
PART D – THE COMPANY PLAN FOR FUTURE SERVICES (public domain)**D1 Summary of the company's preferred strategy for the final business plan**

This will be placed on our website, as well as being placed in the library.

The format specified in table D1-1 sets out the minimum requirement for the summary of the company preferred strategy for the final business plan.

The format presented is the minimum requirement for the NIAUR website but the company is not constrained to this format.

The files for the NIAUR website should be submitted at the same time as the final business plan and will be placed on the NIAUR website.

The files for the NIAUR website can either be submitted as MS Word 2003, MS Excel 2003 or pdf files.

NIAUR will also place the non-confidential elements of all of the company submissions in the public domain after the Director has decided price limits, and those limits have been accepted by the company, or if not accepted, after the Competition Commission has determined price limits. Although we accept that some of the information submitted by company should be treated in confidence the burden of proof will be on those imposing the confidentiality restriction to justify the decision.

Where data are required in relation to PPP schemes this has been stated.

TABLE D1-1

D2 The public summary of the business plan

The company is free to publish the whole or the major part of its full business plan submission at the same time as it sends it to us.

We will not place the company's detailed draft and final business plan in the public domain until after the Director has decided price limits, and those limits have been accepted by the company, or if not accepted, until after the Competition Commission has determined price limits. In the meantime, customers and other interested bodies, in particular the Consumer Council for Northern Ireland, MLA's and local authorities, should be able to understand the main points of the company's strategy and proposals for future prices and services.

The company should decide how much of its final business plan should be included in the public summary, but it must meet the **minimum** requirements set down in the rest of this section. It will be important for the company to set down in its summary the explanation and reasoning behind its strategy. The key difference between the submission to us and the public domain version of the final business plan will be the level of detail provided.

The minimum requirements for the public summary follows the structure of the company strategy and therefore covers the key points in each of the seven sections, set down in part A of the business plan information requirements.

THE COMPANY STRATEGY	
Section 1	The overall strategy
Section 2	Achieving the right balance for customers
Section 3	The post 2010 environment and in the longer term
Section 4	Objectives and key assumptions
Section 5	Delivering the objectives
Section 6	Costs of delivering the objectives
Section 7	Financial projections

In section 1, the company should summarise, for the business plan, its overall strategy, and the implications for price limits and how these translate into average domestic bills. It should include table D1-1.

The document should include the implications for typical customers' bills to explain the effects of the company's tariff action plans (where appropriate in respect of domestic metering). Typical bills include:

- average capital value unmeasured customer who does not switch to a meter;
- average consumption measured customer;
- business customer with consumption of 100Ml per annum.

Section 2 should explain the position reached by the company and its understanding of what customers and others expect from it over the period to 2012.

Section 3 and 4 must set out the key company outputs for the period, distinguishing between those it is obliged to do because of quality enhancements required by ministers and those it considers reflect customers' expectations, such as addressing sewer flooding problems.

Company may also wish to set out their outputs for the period in the context of what has been achieved to date and whether the outputs proposed will require funding through increases in price limits.

The document should explain the benefits of the outputs to customers and the environment in clear language. This might include a breakdown of how they have spent the income from customers' bills in delivering services over the SBP period with a similar breakdown for 2010-12.

The company may choose to rely on the results of the customer research work carried out at national level by the joint stakeholders. The company may also wish to carry out its own customer research on issues of particular relevance to its local situation.

The company will need to explain to us, and others, how its business plan reflects the views of its customers. We do not require the company to carry out detailed market research, but we will expect them to show they have considered available evidence on customers' views. This may include:

- tracking research;
- work carried out for the last price review; and
- other evidence such as the level of complaints about particular issues.

The company should also describe how they have consulted their customers, including the involvement of the DRD, NIEA, CCNI, DWI, or any other bodies. The description should include an explanation of the steps taken to ascertain the views of particular groups, e.g. business customers, environmental groups, low income domestics etc. The company should identify the main sources of evidence they have used in drawing conclusions about customers' views.

Where evidence is drawn from customer research, copies of reports on that research, including methodologies, questionnaires and detailed results should be made available. As a minimum a copy should be submitted to us, with the public domain summary, for our library. The company may also wish to share the customer research directly with other interested parties, such as CCNI.

Sections 5, 6 and 7 may contain rather less detail than the equivalent in part A, but should include:

- a comparison of expected future efficiencies with efficiencies actually achieved during the previous two years; and
- key assumptions underlying the company's financial projections.

The company should include much of the tabular information that is required for part A. This is specified in the attached tables D2-1 to D2-8.

