

**Table D1 - United Utilities - A summary of our business plan submission to Ofwat - April 2004**

**OVERALL STRATEGY FOR 2005-2010 PERIOD AND TOP 5 STRATEGIC OBJECTIVES**

United Utilities' strategy for the period 2005 to 2010 and beyond reflects our customers' needs and the desire of the public, government, and regulators to see a water industry characterised by sustainable, efficient and securely financed companies.

Over the five years from 2005/6 our key strategic objectives will be to:

- a) continue to deliver a value for money package of services to our customers, retaining the current high level of customer satisfaction;
- b) maintain, and in some cases improve, the current performance of our assets at an acceptable level of risk, to deliver existing service levels;
- c) maintain the supply demand balance and security of supply to all our customers;
- d) deliver the enhancements to environmental and drinking water quality required of us by Government and regulators;
- e) continue to make significant inroads into the problem of sewer flooding at customer premises, and begin a programme of work to tackle the most serious instances of external flooding;
- f) address the problem of odour at wastewater treatment works where this has given rise to the most significant customer and community concern;
- g) continue to deliver innovation and efficiency in our operations;
- h) ensure that we maintain investor confidence by delivering acceptable returns to investors through an efficient and sustainable capital structure.

**TOP 5 QUALITY AND SERVICE IMPROVEMENTS IN 2005-2010 PERIOD**

- 1. To improve the quality of drinking water we supply to our customers we propose to renew or clean around 3,000km of water distribution mains. We also plan major cleaning work on 40km of our large trunk mains.
- 2. We will tackle problems of sewer flooding in people's homes. We expect this to require us to address flooding at 958 properties. We will also begin a programme of work to tackle the most serious cases of external flooding, addressing problems affecting around 450 locations.
- 3. We propose to address the problem of odour from wastewater treatment works where this has given rise to the most significant customer and community concern.
- 4. New wastewater treatment requirements will increase the volume of sewage sludge of which we have to dispose by 21 thousand tonnes and reductions in the land bank as a result of the Nitrates Directive will require a significant expansion of alternative disposal routes.
- 5. We expect to have to carry out work at 75 of our wastewater treatment works and at 64 sewer overflows to help improve the quality of the water environment in the North West. These works treat the wastewater from the equivalent of 5.2 million people. This work will improve the ability to support fish life of some 1900km of rivers in the north west, including such important watercourses as the Douglas, Irwell, Croal, Bollin and Mersey.

**WHAT IS DRIVING THE CHANGES IN BILLS? (2002-03 PRICES)**

		Water	Sewerage
Average household bill in 2004-2005		126	129
<b>Less</b>	(1) Past and future efficiency savings	-5	-4
	(2) maintaining base services	6	25
	of which	Water	Sewerage
	a) changes in revenue	2	1
	b) changes in operating costs	5	13
	c) changes in capital maintenance	-14	1
	d) impact of taxation	9	7
	e) financing	3	3
<b>Plus</b>	(3) maintaining security of supplies to all customers	15	4
	(4) the impact of improvements in drinking water quality	21	0
	(5) the impact of environmental improvements	0	34
	(6) improvements in service performance	0	5
Average household bill in 2009-2010		163	193

**PRICE LIMITS AND EFFECT ON AVERAGE BILLS (2002-03 PRICES)**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Proposed price limit</b>	8.9	10.7	11.7	8.5	5.1	3.3
<b>W Indicative price limit (water service)</b>	10.7	6.9	11.4	7.9	3.7	1.5
1 Average measured household bill	115	122	137	147	151	153
2 Average unmeasured household bill	130	139	153	166	173	177
3 Average household bill	126	133	146	156	161	163
<b>S Indicative price limit (sewerage service)</b>	7.5	14.0	11.9	9.0	6.2	4.7
1 Average measured household bill	119	133	153	165	174	182
2 Average unmeasured household bill	134	151	172	188	201	213
3 Average household bill	129	144	162	175	185	193

**ESTIMATE OF EXPENDITURE NEEDS (2002-03 PRICES)**

		Annual average for the 2005-2010 period (£/property/annum)
1	Total operating expenditure	144
2	Total capital maintenance expenditure	94
3	Total capital enhancement expenditure	123

For further information go to [www.unitedutilities.com/pricereview](http://www.unitedutilities.com/pricereview) or contact: Price Review Views, United Utilities, Dawson House, Great Sankey, Warrington, WA5 3LW

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Plan for future services

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PART D - PUBLIC SUMMARY

Table D2 - United Utilities - Price limits, bills, water sales and the supply demand balance

