quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

4	Length of non-critical sewers renewed	km (1dp)
Definition	Length of non-critical sewers renewed during the specified periods to maintain serviceability or to enhance service / quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

5	Length of non-critical sewers renovated	km (1dp)
Definition	Length of non-critical sewers renovated during the specified periods to maintain serviceability or to enhance service / quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

6	New non-critical sewers	km (1dp)
Definition	Length of new non-critical sewers during the specified periods to maintain serviceability or to enhance service / quality.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

7	Capital investment in critical and non-critical sewers	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed critical and non-critical sewers during the period associated with the activity projections in lines 1, 2, 3, 4, 5 and 6.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

8	Number of refurbished or new intermittent discharges	nr
Definition	Number of 1. existing intermittent discharges undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. new intermittent discharges resulting from substantive capital investment to enhance service / quality during the period	
Processing rules	Input field	
Responsibility	Network Regulation Team	

9	Capital investment in refurbished or new intermittent discharges	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed intermittent discharges during the period associated with the activity projections in line 8.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

11	Population equivalent of refurbished or new treatment works	000 (2dp)
Definition	Capacity (p.e.) of 1. existing treatment works undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. newly installed treatment works resulting from substantive capital investment to enhance service / quality during the specified periods.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block B - Key activity projections - sewage treatment & disposal

10	Number of refurbished or new treatment works	nr
Definition	Number of 1. existing treatment works undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. newly installed treatment works resulting from substantive capital investment to enhance service/quality during the specified periods	
Processing rules	Input field	
Responsibility	Network Regulation Team	

12	Capital investment in refurbished or new treatment works	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed treatment works during the period associated with the activity projections in line 10.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block C - Other activity projections sewerage service

13	Number of refurbished or new sludge treatment works	nr
Full line title	Number of refurbished, improved or new sludge treatment works	
Definition	Number of 1. existing sludge treatment works undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. newly installed sludge treatment works resulting from substantive capital investment to enhance service/quality during the specified periods.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

14	Capital investment in refurbished or new sludge treatment works	£m (3dp)
Full line title	Capital investment in refurbished, improved or new sludge treatment works	
Definition	Total substantive capital investment in existing or newly installed sludge treatment works during the period associated with the activity projections in line 13.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

15	Number of refurbished or new pumping stations	nr
Full line title	Number of refurbished, improved or new pumping stations	
Definition	Number of 1. existing pumping stations undergoing substantive capital investment to a) maintain serviceability or b) enhance service / quality or deal with additional demand and 2. newly installed pumping stations resulting from substantive capital investment to enhance service / quality during the specified period.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

16	Capital investment in refurbished or new pumping stations	£m (3dp)
Full line title	Capital investment in refurbished, improved or new pumping stations	
Definition	Total substantive capital investment in existing or newly installed pumping stations during the period associated with the activity projections in line 15.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block D - Key activity projections - management & general

17	Number of refurbished or new sea outfalls	nr
Definition	Number of existing sea outfalls undergoing substantive capital investment to maintain serviceability plus newly installed sea outfalls resulting from substantive capital investment to enhance service/quality during the period.	
Processing rules	Input field.	
Responsibility	Network Regulation Team	

18	Capital investment in refurbished or new sea outfalls	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed sea out-falls during the period associated with the activity projections in line 17.	
Processing rules	Input field.	
Responsibility	Network Regulation Team	

19	Offices, labs, depots, workshops	m^2 (1dp)
Definition	Total area of 1. existing offices, laboratories, depots and workshops undergoing substantive capital investment to a) maintain serviceability or b) enhance service ./ quality or deal with additional demand and 2. the total area of newly constructed offices, laboratories, depots and workshops resulting from substantive capital investment to enhance service / quality during the specified period.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

20	Capital investment in offices, labs, depots, workshops and vehicles	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed offices, laboratories, depots, workshops and vehicles during the period associated with the activity projection in line 19.	
Processing rules	Input field	
Responsibility	Network Regulation Team	

Block E - Key activity projections – sewer flooding

21	Capital investment in Instrumentation, control and automation (ICA), telemetry & computers	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed telemetry & computers during the period to a) maintain serviceability or b) deal with additional demand or enhance service/quality	
Processing rules	Input field	
Responsibility	Network Regulation Team	

