

## Yorkshire Water: A Summary of our Draft Business Plan Submission to Ofwat April 1999

### OVERALL STRATEGY FOR 2000 TO 2005

*Our aim is to be known as the best water company in the UK, delivering and improving services to customers, 365 days a year, 24 hours a day - reliably and effectively*

The draft business plan, submitted to Ofwat, is founded on our three strategic objectives of **Service**, **Compliance** and **Value**. These are to:

- \* deliver an excellent service to customers and be their "supplier of choice".
- \* consistently meet all our drinking water, environmental quality, and safety obligations.
- \* provide a fair return for investors.

Over the five years 2000 to 2005, we plan to:

- \* maintain and improve our levels of service to customers.
- \* meet all the new water and environmental quality obligations which have resulted from the decisions of the Government, the Environment Agency and the Drinking Water Inspectorate.
- \* keep prices as low as possible by becoming more efficient and consistent with being able to meet the costs of financing the business.

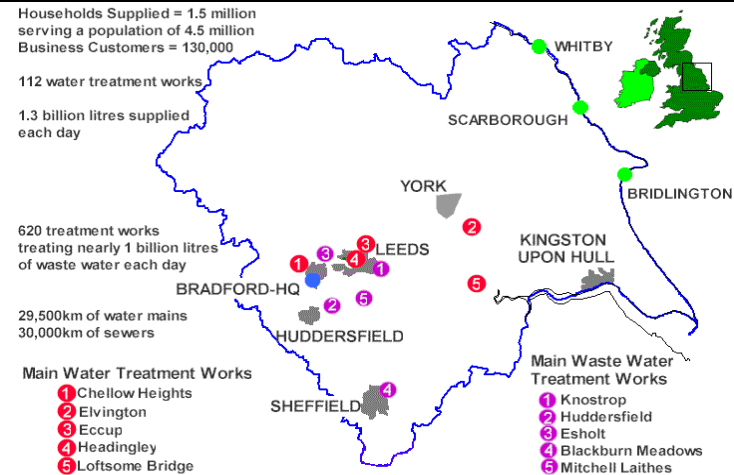
### PROPOSED PRICE LIMITS & EFFECT ON AVERAGE BILLS

	2000-01	2001-02	2002-03	2003-04	2004-05
1 Proposed Price limit (Water Service) %	2.00	2.00	2.00	2.00	2.00
2 Average Household Bill (todays prices) - £	115	117	118	120	122
3 Average Household Bill paid (incl. Inflation) - £	119	124	128	133	138
1 Proposed Price limit (Sewerage Service) %	2.90	2.90	2.90	2.90	2.90
2 Average Household Bill (todays prices) - £	131	133	136	139	142
3 Average Household Bill paid (incl. Inflation) - £	135	141	147	154	161

PROJECTED EXPENDITURE NEEDS		Annual average for 2000 - 2005 (£/property/annum)
1	Total Operating Expenditure - annual average	£107
2	Total Capital Maintenance Expenditure - annual average	£71
3	Total Capital Enhancement Expenditure - annual average	£95

RETURN ON CAPITAL		Annual average for the 2000 -2005 period
1	Return on capital assumption- Post Tax (%)	6

For further information go to [www.yorkshirewater.com](http://www.yorkshirewater.com)



### KEY QUALITY & SERVICE IMPROVEMENTS IN 2000-2005 PERIOD

We propose to invest more than £1.7 billion over the next five years so that we can:

- \* Meet the new quality standards set for us by Government including:
  - \* accelerating our programme to rehabilitate the water distribution network.
  - \* eliminating 85% of unsatisfactory intermittent discharges from sewers where visible debris overflows into rivers.
  - \* further progress towards achieving the Environment Agency's objectives to improve river quality
- \* Reduce the number of properties at risk of flooding from sewers.
- \* Allow for growth in the future demand for water and the cost of installing meters. We will also carry out leakage reduction where it is cost effective.
- \* Maintain our assets, on which we will spend more than 40% of our investment programme over the next five years.

### WHAT IS DRIVING THE CHANGES IN BILLS

		£
Average household bill in 1999-2000 (Todays Prices)		234
Less	(1) passing on past out-performance	-19
	(2) challenging targets for future efficiency improvements	-8
Plus	(3) the impact of improvements in quality	38
	(4) improvements in service performance	1
	(5) Maintaining security of supplies to all customers	18
Average household bill in 2004-2005 (Todays Prices)		264