

**DWR CYMRU WELSH WATER LIMITED**  
**INTERIM DETERMINATION – December 2000 – SUMMARY TABLE**

Description		Company's Assessment (September 2000)	Ofwat's Assessment (December 2000)			
<b>Item 1 – Additional Meter Optants</b>						
1.1	Total <b>additional meter optants</b> in period to 2004-05 (AMP3) over and above the Nov 1999 assumptions.	+80,000 (water) +8,400 (sewerage)	+23,500 (water) +6,700 (sewerage)			
1.2	Estimated net additional <b>capital expenditure</b> over the AMP3 period	£14.0m	£5.8m			
1.3	Estimated net additional <b>operating expenditure</b> over the AMP3 period	£1.6m	-£0.2m			
1.4	Estimated loss in <b>revenues</b> over the AMP3 period	£39.5m	£4.0m			
1.5	<b>Materiality Amount (NPV of total net additional costs and losses)</b>	£164.25	£21.5m			
1.6	Contribution towards <b>materiality threshold</b>		4.6%			
<b>Item 2 – Cryptosporidium – Additional Requirements for Continuous Monitoring and Treatment.</b>						
2.1	Estimated net additional capital <b>expenditure</b> for AMP3	£8.7m	£7.9m			
2.2	Estimated net additional <b>operating expenditure</b> for AMP3	£5.2m	£4.0m			
2.3	<b>Materiality Amount (NPV of total net additional costs and losses)</b>	£19.5m	£15.3m			
2.4	Contribution towards <b>materiality threshold</b>		3.2%			
<b>Item 3 – Plumbosolvency treatment to reduce lead levels in drinking water</b>						
3.1	Estimated net additional capital <b>expenditure</b> for AMP3	£10.0m	£3.3m			
3.2	Estimated net additional <b>operating expenditure</b> for AMP3	£4.9m	£3.2m			
3.3	<b>Materiality Amount (NPV of total net additional costs and losses)</b>	£25.7m	£13.2m			
3.4	Contribution towards <b>materiality threshold</b>		2.8%			
<b>Item 4 – New Section 19 Undertakings given to the DWI</b>						
4.1	Estimated net additional capital <b>expenditure</b> for AMP3	£0.5m	Not a RCC			
4.2	Estimated net additional <b>operating expenditure</b> for AMP3	£0.1m	Not a RCC			
4.3	<b>Materiality Amount (NPV of total net additional costs and losses)</b>	£0.7m	£0m			
4.4	Contribution towards <b>materiality threshold</b>		0%			
<b>Item 5 – Additional sewage treatment required to comply with new consents issued by the EA</b>						
5.1	Estimated net additional capital <b>expenditure</b> for AMP3	£3.3m	£2.1m			
5.2	Estimated net additional <b>operating expenditure</b> for AMP3	£0.3m	£0.1m			
5.3	<b>Materiality Amount (NPV of total net additional costs and losses)</b>	£4.2m	£2.2m			
5.4	Contribution towards <b>materiality threshold (*)</b>		0.5%			
<b>OVERALL ASSESSMENT</b>						
6	<b>Materiality Amount (NPV of total net additional costs and losses)</b>		£52.3m			
7	Dwr Cymru turnover for 1999-2000 used in materiality test		£472.7m			
8	<b>Materiality Test (Must be at least ±10% to trigger a change in price limits)</b>		11.1%			
<b>PRICE LIMITS</b>		2000-01	2001-02	2002-03	2003-04	2004-05
9	<b>Current Price Limits</b> (as set in November 1999)	-10.5	-0.5	0.0	1.2	1.0
10	<b>Revised Price Limits – December 2000</b>	-10.5	0.2	0.7	2.0	1.8
<b>Notes:</b>						
1. Additional costs and revenue losses shown as positive (+ve), savings and revenue gains shown as negative (-ve)						
2. The appropriate Discount Rate used is 4.2%						
3. <b>Triviality criterion</b> – If NPV of specific change is less than 1% of company turnover then normally deemed trivial and not carried forward into materiality test. (*) See paragraph 60 Annex B for reasons why not applied in this case.						
4. <b>Materiality Test</b> – Result must be greater than +10% or less than -10% to trigger a change in price limits.						
5. All monetary values are stated in 2000-01 prices. Totals may not add due to rounding						