22	Internal property flooding to be solved by company action	nr
Definition	The number of properties experiencing internal flooding that will be solved by company action. Entries to columns 2, 3 and 4 should cover: Column 2 ' Activity in NIAMP3 to maintain serviceability' should include those properties (2:10, 1:10 and 1:20 'at risk') which will be addressed to maintain the existing level of service; Column 3 'Activity in NIAMP3 period to enhance service or assets/quality' should include those properties which will be addressed by the enhanced service level and supply/demand programme. Column 4 'Total planned activity in NIAMP3 period' should be the sum of the entries to columns 2 and 3	
Processing rules	Input field:	
Responsibility	Comparative Efficiency Team	

23	External property/area flooding to be solved by company action	nr
Definition	The number of properties/area experiencing external flooding that will be solved by company action. Entries to columns 2, 3 and 4 should cover: Column 2 'Activity in AMP4 to maintain serviceability' should include those properties/areas (access/egress impeded, curtilage and public and open space) which will be addressed to maintain the existing level of service; Column 3 'Activity in AMP4 period to enhance service or assets/quality' should include those properties/areas which will be addressed by the enhanced service level and supply/demand programme Column 4 'Total planned activity in AMP4 period' should be the sum of the entries to columns 2 and 3.	
Processing rules	Input field:	
Responsibility	Comparative Efficiency Team	

Block F Total – sewerage service

24	Capital investment in the sewerage service	£m (3dp)
Definition	Total substantive capital investment in existing or newly installed sewerage service assets during the period associated with the activity projections in lines 1 to 6, 8, 10, 13, 15, 17 and 19.	
Processing rules	Calculated field: sum of lines 7,9,12,14,16,18, 20,21	
Responsibility	Network Regulation Team	

Table A6 – Out-performance and Efficiency Improvements

Table A6 provides for the company to summarise its assumptions on the improvements in efficiency it has made in reaching its conclusions on its strategy for the period 20010-11 to 2011-12.

Block C deals with forward projections of improvements in efficiency for the water service.

Block D deals with the sewerage service where this is applicable to the company.

Within blocks C and D there is the option for the company to set down its judgements in five areas of future expenditure. This does not preclude the company from making a common assumption across all areas but in this instance an explanation of the reasons should be given in the text of the relevant section of the company strategy.

The five areas of future expenditure are:

- operating expenditure (base and enhancement);
- capital maintenance expenditure on infrastructure assets;
- capital maintenance expenditure on non-infrastructure assets (ie surface assets);
- capital enhancement expenditure involving new infrastructure assets; and
- capital enhancement expenditure involving new non-infrastructure (surface) assets.

This table draws heavily from tables B2-2 and B2-3 that form part B2 of the plan.

Guidance for Reporter
Table A6 should summarise the information contained in the detailed efficiency assessment table B2-2 and B2-3. The Reporter's commentary on efficiency should appear under table B2-2 and B2-3.

TABLE A6

Table A6 Line Definitions

Block C – Water service – overall efficiency improvements

8	Operating expenditure (base service)	% (2dp)
Definition	The overall cumulative improvement in water service base operating efficiency resulting from both catch-up in relative efficiency and minimum improvements achievable by band A company.	
Processing rules	Copied field: table B2-2 line 4	
Responsibility	Comparative Efficiency Team	

9	Operating expenditure (enhancements)	% (2dp)
Definition	The overall year on year improvement in water service enhancements operating efficiency resulting from both catch-up in relative efficiency and minimum improvements achievable by band Accompany.	
Processing rules	Copied field: table B2-2 line 9	
Responsibility	Comparative Efficiency Team	

10	Capital maintenance expenditure – infrastructure	% (2dp)
Definition	The overall year on year improvement in water service capital maintenance (infrastructure) efficiency from both catch-up in relative efficiency and minimum improvements achievable by the most efficient firms, relative to recent historical levels of expenditure. Assume that no stepped changes to activity levels as projected in table B3-5 have been made.	
Processing rules	Copied field: table B2-2 line 14	
Responsibility	Network Regulation Team	