Line description	Units	AMP3			AMP4				
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>A Price limits &amp; infrastructure charge limit</b>									
1 Proposed price limit 'K' (including U)	%	0.0	4.0	8.9	10.7	11.7	8.5	5.1	3.3
2 Water service indicative 'K'	%	1.4	5.6	10.7	6.9	11.4	7.9	3.7	1.5
3 Sewerage service indicative 'K' (if applic.)	%	-1.1	2.8	7.5	14.0	11.9	9.0	6.2	4.7
4 RPI year by year assumption	%	0.9	2.7	2.5	2.5	2.5	2.5	2.5	2.5
<b>B Projected household bills - water service</b>									
5 Typical unmeasured h'hold bill (base yr avg chg) - real terms	£	110.62	116.54	130.47	138.58	152.97	165.64	173.03	176.80
6 Typical measured h'hold bill (base yr avg chg) - real terms	£	99.44	105.76	115.11	122.36	136.81	146.52	150.84	152.86
7 Average h'hold bills - real terms	£	109.16	114.11	126.05	132.69	145.54	155.92	160.90	162.53
8 Average h'hold bills - nominal terms	£	109.16	117.14	132.66	143.14	160.93	176.72	186.92	193.54
<b>C Projected household bills - sewerage service</b>									
9 Typical unmeasured h'hold bill (base yr avg chg) - real terms	£	121.18	123.23	134.43	151.29	171.92	187.71	200.73	212.56
10 Typical measured h'hold bill (base yr avg chg) - real terms	£	111.21	111.61	118.69	132.70	152.67	165.13	173.69	181.79
11 Average h'hold bills - real terms	£	119.87	120.38	129.40	143.94	162.39	175.33	184.94	193.22
12 Average h'hold bills - nominal terms	£	119.87	123.57	136.19	155.28	179.56	198.71	214.85	230.08
<b>D Water sales &amp; supply/demand balance</b>									
13 Billed water delivered	ml/d	1,537.78	1,541.36	1,516.93	1,500.98	1,494.38	1,481.14	1,465.32	1,452.49
14 Total volume of sewage collected	ml/d	1,379.94	1,378.36	1,362.17	1,348.43	1,338.12	1,326.40	1,313.31	1,300.44
15 Water available for use	ml/d	2,087.11	2,078.88	2,053.54	2,038.54	2,038.54	2,030.54	2,030.24	2,051.74
16 Distribution input (dry year)	ml/d	2,006.07	2,023.41	1,997.86	1,980.77	1,973.00	1,959.62	1,943.66	1,931.15
17 Total leakage	ml/d	464.92	478.00	475.00	472.00	469.00	467.00	465.00	463.40

Plan for future services

**D3**

**PART D - PUBLIC SUMMARY**

**Table D3 - United Utilities - Water service - Current performance & planned outputs**

Line description	Units	Level of performance		Level of performance by 2009-10	AMP4 profile	Level of performance by 2014-15
		1997-98	2002-03			
<b>A Service performance</b>						
1 DG2 Properties at risk of receiving low pressure	nr	1,785	1,158	850	S	
2 DG3 Supply interruptions (overall performance score)	nr	0.68	0.14	0.11	S	
3 DG6 % billing contacts dealt with within 5 days	%	97.7	99.1	99.0	S	
4 DG7 % written complaints dealt with within 10 days	%	98.3	99.9	99.9	S	
5 DG8 % metered customers receiving bill based on a meter reading	%	98.1	99.8	99.8	S	
6 DG9 % calls abandoned	%		1.6	3.9	S	
7 DG9 % calls receiving the engaged tone	%		0.0	0.0	S	
8 Security of supply index (planned levels of service)	nr		97	100	S	
9 Security of supply index (reference levels of service)	nr		97	100	S	
<b>B Quality &amp; environmental compliance</b>						
10 % dist input covered by s19 at WTWs	%	0.0	62.9	0.0	F	0.0
11 % dist input not affected by s19 or 'temp' relax	%	83.5	37.1	100.0	R	100.0
12 % props in WSZs affected by s19s in distribution	%		95.2	0.0	F	0.0
13 % compliance with W Q Regs at the tap	%	99.0	99.7	99.9	R	99.9
14 % compliance with PCV for iron at the tap	%	97.7	98.8	99.8	R	99.8
<b>C Serviceability to customers</b>						
15 Infrastructure network assessment	text	IMPROVING	IMPROVING	STABLE		STABLE
16 Surface assets assessment (non-infra)	text	STABLE	STABLE	STABLE		STABLE
<b>D Asset Inventory</b>						
17 Assets in condition 1 to 4 incl. (% of GMEA)	%	95.9	98.7	98.7	S	98.7
18 Asset performance 1 to 4 incl. (% of GMEA)	%	69.2	99.7	99.6	S	99.6

Plan for future services

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PART D - PUBLIC SUMMARY

Table D4 - United Utilities - Sewerage service - Current performance & planned outputs

