

Table D1 - South West Water - A summary of reference plan A - August 2003

PRICE LIMITS AND EFFECT ON AVERAGE BILLS (2002-03 PRICES)					
	2005-06	2006-07	2007-08	2008-09	2009-10
Proposed price limit	11.5	7	5	3.5	3
W Price limit (water service)	11.5	7	5	3.5	3
1 Average measured household bill	106	112	117	120	123
2 Average unmeasured household bill	163	177	189	199	208
3 Average household bill	134	142	147	150	153
S Price limit (sewerage service)	11.5	7	5	3.5	3
1 Average measured household bill	165	178	187	194	200
2 Average unmeasured household bill	307	331	352	368	384
3 Average household bill	232	244	252	257	261

WHAT IS DRIVING THE CHANGES IN BILLS? (2002-03 PRICES)	
Average household bill in 2004-2005	
	334
Less	
(1) past efficiency savings and outperformance	-7
(2) scope for reduction through future efficiency improvements	-10
(3) the impact of improvements in drinking water quality	21
(4) the impact of environmental improvements	8
(5) improvements in service performance	2
(6) maintaining security of supplies to all customers	5
Plus	
(7) maintaining serviceability	15
(8) increases in taxation	11
(9) increases in operating costs	8
(10) recovery of returns, and unanticipated additional operating costs since the year 2000	27
Average household bill in 2009-2010 (W3 + S3)	
414	

ESTIMATE OF EXPENDITURE NEEDS (2002-03 PRICES)	
	Annual average for the 2005-2010 period (£/property/annum)
1 Total operating expenditure	156
2 Total capital maintenance expenditure	102
3 Total capital enhancement expenditure	129

KEY ASPECTS OF REFERENCE PLAN A FOR 2005-2010 PERIOD AND TOP 5 STRATEGIC OBJECTIVES
Reference Plan A includes the following assumptions which differ from those in our Company Strategy:
<ul style="list-style-type: none"> * The mandatory 'red' programme of quality & environmental improvements, including CSOs under the UIDO driver * Meter options at a 6.5% switch rate, compared with an average annual rate of some 7% in our Strategy
The cost of the above quality & environmental improvement programme is £69m against the £32m for our Strategy The remainder of the capital investment programme is as in our Strategy
Our top 5 quality and service enhancement objectives in Reference Plan A would be:
<ul style="list-style-type: none"> Completing our Section 19 undertakings for iron compliance in drinking water Completing the Environment Agency's 'red list' quality & environmental improvements for the region, including the CSOs under the UIDO driver Removing some 300 properties and spaces from the risk of foul water flooding Reducing the effects of odour from some 34 sewage treatment and sludge works Improvement in waste water compliance to at least 'average'
In reaching conclusions on customers' views we have drawn on the research undertaken by MORI for the national steering group, customer research undertaken for us by our research partner Entrri Research, and written complaints made by customers to South West Water

Table D1 - [Company] - A summary of reference plan B - August 2003

PRICE LIMITS AND EFFECT ON AVERAGE BILLS (2002-03 PRICES)					
	2005-06	2006-07	2007-08	2008-09	2009-10
Proposed price limit	11.5	7	5	4.5	4
W Price limit (water service)	11.5	7	5	4.5	4
1 Average measured household bill	106	112	117	121	126
2 Average unmeasured household bill	163	177	189	200	212
3 Average household bill	134	142	147	152	156
S Price limit (sewerage service)	11.5	7	5	4.5	4
1 Average measured household bill	165	178	187	196	204
2 Average unmeasured household bill	307	331	352	372	392
3 Average household bill	232	244	252	260	266

WHAT IS DRIVING THE CHANGES IN BILLS? (2002-03 PRICES)	
Average household bill in 2004-2005	
	334
Less	
(1) past efficiency savings and outperformance	-7
(2) scope for reduction through future efficiency improvements	-10
(3) the impact of improvements in drinking water quality	21
(4) the impact of environmental improvements	16
(5) improvements in service performance	2
(6) maintaining security of supplies to all customers	5
Plus	
(7) maintaining serviceability	15
(8) increases in taxation	11
(9) increases in operating costs	8
(10) recovery of returns, and unanticipated additional operating costs since the year 2000	27
Average household bill in 2009-2010 (W3 + S3)	
422	

ESTIMATE OF EXPENDITURE NEEDS (2002-03 PRICES)	
	Annual average for the 2005-2010 period (£/property/annum)
1 Total operating expenditure	156
2 Total capital maintenance expenditure	102
3 Total capital enhancement expenditure	144

KEY ASPECTS OF REFERENCE PLAN B FOR 2005-2010 PERIOD AND TOP 5 STRATEGIC OBJECTIVES
Reference Plan B includes the following assumptions which differ from those in our Company Strategy:
<ul style="list-style-type: none"> * The full discretionary programme of quality & environmental improvements advised by the Environment Agency * Meter options at a 6.5% switch rate, compared with an average annual rate of some 7% in our Strategy
The cost of the above quality & environmental improvement programme is £126m against the £32m for our Strategy The remainder of the capital investment programme is as in our Strategy
Our top 5 quality and service enhancement objectives in Reference Plan B would be:
<ul style="list-style-type: none"> Completing our Section 19 undertakings for iron compliance in drinking water Completing the full discretionary quality & environmental improvements for the region, as advised by the Environment Agency Removing some 300 properties and spaces from the risk of foul water flooding Reducing the effects of odour from some 34 sewage treatment and sludge works Improvement in waste water compliance to at least 'average'
In reaching conclusions on customers' views we have drawn on the research undertaken by MORI for the national steering group, customer research undertaken for us by our research partner Entrri Research, and written complaints made by customers to South West Water