11	Capital maintenance expenditure – non-infrastructure	% (2dp)
Definition	The overall year on year improvement in water service capital maintenance (non-infrastructure) efficiency from both catch-up in relative efficiency and minimum improvements achievable by the most efficient firms, relative to recent historical levels of expenditure. Assume that no stepped changes to activity levels as projected in table B3-6 have been made.	
Processing rules	Copied field: table B2-2 line 19	
Responsibility	Network Regulation Team	

12	Capital enhancement expenditure – infrastructure	% (2dp)
Definition	Projected annual reductions in capital enhancement expenditure on infrastructure assets compared to projected levels based on the company current unit cost database.	
Processing rules	Copied field: table B2-2 line 25	
Responsibility	Network Regulation Team	

Block D - Sewerage service - overall efficiency improvements

13	Capital enhancement expenditure – non-infrastructure	% (2dp)
Definition	Projected annual reductions in capital enhancement expenditure on non-infrastructure assets compared to projected levels based on the company current unit cost database.	
Processing rules	Copied field: table B2-2 line 31	
Responsibility	Network Regulation Team	

14	Capital enhancement expenditure - meters	% (2dp)
Definition	Projected annual reductions in capital enhancement expenditure on non-infrastructure assets for meters compared to projected levels based on the company current unit cost database.	
Processing rules	Copied field: table B2-2 line 34	
Responsibility	Network Regulation Team	

15	Operating expenditure (base service)	% (2dp)
Definition	The overall year on year improvement in sewerage service base operating efficiency resulting from both catch-up in relative efficiency and minimum improvements achievable by band A company.	
Processing rules	Copied field: table B2-3 line 4	
Responsibility	Comparative Efficiency Team	

16	Operating expenditure (enhancements)	% (2dp)
Definition	The overall year on year improvement in sewerage service enhancements operating efficiency resulting from both catch-up in relative efficiency and minimum improvements achievable by band A company.	
Processing rules	Copied field: table B2-3 line 9	
Responsibility	Comparative Efficiency Team	

17	Capital maintenance expenditure – infrastructure	% (2dp)
Definition	The overall year on year improvement in sewerage service capital maintenance (infrastructure) efficiency from both catch-up in relative efficiency and minimum improvements achievable by the most efficient firms, relative to recent historical levels of expenditure. Assume that no stepped changes to activity levels as projected in table B3-7 have been made.	
Processing rules	Copied field: table B2-3 line 14	
Responsibility	Network Regulation Team	

18	Capital maintenance expenditure – non-infrastructure	% (2dp)
Definition	The overall year on year improvement in sewerage service capital maintenance (non-infrastructure) efficiency from both catch-up in relative efficiency and minimum improvements achievable by the most efficient firms, relative to recent historical levels of expenditure. Assume that no stepped changes to activity levels as projected in table B3-8 have been made.	
Processing rules	Copied field: table B2-3 line 19	
Responsibility	Network Regulation Team	

19	Capital enhancement expenditure – infrastructure	% (2dp)
Definition	Projected annual reductions in capital enhancement expenditure on infrastructure assets compared to projected levels based on the company current unit cost database.	
Processing rules	Copied field: table B2-3 line 25	
Responsibility	Network Regulation Team	

20	Capital enhancement expenditure – non-infrastructure	% (2dp)
Definition	Projected annual reductions in capital enhancement expenditure on non-infrastructure assets compared to projected levels based on the company current unit cost database.	
Processing rules	Copied field: table B2-3 line 31	
Responsibility	Network Regulation Team	

Tables A7 and A8 – Expenditure projections

These two tables provide for the company's forecasts of expenditure year by year considered necessary to deliver the strategy.

The key forecasts relate to the PC10 period 2010-11 to 2011-12, but these are supplemented by the SBP years, namely the actual expenditure in 2007-08, and the latest and best forecasts for 2008-09 and 2009-10.

The table also includes the company forecast for 2012-13, this being the period immediately following the PC10 and then the annual average forecast of expenditure for the balance of the PC12 period, 2013-14 to 2016-2017.

All the expenditure numbers shall be presented in 2007-08 prices except where expressly stated otherwise.