Line description	Units	Level of performance		Level of performance by 2009-10	AMP4 profile	Level of performance by 2014-15
		1997-98	2002-03			
<b>A Service performance</b>						
1 DG5 properties at risk of flooding (2 in 10 years)	nr	2,013	563	8	F	0
2 DG5 properties at risk of flooding ( 1 in 10 years)	nr	159	758	100	F	89
3 Properties at risk of flooding (1 in 20)	nr		n/a	n/a	F	n/a
4 Highways experiencing flooding	nr		n/a	244	F	22
5 Properties experiencing curtilage flooding	nr		n/a	577	F	60
6 Other areas of external flooding	nr		n/a	60	F	5
7 Properties internally flooded due to overloaded sewers	nr	388	712	329	F	254
8 Properties internally flooded due to other causes	nr	694	659	300	F	300
9 Properties/areas externally flooded due to overloaded sewers	nr		442	355	F	355
10 Properties/areas externally flooded due to other causes	nr		2,197	2,427	S	2,427
<b>B Quality &amp; environmental compliance</b>						
11 % Intermittent discharges unsatisfactory	%	37.6	21.1	10.0	P5	10.0
12 % Bathing waters not meeting mandatory standards	%	50.0	2.7	0.0	F	0.0
13 % Bathing waters not meeting guideline standards	%	97.0	94.6	0.0	F	0.0
14 % of STWs non-compliant (WRA numeric consents)	%	1.0	0.6	2.0	S	2.0
15 % of STWs non-compliant (UWWTD consents)	%		4.6	1.0	S	1.0
16 % of total p.e. served by STWs in breach of WRA consent (LUT)	%	1.2	3.2	1.0	S	1.0
17 % of total p.e. served by STWs in breach of UWWTD consent (LUT)	%		9.0	1.0	S	1.0
<b>C Serviceability to customers</b>						
18 Infrastructure network assessment	text	STABLE	STABLE	STABLE		STABLE
19 Surface assets assessment	text	STABLE	MARGINAL	STABLE		STABLE
<b>D Asset Inventory</b>						
20 Assets in condition 1 to 4 incl. (% of GMEA)	%	97.5	95.8	95.7	S	95.7
21 Asset performance 1 to 4 incl. (% of GMEA)	%	97.8	99.9	99.9	S	99.9

Plan for future services

**D5**

**PART D - PUBLIC SUMMARY**

**Table D5 - United Utilities - Water service - Key activity projections**

Line description	Units	Total activity in AMP3 (2000 to 2005 inclusive)		TOTAL ACTIVITY IN AMP4 (2005 to 2010 inclusive)	
		Activity	As a % of current stock	Activity	As a % of current stock
<b>A Key activity projections - water resources</b>					
1 Length of aqueducts refurbished	km	14.6	1.21	36.6	3.04
2 Work on dams and impounding reservoirs	nr	19	9.90	18	9.38
<b>B Key activity projections - water treatment</b>					
3 Number of refurbished or new treatment works	nr	87	21.38	61	14.88
4 MI/day of refurbished or new treatment works	MI/d	3,251.36	34.87	1,369.49	14.69
<b>C Key activity projections - water distribution</b>					
5 Length of mains renewed	km	4,293.0	10.57	3,042.1	7.49
6 Length of mains relined	km	0.4	0.00	84.0	0.21
7 Length of new mains	km	161.8	0.40	0.0	0.00
8 Nr of refurbished or new district meters & pressure control valves	nr	1,702	31.50	3,508	77.10
9 Number of refurbished or new pumping stations	nr	16	2.61	10	1.62
10 Number of refurbished or new service reservoirs	nr	28	6.21	39	8.62
<b>D Key activity projections - management &amp; general</b>					
11 Offices, labs, depots, workshops	m <sup>2</sup>	22,181.0	88.25	21,692.0	86.31
<b>E Key activity projections - metering performance</b>					
12 Number of household meters renewed	nr	23,970	5.03	129,032	16.81
13 Optional meters: Households	nr	164,973	34.62	201,726	42.33
14 Selective meters: Households	nr	451	0.09	375	0.08
15 Percentage of households metered (at the end of the period)	%	17.0		28.0	