For the final business plan Reporter should produce a one page summary. The Reporter's commentary on the company public domain summary should be a clear, succinct statement describing their scrutiny and opinion.

Guidance to Reporter

The Reporter should:

- Review the process established by the company, to ensure that the public domain summary is well founded and consistently supported by the textual and numerical information in the business plan submitted to us and identify any shortfalls.
- Comment upon the consistency of the public domain summary with the numerical information drawn from the business plan tables. And ensure supporting text is consistent with the material assumptions made in the business plan.
- Comment on the degree of co-operation he has had from the company. Commenting particularly on access to the final business plan, and the impact this has had on his ability to meeting our timetable.
- The Reporter should briefly summarise whether in his view the company has:
 - scrutinised all the options;
 - carried out cost effectiveness analyses of the schemes proposed to meet their quality obligations; and
 - whether the company's preferred strategy represents the least cost option to fulfil its legal obligations and finance its functions.
- The Reporter's single page summary should summarise his report on the topics shown on company table D1-1 and state whether the company's strategies and figures are consistent with other parts of the company's business plan.

TABLE D2-1

TABLE D2-2

TABLE D2-3

TABLE D2-4

TABLE D2-5

TABLE D2-6

TABLE D2-7

TABLE D2-8

Reconciliation of tables D2-1 to D2-8 with Tables A1 to A8

Line	Description	Units	Processing Rule	Table	Line
TABLE D2-1 Water Service – Water sales and the supply demand balance					
Block A Water Sales & supply/demand balance					
1	Proposed price limit 'K' (including U)	%	Copied	A1	1
2	Water service indicative 'K'	%	Copied	A1	2
3	Sewerage service indicative 'K'	%	Copied	A1	3
4	RPI year by year assumption	%	Copied	A1	6
Block B Projected domestic bills – water service					
5	Typical unmeasured domestic bill (base yr avg chg) – real terms	£	Copied	A1	7
6	Typical measured domestic bill (base yr avg chg) – real terms	£	Copied	A1	8
7	Average domestic bills – real terms	£	Copied	A1	9
8	Average domestic bills – nominal terms	£	Copied	A1	10
Block C Projected domestic bills – sewerage service					
9	Typical unmeasured domestic bill (base yr avg chg) – real terms	£	Copied	A1	11
10	Typical measured domestic bill (base yr avg chg) – real terms	£	Copied	A1	12
11	Average domestic bills – real terms	£	Copied	A1	13
12	Average domestic bills – nominal terms	£	Copied	A1	14
Block D Water sales & supply/demand balance					
13	Billed water delivered	MI/d	Copied	A1	15
14	Sewage collected	MI/d	Copied	A1	16
15	Water available for use (including PPP)	MI/d	Copied	A1	17
16	Distribution input (dry year) (including PPP)	MI/d	Copied	A1	18
17	Total leakage	MI/d	Copied	A1	19

Table D2-2 Sewerage					
Block A Service performance					
1	DG2 Properties at risk of receiving low pressure	nr	Copied	A2	1
2	DG3 Supply interruptions (overall performance score)	nr	Copied	A2	2
3	DG6 % billing contacts dealt with within 5 days	%	Copied	A2	3
4	DG7 % written complaints dealt with within 10 days	%	Copied	A2	4
5	DG8 % metered customers receiving bill based on a meter reading	%	Copied	A2	5
6	DG9 % calls abandoned	%	Copied	A2	6
7	DG9 % calls receiving the engaged tone	%	Copied	A2	7
Block B Quality & environmental compliance					
8	% dist input covered by Article 31 undertakings at WTWs	%	Copied	A2	8
8a	% dist input covered by Article 31 undertakings at WTWs (PPP)	%	Copied	A2	8a
9	% dist input not affected by Article 31 undertakings or 'temp' relaxations or ADs	%	Copied	A2	9
9a	% dist input not affected by Article 31 undertakings or 'temp' relaxations or ADs (PPP)	%	Copied	A2	9a
10	% props in water supply zones affected by Article 31 undertakings in distribution or Authorised Departures	%	Copied	A2	10
11	% mean zonal compliance with drinking water regulations	%	Copied	A2	11
12	Not used				
13	Not used				
Block C Serviceability to customers					
14	Infrastructure network assessment	Text	Copied	A2	14
15	Surface assets assessment (non-infra)	Text	Copied	A2	15
Block D Asset Inventory					
16	Not used				
17	Not used				