This output/cost matrix subdivides the expenditure projections into four categories, namely:

- Block A - Expenditure necessary to maintain base service levels
- Block B - Additional expenditure necessary to achieve enhanced service levels set down in the strategy (but not associated with new required quality obligations).
- Block C - Additional expenditure necessary to maintain the supply /demand balance for new and existing customers.
- Block D - Additional expenditure necessary to deliver the improvements in quality required by the Minister and enforced by the quality regulators - quality enhancement.
- Block E then sums the individual lines to give the total expenditure forecasts for operating expenditure and capital expenditure before deducting grants and capital contributions.

The expenditure projections are presented in unit terms with average connected properties as the denominator.

Lines 13, 13a and 14 of Block F summarise the total expenditure projections in £m (2007-08 prices).

Line 16 converts the total capital expenditure projections into £m (2007-08 cost terms) using the company forecast of the capital real price effect (RPE) as set down in line 15.

The final line of the table sets down the company's forecast for the total capital grants and contributions that it anticipates it will receive for both supply/demand balance and capital maintenance to partially offset the expenditure set down in line 14.

Guidance for Reporter

The expenditure projections in these tables should summarise the information contained in the rest of the business plan. The Reporter's commentary should appear against those tables included in the key components section of the company's plan.

TABLE A7

Table A7 Line Definitions

Block A – Base service levels (£/property served)

1	Base service operating expenditure	£/prop (2dp)
Definition	Projected total operating expenditure for the water service, including all efficiency improvements, adjustments for changed circumstances and for "Q" programmes.	
Processing rules	Calculated field: For 2007-08 table B3-3 line 1 multiplied by 1,000 divided by table A7 line 12. For 2008-09 onwards table B3-3 line 9 multiplied by 1,000 divided by table A7 line 12	
Responsibility	Comparative Efficiency and Performance Team	

2	Infrastructure renewals expenditure	£/prop (2dp)
Definition	The preservation and (where necessary) the replacement of water service assets defined as infrastructure in RAG2.03, to maintain serviceability. Expenditure is to be reported before deducting grants and contributions for infrastructure maintenance.	
Processing rules	Calculated field:-For 2007-08 to 2009-10: table B3-5 line 16 plus Line 19 multiplied by 1,000 divided by table A7 line 12. For 2011-12 onwards: table B3-5 line 18 plus line 19 multiplied by 1,000 divided by table A7 line 12	
Responsibility	Comparative Efficiency and Performance Team	

3	Non-infrastructure capital maintenance expenditure.	£/prop (2dp)
Definition	The total expenditure required for the water service for maintenance of non-infrastructure assets as defined in RAG2.03. Expenditure is for the preservation and where necessary the replacement of water service non-infrastructure assets to maintain serviceability. Expenditure is reported before deducting grants and contributions for non-infrastructure maintenance.	
Processing rules	Calculated field: Table B3-6 line 16 multiplied by 1,000 divided by table A7 line 12	
Responsibility	Comparative Efficiency and Performance Team	

Block B – Enhanced service levels (£/property served)

4	Additional operating expenditure	£/prop (2dp)
Definition	This is additional operating expenditure in relation to the base year 2007-08, which arises from enhancements to the level of service provided to customers. An enhancement is achieved through the provision of identifiable, measurable and permanent step improvements in service levels above the most recently established company wide base level of service and which are additional to improvements which result from expenditure in other categories. Allocation of expenditure to enhanced service levels should represent expenditure solely for this purpose	
Processing rules	Calculated field: the sum of table B6-3 line 18 multiplied by 1,000 divided by table A7 line 12	
Responsibility	Comparative Efficiency and Performance Team	

5	Additional capital expenditure	£/prop (2dp)
Definition	This is additional capital expenditure in relation to the base year 2007-08, which arises from enhancements to the level of service provided to customers. An enhancement is achieved through the provision of identifiable, measurable and permanent step improvements in service levels above the most recently established company wide base level of service and which are additional to improvements which result from expenditure in other categories. Allocation of expenditure to enhanced service levels should represent expenditure solely for this purpose.	
Processing rules	Calculated field: the sum of table B6-3 lines 10 and 14 multiplied by 1,000 divided by table A7 line 12	
Responsibility	Comparative Efficiency and Performance Team	

