

RD 21/01

**TO THE REGULATORY DIRECTORS OF ALL
WATER ONLY COMPANIES AND ALL WATER
AND SEWERAGE COMPANIES**

6 December 2001

Dear Regulatory Director

2002-03 PRINCIPAL STATEMENT

This letter contains guidance on how to complete the 2002-03 Principal Statement, Special Agreement and Large User Information Capture Systems.

We are sending separate letters to Regulatory Directors on Ofwat's requirements for the content of final Charges Schemes for 2002-03.

Arrangements for Receipt

Under the existing licence arrangements, the deadline for receipt of your Principal Statement is 31 January each year. However, if you submit your 2002-03 Principal Statement and Charges Scheme after 15 January 2002 the Director General of Water Services (the Director) may be unable to approve your Charges Scheme and to agree your Principal Statement by 15 February 2002.

Accordingly, we expect to receive your Charges Scheme, and Principal Statement, Special Agreement and Large User Information Capture Systems for 2002-03 by no later than **5pm on Tuesday 15 January 2002**.

Please submit your completed Information Capture Systems both in hard copy and on the enclosed diskette and provide us with four hard copies (unbound) of your submission. Please address your submissions to me.

Your Auditor's Report and, where appropriate, Reporter's Report need to reach me by no later than **5pm on Tuesday 22 January 2002**.

Retail Price Index

In a change to previous years this letter is being issued before the All Items Retail Price Index (RPI) for November 2001 is known. You will therefore need to input this value into the Principal Statement Information Capture System yourself.

The All Items RPI for November 2001 will be released on Tuesday 11 December at 9.30am. To find the value of the index please look on the following web page:

http://www.statistics.gov.uk/press_Release/CurrentReleases.asp

Alternatively you can listen to a recorded message giving the value of the index by phoning 020 7533 5866.

Please make sure that you use the **All Items** RPI for November 2001. A further RD letter will be issued following the release of this information to confirm the value of the index.

Please enter the value for the November 2001 All Items RPI in cell K27 of the Principal Statement Information Capture System to one decimal place. This cell is directly below the value for November 2000 All Items RPI of 172.1. The spreadsheet will automatically calculate the annual increase to 2 decimal places.

It is important that this procedure is carried out correctly. Any mistake could delay the approval of your Charges Scheme and agreement of your Principal Statement.

Measured/Unmeasured Tariff Differential

The tariff differential should be calculated using the average unmeasured forecast 2002-03 water delivered figures as submitted in Table 3 of your Additional Information.

Where applicable, volumetric charges for different charging areas should be weighted together by the respective charge multiplier as per the Principal Statement.

Last year we calculated the official maximum level of the differential as £31.50. This was then rounded to the nearest pound. Indicative calculations for 2002-03 are that it will remain at £32. Applying a split of two-thirds for water to one-third for sewerage with appropriate rounding gives separate service limits of £21.00 for water and £11.00 for sewerage.

Parts of the calculation depend on the value of November 2001 all items RPI. We will confirm the maximum level of the differential for 2002-03 at the same time as confirming the value of November's RPI.

New Optional Measured Tariffs (introduced on or after 1 April 2000)

For these tariffs you can enter end of year estimates (for 2001-02) as charge multipliers for the 2002-03 Principal Statement, if entering the weighting year charge multiplier (2000-01) will have a detrimental effect on your revenue. Entering end of year estimates is only an interim measure until the numbers on these tariffs have stabilised. You must enter weighting year charge multipliers for these tariffs in the year that this happens.

In RD 27/00 we allowed companies to enter a take-up forecast in the 2001-02 Principal Statement (and for subsequent years) if take-up of a tariff was expected to increase further. For the third year of a tariff, a forecast increase in take-up for the charging year 2002-03 must not exceed the increase from the charge multiplier that was entered in the 2001-02 Principal Statement to the charge multiplier for the tariff that is being entered in the 2002-03 Principal Statement (you should include any corrections for underestimates in this). If there is not an increase in the charge multipliers you must not enter a forecast.

Whenever you use a forecast charge multiplier, you must re-enter the charges and weights as a correction in the following year's Principal Statement. No materiality or significance thresholds have been set. This will correct for any over or underestimates of take-up. Therefore every measured tariff in the 2001-02 Principal Statement that did not use a weighting year charge multiplier must be re-entered in the 2002-03 Principal Statement.

The procedure for entering a forecast for the charging year is optional. You can choose to follow the guidance set out in a previous Principal Statement RD letter (RD 25/99) ie you can correct for any over or underestimates of take-up only.

We do not propose to apply this approach to optional measured tariffs already in existence at 1 April 2000, introduced under older tariff basket rules, unless the figures in companies' tariff action plans are significantly wrong.