Table D2-3 Sewerage service – Current performance & planned outputs					
Block A Service performance					
1	DG5 properties at risk of flooding (2 in 10 years)	nr	Copied	A3	1
2	DG5 properties at risk of flooding (1 in 10 years)	nr	Copied	A3	2
3	DG5 properties at risk of internal flooding (1 in 20)	nr	Copied	A3	3
4	Not used	nr	Copied	A3	4
5	Not used	nr	Copied	A3	5
6	Not used	nr	Copied	A3	6
7	DG5 properties internally flooded due to overloaded sewers	nr	Copied	A3	7
8	DG5 properties internally flooded due to other causes	nr	Copied	A3	8
9	Areas flooded externally due to overloaded sewers	nr	Copied	A3	9
10	Areas externally flooded due to other causes	nr	Copied	A3	10
Block B Quality & environmental compliance					
11	% Intermittent discharges unsatisfactory	%	Copied	A3	11
12	% Bathing waters not meeting mandatory standards	%	Copied	A3	12
13	% Bathing waters not meeting guideline standards	%	Copied	A3	13
14	% of STW's non-compliant (WRA numeric consents)	%	Copied	A3	14
14a	% of STW's non-compliant (WRA numeric consents) (PPP)	%	Copied	A3	14
15	% of STWs non-compliant (UWWTD consents)	%	Copied	A3	15
15a	% of STWs non-compliant (UWWTD consents) (PPP)	%	Copied	A3	15
16	% of total p.e. served by STWs in breach of WRA consent (LUT)	%	Copied	A3	16
16a	% of total p.e. served by STWs in breach of WRA consent (LUT) (PPP)	%	Copied	A3	16
17	% of total p.e. served by STWs in breach of UWWTD consent (LUT)	%	Copied	A3	17
17a	% of total p.e. served by STWs in breach of UWWTD consent (LUT) (PPP)	%	Copied	A3	17
Block C Serviceability to customers					
18	Infrastructure network assessment	text	Copied	A3	18
19	Surface assets assessment (non-infra)	text	Copied	A3	19
Block D Asset Inventory					

Table D2-4 Water service – Key activity projections					
Block A Key activity projections – water resources					
1	Length of aqueducts refurbished	km	Column 1 and 3 copied . Columns 2 and 4 input %	A4	1
2	Substantive work on dams and impounding reservoirs	nr		A4	2
Block B Key activity projections – water treatment					
3	Number of refurbished or new treatment works	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	4
3a	Number of refurbished or new treatment works (PPP)	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	4a
4	ML/day of refurbished or new treatment works	ml/d	Column 1 and 3 copied . Columns 2 and 4 input %	A4	5
4a	ML/day of refurbished or new treatment works(PPP)	ml/d	Column 1 and 3 copied . Columns 2 and 4 input %	A4	5a
Block C Key activity projections – water distribution					
5	Length of mains renewed	km	Column 1 and 3 copied . Columns 2 and 4 input %	A4	7
6	Length of mains relined	km	Column 1 and 3 copied . Columns 2 and 4 input %	A4	8
7	Length of new mains	km	Column 1 and 3 copied . Columns 2 and 4 input %	A4	9
8	Nr of refurbished or new district meters & pressure control valves	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	10
9	Number of refurbished or new pumping stations	nr	Column 1 and 3 copied . Columns	A4	12

			2 and 4 input %		
10	Number of refurbished or new service reservoirs	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	14
Block D Key activity projections – management & general					
11	Offices, labs, depots, workshops	m ²	Column 1 and 3 copied . Columns 2 and 4 input %	A4	16
Block E Key activity projections – metering performance					
12	Number of domestic meters renewed	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	19
13	Optional meters: Domestic	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	20
14	Selective meters: Domestic	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	21
15	Percentage of domestic meters metered (at the end of the period)	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A4	22

Table D2-5 Sewerage service – Key activity projections					
Block A Key activity projections – sewers					
1	Length of critical sewers renewed	km	Column 1 and 3 copied . Columns 2 and 4 input %	A5	1
2	Length of critical sewers renovated	km	Column 1 and 3 copied . Columns 2 and 4 input %	A5	2
3	New critical sewers	km	Column 1 and 3 copied . Columns 2 and 4 input %	A5	3
4	Length of non critical sewers renewed	km	Column 1 and 3 copied . Columns 2 and 4 input %	A5	4
5	Length of non critical sewers renovated	km	Column 1 and 3 copied . Columns 2 and 4 input %	A5	5
6	New non-critical sewers	km	Column 1 and 3 copied . Columns 2 and 4 input %	A5	6
7	Number of refurbished or new intermittent discharges	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	8
Block B Key activity projections – sewage treatment & disp.					
8	Number of refurbished or new treatment works	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	10