Block C –Supply/Demand Balance (£/property served)

6	Additional operating expenditure	£/prop (2dp)
Definition	Additional water service operating expenditure per property. The numerator represents the adjustments to base operating expenditure during the forecast period due to growth related capital expenditure, capital investment for new development and capital investment to accommodate any additional environmental obligations and potential impact of climate change and while maintaining existing levels of service and the operating costs, associated with the achievement of an enhanced service level that directly impacts on supply/demand balance.	
Processing rules	Calculated field: (table B5-2 line 28 plus line 37) multiplied by 1,000 divided by table A7 line 12	
Responsibility	Network Regulation Team	

7	Additional capital expenditure	£/prop (2dp)
Definition	Additional water service capital expenditure per property. The numerator is gross capital expenditure for the provision of assets to provide water services for new customers, to accommodate increased use of water by existing customers and to accommodate any additional environmental obligations and potential impact of climate change, while maintaining existing levels of service and the capital costs associated with the achievement of an enhanced service level that directly impacts on supply/demand balance.	
Processing rules	Calculated field: (table B5-2 line 11 plus line 18 plus line 31 plus line 34) multiplied by 1,000 divided by table A7 line 12	
Responsibility	Network Regulation Team	

Block D – Quality Enhancements (£/property served)

8	Additional operating expenditure	£/prop (2dp)
Definition	The net additional operating expenditure in relation to 2007-08 required to deliver the defined quality enhancement programme. Expressed as the additional operating expenditure per property served. This will be zero in report year 2007-08.	
Processing rules	Calculated field: table B4-3 line 30 multiplied by 1,000 divided by table A7 line 12	
Responsibility	Network Regulation Team	

9	Additional capital expenditure	£/prop (2dp)
Definition	The net additional capital expenditure required to deliver the defined quality enhancement programme. Expressed as additional capital expenditure per property served.	
Processing rules	Calculated field: sum of table B4-3 lines 10–and 22 multiplied by 1,000 divided by table A7 line 12	
Responsibility	Network Regulation Team	

Block E – Water service totals (£/property served)

10	Total operating expenditure (excl. PPP)	£/prop (2dp)
Definition	The total of all operating expenditure for both base service and enhancement purposes excluding PPP.	
Processing rules	Calculated field: sum of lines 1,4, 6 and 8	
Responsibility	Comparative Efficiency and Performance Team	

12	Average connected properties	000 (2dp)
Definition	Average connected properties	
Processing rules	Calculated field: sum of table B5-1 lines 1 to 5	
Responsibility	Network Regulation Team	

Block F – Water service totals (£m)

11	Gross capital expenditure	£/prop (2dp)
Definition	The total of all expenditure for both base service and enhancement purposes before the deductions of grants and contributions, but excluding adopted assets at nil cost.	
Processing rules	Calculated field: sum of lines 2,3,5,7 and 9	
Responsibility	Network Regulation Team	

13	Total operating expenditure (excl. PPP)	£m (3dp)
Definition	The total (2007-08 prices) of all operating expenditure for both base service and enhancement purposes excluding PPP.	
Processing rules	Calculated field: line 10 multiplied by line 12 divided by 1,000	
Responsibility	Comparative Efficiency and Performance Team	

13a	Total operating expenditure (PPP)	£m (3dp)
Definition	The total (2007-08 prices) of all operating expenditure for PPP.	
Processing rules	Input field	
Responsibility	Comparative Efficiency and Performance Team	

14	Gross capital expenditure	£m (3dp)
Definition	The total (2007-08 prices) of all expenditure for both base service and enhancement purposes before the deduction of grants and capital contributions, but excluding adopted assets at nil cost.	
Processing rules	Calculated field: line 11 multiplied by line 12 divided by 1,000	
Responsibility	Network Regulation Team	

16	Gross capital expenditure (2007-08 cost terms)	£m (3dp)
Definition	The total (2007-08 cost terms) of all expenditure for both base service and enhancement purposes before the deduction of grants and capital contributions, but excluding adopted assets at nil cost.	
Processing rules	Calculated field: line 14 multiplied by (1 plus (line 15 divided by 100))	
Responsibility	Comparative Efficiency and Performance Team	