A worked example has been included in Annex C(ii) to help explain how you should correct any previous over or underestimate and also how you may enter a forecast of take-up for the charging year. The worked example set out in Annex C(ii) relates to the vulnerable group tariff, although a similar procedure should be followed for the surface water drainage rebate for measured customers and for other new optional measured tariffs.

Please contact Peter Jordan (on 0121 625 1312) or me if you require advice on whether a particular tariff constitutes a new optional measured tariff.

New Optional Unmeasured Tariffs

Some companies have asked whether a similar mechanism to that described above should not be applied to new tariffs in the unmeasured basket (in particular surface water rebates). Although the appropriate weighting year revenue rules set out in Condition B of the licence for the measured basket may be open to interpretation, the licence is quite clear on how the average charge per chargeable supply should be calculated in the unmeasured basket.

The licence requires that the average charge per chargeable supply for both the prior year and the charging year should be calculated from the number of chargeable supplies as at 1 December for the prior year and for the charging year.

In addition, due its differing structure, the unmeasured basket contains a built in correction mechanism in order to maintain a constant average charge per chargeable supply. This is also broadly symmetrical. Further, where companies made forecasts in 2000-01 when they introduced new tariffs in the unmeasured basket these exceeded actual take-up. This effect is still likely to outweigh any one off losses resulting from the use of a 1 December 2001 charge multiplier to set tariffs for 2002-03.

For these reasons, once an optional unmeasured tariff has been introduced you must enter actual 1 December charge multipliers for it. Also, corrections and further forecasts will not be permitted in the unmeasured basket.

Vulnerable Group Tariff for 2002-03

Level of Tariff

The level of the vulnerable group tariff should be set at the forecast average household bill for 2002-03.

Average Level of Saving

In our December 1999 feedback letters we set out average saving assumptions for customers paying on the basis of the vulnerable group tariff. You may now have information on the level of that saving. Consequently, you can use a different level of saving if you provide robust evidence to show that the average level of saving is different to that assumed by Ofwat. Otherwise, you should continue to apply the average saving assumptions set out in our December 1999 feedback letter.

If you use a different level of saving for the vulnerable group tariff, please include with your submission the evidence and calculations on which that saving is based.

Re-entry of the Vulnerable Group Tariff in 2002-03

As set out above, we expect you to re-enter the vulnerable group tariff in 2002-03 in order to correct for any over or underestimate of take-up in the 2001-02 Principal Statement.

However, in order to protect you from revenue losses resulting from additional customers successfully applying for the vulnerable group tariff in 2002-03, you may, if you wish, enter a take-up estimate for the forthcoming charging year in your 2002-03 Principal Statement.

A forecast increase in take-up for the charging year 2002-03 must not exceed the

increase from the charge multiplier that was entered in the 2001-02 Principal Statement to the charge multiplier for the tariff that is being entered in the 2002-03 Principal Statement (you should include any corrections for underestimates in this). If there is not an increase in the charge multipliers you must not enter a forecast.

Further guidance on how to re-enter the vulnerable group tariff is set out in Annex C(ii).

Provision of Surface Water Drainage Rebates

Measured basket

As set out above, companies will be expected to re-enter the surface water drainage rebate scheme in 2002-03 in order to correct for any over or underestimate of take-up in the 2001-02 Principal Statement.

However, in order to protect you from revenue losses resulting from additional customers applying for a surface water rebate in 2002-03, companies may, if uptake has increased, enter a take-up estimate for the forthcoming charging year in the Principal Statement. Please follow the procedure set out for the vulnerable group tariff in Annex C(ii).

Unmeasured basket

The prior year charge multiplier (1 December 2000) for the surface water drainage rebate scheme has been downloaded from last year's Principal Statement. This figure must not be revised to reflect actual take-up.

Please enter actual take-up as at 1 December 2001 for the charging year charge multiplier, consistent with the provisions of the licence as set out in Condition B for the working of the unmeasured basket.

Assessed Charge

As with other unmeasured charges, the charge multipliers used for assessed charges should be actual numbers (1 December 2000 and 2001), consistent with the rules set out in Condition B of the licence for the working of the unmeasured basket.

Excluded Charges

Licence Condition B lists a number of "Excluded Charges" which should not be included in the tariff basket. Please ensure that all excluded charges are removed from the tariff basket. These include:

Large Users

Large users are for premises wholly or mainly in England those that are supplied with not less than 100 Megalitres of water per year; and for premises wholly or mainly in Wales those that are supplied with not less than 250 Megalitres of water per year.

