

**Table D1 – Anglian Water – A Summary of Our Reference Plan A Submission to Ofwat – August 2003**

**Key Aspects of Reference Plan A for 2005-2010 Period and Strategic Objectives**

Reference Plan A contains a package of water and environmental quality improvements with reference level assumptions on certain key parameters, all defined by Ofwat. It contains the same strategy as the Company Preferred Strategy for:

- base operating costs
- maintenance capital investment
- supply / demand investment
- service enhancement investment

We do not endorse Reference Plan A because:

- it fails to comply with some statutory requirements and it fails to address biosolids business risk of potential loss of agricultural disposal routes
- it is unfinanceable as the assumed Cost of Capital is too low
- efficiency targets are unachievable without risk to water services

**What is Driving the Changes in Bills? (2002-03 Prices)**

Average household bill in 2004-2005		278
<b>Less</b>	(1) Past efficiency savings and outperformance	(11)
	(2) Scope for reduction through future efficiency	(36)
<b>Plus</b>	(3) The impact of maintaining existing services	48
	(4) The impact of taxation	22
	(5) The impact of improvements in drinking water	10
	(6) The impact of environmental improvements	15
	(7) Improvements in service performance	15
	(8) Maintaining security of supplies to all customers	22
Average household bill in 2009-2010		363

**Estimate of Expenditure Needs (2002-03 Prices)**

	Annual average for the 2005-2010 period (£/property/annum)
1 Total operating expenditure	138.0
2 Total capital maintenance expenditure	97.0
3 Total capital enhancement expenditure	116.0

**Price Limits and Effects on Average Bills (2002-03 Prices)**

		Avg.	2005-06	2006-07	2007-08	2008-09	2009-10
	Proposed price limit	% 7.5	23.0	5.1	3.0	3.0	3.2
<b>W</b>	<b>Water service – price limit</b>	% 6.2	15.6	7.9	4.5	2.1	1.1
1	Average measured household bill	£	104	110	113	114	115
2	Average unmeasured household bill	£	169	185	195	201	205
3	Average household bill	£	131	139	144	144	144
<b>S</b>	<b>Sewerage service – price limit</b>	% 8.2	27.4	3.4	2.3	3.5	4.3
1	Average measured household bill	£	162	165	166	170	174
2	Average unmeasured household bill	£	259	270	279	291	306
3	Average household bill	£	204	208	209	213	219