15	Forecast capital expenditure real price effect (RPE)	% (1dp)
Definition	Company forecast of movements in construction prices relative to RPI during the period.	
Processing rules	Input	
Responsibility	Comparative efficiency and Performance Team	

17	Total capital grants and contributions (SDB plus maintenance)	£m (3dp)
Definition	Total grants and capital contributions for the water service.	
Processing rules	Calculated field: Sum of table B3-5 line 19 plus table B3-6 line 17 plus table B5-2 lines 19, 20 and 21.	
Responsibility	Network Regulation Team	

TABLE A8

Table A8 – Sewerage service expenditure projections

Block A – Base service levels (£/property served)

1	Base service operating expenditure	£/prop (2dp)
Definition	Projected total operating expenditure for the sewerage service, including all efficiency improvements, adjustments for changed circumstances and for "Q" programmes.	
Processing rules	Calculated field: for 2007-08 table B3-4 line 1 multiplied by 1,000 divided by table A8 line 12. For 2008-09 onwards table B3-4 line 9 multiplied by 1,000 divided by table A8 line 12	
Responsibility	Comparative Efficiency and Performance Team	

2	Infrastructure renewals expenditure	£/prop (2dp)
Definition	The preservation and (where necessary) the replacement of sewage service assets defined as infrastructure in RAG2.03, to maintain serviceability. Expenditure is to be reported before deducting grants and contributions.	
Processing rules	Calculated field: For 2007-08 to 2009-10 Table B3-7 line 16 plus line 19 multiplied by 1,000 divided by table A8 line 12. For 2010-11 onwards: Table B3-7 line 18 plus line 19 multiplied by 1,000 divided by table A8 line 12.	
Responsibility	Comparative Efficiency and Performance Team	

3	Non-infrastructure capital maintenance expenditure (capex)	£/prop (2dp)
Definition	The total expenditure required for the sewerage service for maintenance of non-infrastructure assets as defined in RAG2.03. Expenditure is for the preservation and where necessary the replacement of sewerage service non-infrastructure assets to maintain serviceability. Expenditure is reported before deducting grants and contributions for non-infrastructure maintenance.	
Processing rules	Calculated field: Table B3-8 line 16 multiplied by 1,000 divided by A8 line 12	
Responsibility	Comparative Efficiency and Performance Team	

Block B – Enhanced service levels (£/property served)

4	Additional operating expenditure	£/prop (2dp)
Definition	This is additional operating expenditure in relation to the base year 2007-08, which arises from enhancements to the level of service provided to customers. An enhancement is achieved through the provision of identifiable, measurable and permanent step improvements in service levels above the most recently established company wide base level of service and which are additional to improvements which result from expenditure in other categories. Allocation of expenditure to enhanced service levels should represent expenditure solely for this purpose.	
Processing rules	Calculated field: table B6-4 line 18 multiplied by 1,000 divided by table A8 Line 12.	
Responsibility	Comparative Efficiency Team	

5	Additional capital expenditure	£/prop (2dp)
Definition	This is additional capital expenditure in relation to the base year 2007-08, which arises from enhancements to the level of service provided to customers. An enhancement is achieved through the provision of identifiable, measurable and permanent step improvements in service levels above the most recently established company wide base level of service and which are additional to improvements which result from expenditure in other categories. Allocation of expenditure to enhanced service levels should represent expenditure solely for this purpose.	
Processing rules	Calculated field: the sum of table B6-4 line 10 and 14 multiplied by 1,000 divided by table A8 Line 12.	
Responsibility	Comparative Efficiency Team	

Block C – Supply/Demand Balance (£/property served)

6	Additional operating expenditure	£/prop (2dp)
Definition	Additional sewerage service operating expenditure per property. The numerator represents the adjustments to base operating expenditure during the forecast period due to growth related capital expenditure, capital investment for new development and capital investment to accommodate any additional environmental obligations and potential impact of climate change, while maintaining existing levels of service.	
Processing rules	Calculated field: table B5-5 line 23 multiplied by 1,000 divided by table A8 line 12	
Responsibility	Network Regulation Team	