8a	Number of refurbished or new treatment works (PPP)	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	10
9	Number of refurbished or new sludge treatment works	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	13
9a	Number of refurbished or new sludge treatment works (PPP)	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	13
Block C Key activity projections – sewerage service					
10	Number of refurbished or new pumping stations	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	15
11	Number of refurbished or new sea outfalls	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	17
Block D Key activity projections – management & general					
12	Offices, labs, depots, workshops	m ²	Column 1 and 3 copied . Columns 2 and 4 input %	A5	19
Block E Key activity projections – sewer flooding					

13	Internal property flooding to be solved by company action	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	22
14	External property/area flooding to be solved by company action	nr	Column 1 and 3 copied . Columns 2 and 4 input %	A5	23

Table D2-6 Water service – Expenditure projections					
Block A Maintaining services and serviceability to customers					
1	Operating expenditure	£/prop	SBP period input; NIAMP 3 calculated field: The total for NIAMP3 table A7 line 1 divided by 2	A7	1
2	Capital maintenance expenditure	£/prop	SBP period input; NIAMP3 calculated field: The sum of lines 2 & 3 for NIAMP3 table A7 divided by 2	A7	Sum of lines 2 & 3
Block B Meeting new quality requirements set by Government					
3	Additional operating expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 8 divided by 2	A7	8
4	Additional capital expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 9 divided by 2	A7	9

Block C Enhanced service levels					
5	Additional operating expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 4 divided by 2	A7	4
6	Additional capital expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 5 divided by 2	A7	5
Block D Supply/demand balance					
7	Additional operating expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 6 divided by 2	A7	6
8	Additional capital expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 7 divided by 2	A7	7
Block E Totals for the water service					
9	Total operating expenditure	£/prop	SBP period input;	A7	10

			NIAMP3 calculated field: The total for NIAMP3 table A7 line 10 divided by 2		
10	Total capital expenditure before deducting grants and capital contributions	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 11 divided by 2	A7	11
11	Average connected properties	000	SBP period input; NIAMP3 calculated field: The total for AM4 table A7 line 12 divided by 2	A7	12
12	Total operating expenditure (2007-08 prices) (excl. PPP)	£m	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 13 divided by 2	A7	13
12a	Total operating expenditure (2007-08 prices) (PPP)	£m	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 13a divided by 2	A7	13a

13	Total capital expenditure before deduction grants and capital contributions	£m	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A7 line 14 divided by 2	A7	14
----	---	----	---	----	----

Table D2-7 Sewerage service – Expenditure projections					
Block A Maintaining services and serviceability to customers					
1	Operating expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 1 divided by 2	A8	1
2	Capital maintenance expenditure	£/prop	SBP period input; NIAMP3 calculated field: The sum of lines 2 and 3 for NIAMP3 table A8 divided by 2	A8	Sum of lines 2 and 3
Block B Meeting new quality requirements set by Government					
3	Additional operating expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 8 divided by 2	A8	8
4	Additional capital expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 9 divided by 2	A8	9

Block C Enhanced service levels					
5	Additional operating expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 4 divided by 2	A8	4
6	Additional capital expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 5 divided by 2	A8	5
Block D Supply/demand balance					
7	Additional operating expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 6 divided by 2	A8	6
8	Additional capital expenditure	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 7 divided by 2	A8	7
Block E Totals for the sewerage service					
9	Total operating expenditure	£/prop	SBP period input;	A8	10

			NIAMP3 calculated field: The total for NIAMP3 table A8 line 10 divided by 2		
10	Total capital expenditure before deducting grants and contributions	£/prop	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 11 divided by 2	A8	11
11	Average connected properties	000	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 12 divided by 2	A8	12
Block F Totals for the sewerage service					
12	Total operating expenditure (2007-08 prices) (excl. PPP)	£m	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 13 divided by 2	A8	13
12a	Total operating expenditure (PPP)	£m	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table	A8	13a

			A8 line 13a divided by 2		
13	Total capital expenditure before deducting grants and contributions	£m	SBP period input; NIAMP3 calculated field: The total for NIAMP3 table A8 line 14 divided by 2	A8	14

Table D2-8 Financial projections					
Block A Current cost profit & loss and financial indicators					
1	Turnover	£m	Copied	B7-1	21
2	Operating costs	£m	Calculated	B7-1	Sum of lines 22+23 10
3	Capital charges	£m	Calculated	B7-1	Sum of lines 24 and 25
4	Operating profit	£m	Copied	B7-1	32
5	Regulatory capital value – year end	£m	Input		
6	Pre tax return on regulatory capital value	%	Input		