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**D6**

**PART D - PUBLIC SUMMARY**

**Table D6 - United Utilities - Sewerage service - Key activity projections**

Line description	Units	Total activity in AMP3 (2000 to 2005 inclusive)		TOTAL ACTIVITY IN AMP4 (2005 to 2010 inclusive)	
		Activity	As a % of current stock	Activity	As a % of current stock
<b>A Key activity projections - sewers</b>					
1 Length of critical sewers renewed	km	75.3	0.55	8.0	0.06
2 Length of critical sewers renovated	km	135.7	0.98	195.2	1.41
3 New critical sewers	km	29.3	0.21	32.3	0.23
4 Length of non critical sewers renewed	km	50.6	0.19	19.2	0.07
5 Length of non critical sewers renovated	km	11.3	0.04	872.4	3.34
6 New non-critical sewers	km	195.0	0.75	212.0	0.81
7 Number of refurbished or new intermittent discharges	nr	763	40.24	179	9.44
<b>B Key activity projections - sewage treatment &amp; disposal</b>					
8 Number of refurbished or new treatment works	nr	191	31.89	116	19.33
9 Population equivalent of refurbished or new treatment works	000	8,632.15	90.88	7,274.88	76.59
10 Number of refurbished or new sludge treatment works	nr	13	26.00	36	72.58
<b>C Key activity projections - sewerage service</b>					
11 Number of refurbished or new pumping stations	nr	30	1.75	56	3.27
12 Number of refurbished or new sea outfalls	nr	3	4.29	5	7.14
<b>D Key activity projections - management &amp; general</b>					
13 Offices, labs, depots, workshops	m <sup>2</sup>	24,030.0	88.26	23,499.0	86.31
<b>E Key activity projections - sewer flooding</b>					
14 Internal property flooding to be solved by company action	nr	1,120		958	
15 External property/area flooding to be solved by company action	nr	30		478	

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PART D - PUBLIC SUMMARY

Table D7 - United Utilities - Water service - Expenditure projections

2002-03 prices

Line description	Units	Average annual expenditure in AMP3 period (2000 to 2005)		Average annual expenditure in AMP4 period (2005 to 2010)	
		£/property	Profile over period	£/property	Profile over period
<b>A Maintaining services and serviceability to customers</b>					
1 Base service operating expenditure	£/prop	59.05	S	63.68	S
2 Capital maintenance expenditure	£/prop	39.00	P*4	42.39	S
<b>B Meeting new quality requirements set by Government</b>					
3 Additional operating expenditure	£/prop	1.50	R	5.08	R
4 Additional capital expenditure	£/prop	40.54	P*4	36.78	P*2
<b>C Enhanced service levels</b>					
5 Additional operating expenditure	£/prop	0.00	S	0.00	S
6 Additional capital expenditure	£/prop	0.00	S	0.00	S
<b>D Supply/demand balance</b>					
7 Additional operating expenditure	£/prop	0.55	R	2.16	S
8 Additional capital expenditure	£/prop	6.20	R	6.14	P*3
<b>E Totals for the water service (£/property/annum)</b>					
9 Total operating expenditure	£/prop	61.10	S	70.93	R
10 Total capital expenditure before deducting grants and capital contributions	£/prop	85.75	P*4	85.31	P*2
11 Average connected properties (per annum)	000	3,119.93		3,179.76	
<b>F Totals for the water service (£m/annum)</b>					
12 Total operating expenditure	£m	190.627	S	225.553	R
13 Total capital expenditure before deducting grants and capital contributions	£m	267.534	P*4	271.062	P*2

Profile codes

S - Stable  
R - Rising  
F - Falling  
P - Peaking in a particular year (\* = 1 to 5)  
T - Trough in a particular year (\* = 1 to 5)

Plan for future services

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PART D - PUBLIC SUMMARY

Table D8 - United Utilities - Sewerage service - Expenditure projections

2002-03 prices

Line description	Units	Average annual expenditure in AMP3 period (2000 to 2005)		Average annual expenditure in AMP4 period (2005 to 2010)	
		£/property	Profile over period	£/property	Profile over period
<b>A Maintaining services and serviceability to customers</b>					
1 Base service operating expenditure	£/prop	52.51	S	64.98	S
2 Capital maintenance expenditure	£/prop	44.23	P*4	49.93	F
<b>B Meeting new quality requirements set by Government</b>					
3 Additional operating expenditure	£/prop	4.28	R	8.49	R
4 Additional capital expenditure	£/prop	61.75	R	63.05	P*3
<b>C Enhanced service levels</b>					
5 Additional operating expenditure	£/prop	0.02	R	0.22	R
6 Additional capital expenditure	£/prop	4.23	R	9.27	P*3
<b>D Supply/demand balance</b>					
7 Additional operating expenditure	£/prop	0.14	R	1.17	R
8 Additional capital expenditure	£/prop	0.54	S	8.72	P*3
<b>E Totals for the sewerage service (£/property/annum)</b>					
9 Total operating expenditure	£/prop	56.95	R	74.86	R
10 Total capital expenditure before deducting grants and capital contributions	£/prop	110.76	R	130.98	P*3
11 Average connected properties (per annum)	000	3,062.07		3,121.34	
<b>F Totals for the sewerage service (£m/annum)</b>					
12 Total operating expenditure	£m	174.390	S	233.708	R
13 Total capital expenditure before deducting grants and capital contributions	£m	339.154	R	408.672	P*3

Profile codes
S - Stable
R - Rising
F - Falling
P - Peaking in a particular year (* = 1 to 5)
T - Trough in a particular year (* = 1 to 5)