7	Additional capital expenditure per property	£/prop (2dp)
Definition	Additional sewerage service capital expenditure per property. The numerator is gross capital expenditure for the provision of assets to provide water services for new customers, to accommodate increased use of water by existing customers and to accommodate any additional environmental obligations and potential impact of climate change, while maintaining existing levels of service. The denominator is the total number of connected properties.	
Processing rules	Calculated field: (table B5-5 line 9 plus table B5-5 line 14) multiplied by 1,000 divided by table A8 line 12	
Responsibility	Network Regulation Team	

Block D – Quality enhancements (£/property served)

8	Additional operating expenditure	£/prop (2dp)
Definition	The net additional operating expenditure in relation to 2007-08 required to deliver the defined quality enhancement programme. Expressed as the additional operating expenditure per property served. This will be zero in report year 2007-08.	
Processing rules	Calculated field: table B4-4 line 30 multiplied by 1,000 divided by table A8 line 12	
Responsibility	Network Regulation	

9	Additional capital expenditure	£/prop (2dp)
Definition	The net additional capital expenditure required to deliver the defined quality enhancement programme. Expressed as the additional capital expenditure per property served.	
Processing rules	Calculated field: sum of B4-4 lines 9 and 18 multiplied by 1,000 divided by table A8 line 12	
Responsibility	Network Regulation Team	

Block E – Sewerage service totals (£/property served)

10	Total operating expenditure	£/prop (2dp)
Definition	The total (2007-08 prices) of all operating expenditure for both base service and enhancement purposes.	
Processing rules	Calculated field: sum of lines 1, 4, 6 and 8.	
Responsibility	Comparative Efficiency Team	

11	Gross capital expenditure	£/prop (2dp)
Definition	The total (2007-08 prices) of all expenditure for both base service and enhancement purposes before deducting grants and capital contributions, but excluding adopted assets at nil cost.	
Processing rules	Calculated field: sum of lines 2, 3, 5, 7 and 9.	
Responsibility	Network Regulation Team	

12	Average connected properties	000 (3dp)
Definition	Average connected properties	
Processing rules	Calculated field: sum of table B5-4 lines 1 to 5	
Responsibility	Network Regulation Team	

14	Gross capital expenditure	£m (3dp)
Definition	The total (2007-08 prices) of all expenditure for both base service and enhancement purposes before deducting grants and capital contributions, but excluding adopted assets at nil cost.	
Processing rules	Calculated field: line 11 multiplied by line 12 divided by 1,000	
Responsibility	Network Regulation Team	

Block F – Sewerage service totals (£m)

13	Total operating expenditure	£m (3dp)
Definition	The total (2007-08 prices) of all operating expenditure for both base service and enhancement purposes.	
Processing rules	Calculated field: line 10 multiplied by line 12 divided by 1,000	
Responsibility	Comparative Efficiency and Performance Team	

15	Forecast capital expenditure real price effect (RPE)	% (1dp)
Definition	Company forecast of movements in construction prices relative to RPI during the period.	
Processing rules	Copied field: table A7 line 15.	
Responsibility	Comparative Efficiency and Performance Team	

13a	Total operating expenditure (PPP)	£m (3dp)
Definition	The total (2007-08 prices) of all operating expenditure for PPP.	
Processing rules	Input field	
Responsibility	Comparative Efficiency and Performance Team	

16	Gross capital expenditure (2007-08 cost terms)	£m (3dp)
Definition	The total (2007-08 cost terms) of all expenditure for both base service and enhancement purposes before deducting grants and capital contributions, but excluding adopted assets at nil cost.	
Processing rules	Calculated field: line 14 multiplied by (1 plus (line 15 divided by 100))	
Responsibility	Comparative Efficiency and Performance Team	

17	Total capital grants and contributions (SDB plus maintenance)	£m (3dp)
Definition	Total grants and capital contributions for the sewerage service.	
Processing rules	Calculated field: The sum of table B3-7 line 19 and table B3-8 line 17 and table B5-5 lines 15, 16 and 17.	
Responsibility	Network Regulation Team	