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**Tendring Hundred Water Services Limited**

**The Office of Water Services**

**PR04 Final Business Plan  
Part D - Public Domain Summary**

**Reporter's Report**

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April 2004



*Delivering Innovative Projects and Solutions Worldwide*

**TENDRING HUNDRED WATER SERVICES  
AMP4 CERTIFICATION - 410/000780**

**PR04 FINAL BUSINESS PLAN  
PART D - PUBLIC DOMAIN SUMMARY**

**REPORTER'S REPORT**

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## SECTION D - THE COMPANY PLAN FOR FUTURE SERVICES

### 1. OVERVIEW

Tendring Hundred Water Services Ltd. sets out the public version of its Business Plan in Part D of the April 2004 Final Business Plan Submission to OFWAT. This contains the information that the Company is prepared to make available to the public at this stage of the 2004 periodic review process.

In addition to completion of Tables D1, D2, D3, D5, D7 and D9, the Company has prepared a 36 page report to support the data tables and explain its overall strategy for the next five years and beyond.

The public summary contains an accurate summary of the Company's full Business Plan and contains all of the information suggested by the water industry's financial regulator (OFWAT). The data tables and summary document are consistent with the full Business Plan and OFWAT's Reporting Requirements

The Company has stated average household bills in its web-site summary page (Table D1) and in its more detailed summary report. The differences between average household bills calculated on a measured tariff (charge based on metered consumption) and an unmeasured tariff (charge based upon the rateable value of the property) are also shown. The figures shown are consistent with those quoted in the main business plan.

The forecast average household bill at the end of the five year AMP4 period (2009/10) will be £159.16 compared with £158.94 in 2005/06 and £143.68 in 2002/03. After the rise from £154.05 in 2004/05 to £158.94 in 2005/06 prices will remain essentially stable. All bills are quoted at 2002/03 prices.

The Company's main activities during the AMP4 quinquennium (2005/06 to 2009/10) include:

- Replacement of aged distribution mains to prevent pipe bursts
- Replacement of aged raw distribution mains to prevent pipe bursts and maintain the emergency supply option
- Replacement of aged communication pipes
- Provision of free meters on demand and free replacement or repair of customer supply pipes
- Replacement of three aged service reservoirs and pumping stations with consequential improvements to security of supply and/or quality for areas of Frinton, Walton, St Osyth and Clacton on Sea.

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The Company proposes to continue to meet customers' expectations for levels and standards of service obtained from The Customer Consultation Service and maintain the very high levels of service that have been achieved during AMP3. The levels of performance for AMP4 are given in Table D3. In terms of DG measures, Overall Performance Assessment, meter penetration and leakage rates the Company leads the industry. Leakage levels are the lowest in the UK and below the economic level, but the Company will endeavour to maintain this level.

Maintenance of above ground assets will continue in line with the condition and age of the asset stock and will include refurbishment of service reservoirs, pumping stations, replacement plant and machinery, and refurbishment of offices and laboratory to maintain the existing high service levels.

To meet their legal and environmental obligations and service expectations of their customers THWS have proposed a forecast capital expenditure programme over the AMP4 period of £17.5m at 2002/03 prices.

The Company has adequate water resources and is not planning any expenditure in this area in the next 10 years.

We confirm that the Company has scrutinised all the options and carried out cost effectiveness analyses of the schemes proposed to meet their quality obligations. We believe that the Company's preferred strategy represents the least cost option to fulfil its legal obligations and finance its functions.

The Company worked in conjunction with the Reporter and Auditors to assist in the production of this report. The Company was very co-operative providing access to the final business plan, data management systems and audit trails. This greatly assisted our ability to complete the work.

## 2 ACCURACY OF THE COMPANY'S SUBMISSION

The information submitted in Part D contains an accurate and simplified summary of the Company's full Business Plan. This contains all of the information suggested by OFWAT. The web site summary (Table D1), Tables D2, D3, D5, D7 and D9 and the supporting report are accurate and consistent with the Company's Business Plan, overall strategy and OFWAT's Reporting Requirements.

Table D1 (one page summary) has yet to be submitted by the Company. This will be completed and submitted once the other water companies in England and Wales have submitted their final business plans to OFWAT by the end of April 2004 (some other companies were delayed due to revised government guidance although this did not delay Tendring Hundred).

The numbers entered into the Company's data tables were checked and found to be generally consistent with the rest of the submission. Only one discrepancy of note was identified - on the stated pre tax return on Regulatory Capital Value in Tables D9 and A9. This is a minor inconsistency however and has been identified to OFWAT in detail within our full Business Plan Report.