The procedure to be followed for the removal of large users from the tariff basket is set out in the attached Annex G. This includes instructions on how to enter details in the Large User Capture System of customers removed from the tariff basket.

Bulk Supplies

Bulk supplies are 'Charges for a supply of water in bulk to another water undertaker'.

Details of bulk supply agreements should, however, be entered in Table 2 of the Special Agreement Information Capture System.

Principal Statement Information Capture System

The enclosed Principal Statement Information Capture System for 2002-03 is provided in Excel 97 format.

An electronic help file has been included on the enclosed diskette. This provides practical advice on how to complete the Principal Statement, Large User and Special Agreement Information Capture Systems. Guidance on how to access the help file and Information Capture Systems is set out in summary form in Annex H. The enclosed diskette has been virus checked by Ofwat before despatch. **We strongly recommend, however, that you carry out an appropriate virus check** prior to using the disk.

Links to June Return 2001

We will check details in your Principal Statement and Additional Information against your June Return submission. The enclosed information capture system contains elements of the water balance information that was submitted in the June Return 2001. We do not expect any changes to the values for 2000-01 (except for the removal of information for large users that are excluded from the tariff basket). We recognise that companies may wish to provide revised estimates for 2001-02 and 2002-03.

The information capture system will highlight any changes made. Please explain any changes you make to the information from the June Return submission in your covering letter.

The chargeable volume for 2000-01 in Table 3 should reconcile with the chargeable volumes in the Principal Statement. Please input the total volume of water recorded

in the Principal Statement into line A3.15 in Table 3. The spreadsheet will automatically convert this volume measured in m³ per year into Ml per day. Line A3.16 is calculated as the measured water delivered at standard rates less meter under-registration less the amount of supply pipe leakage not chargeable (ie. that relating to external meters).

If line A3.15 does not equal line A3.16, please provide a full explanation why it does not.

Information submitted in your Additional Information is used by Ofwat to calculate your average household bill. This is published annually in Ofwat's *Average Bills Leaflet*.

Guidance for Reporters

Your Reporter must comment on any changes made to information from the 2001 June Return, no matter how small.

The Reporter must also comment if A315 is not equal to A316 in Table 3 of the Additional Information. The Reporter should scrutinise and give an opinion on the explanation given by the company.

Annexes

In addition to the Principal Statement & Additional Information Capture System, the Special Agreement Capture System and the Large User Capture System, I enclose eight annexes that set out guidance for the preparation of the above. These are as follows:

Annex A	Principal Statement requirements
Annex B	Treatment of hosepipe/sprinkler charges
Annex C	Treatment of new charges (including optional measured tariffs)
Annex D	Audit requirements
Annex E	Additional Information requirements and certification
Annex F	Special Agreement requirements
Annex G	Large User requirements
Annex H	Information Capture System guidance (water companies only)

Ofwat Process after 15 January 2001

Please note that Principal Statements and Charges Schemes will be analysed in order of receipt. We have made a commitment to approve companies' Charges Schemes and agree Principal Statements by 15 February 2001. Where possible we will aim to give approval and agreement respectively before this date. Where Principal Statements and final Charges Schemes are not submitted by companies together this will delay checks on both.

If you have any queries regarding the Principal Statement information requirements please contact Peter Jordan on 0121 625 1312.

I am copying this letter to Robert Weeden (Water UK), Rodney Anderson (DEFRA) and Bob Macey (National Assembly for Wales).

Yours sincerely

Paul Hope
Head of Tariffs

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PRINCIPAL STATEMENT REQUIREMENTS

The basic structure and layout of the 2002-03 Principal Statement and Additional Information are unchanged from previous years.

The data capture system has a user interface incorporating features built into other Ofwat data capture systems. The Principal Statement Information Capture System for 2002-03 is provided in Excel 1997 format. It has the option to print only those lines with entries, thereby reducing the length of the printout.

An electronic help file has been included on the enclosed diskette. This provides practical advice on how to complete the Principal Statement, Large User and Special Agreement Information Capture Systems. Guidance on how to access the help file and Information Capture Systems is set out in summary form in Annex H.

If you experience any problems using the Principal Statement data capture system please contact Carl Poulton, Head of ISU Systems Development, on 0121 625 1349.

Accuracy

The accuracy levels adopted for calculations in the 2002-03 Principal Statement are:

- | | | |
|-----------------------------|---|---|
| K | - | these values are set to the nearest 0.01, ie accurate to two decimal places. |
| Change in RPI | - | RPI and inflation figures published by the ONS use one decimal place (to calculate the percentage change with more decimal places introduces spurious accuracy). For the purposes of calculating the charges limit the percentage change in RPI will be accurate to 2 decimal places. |
| Carry Over unused last year | - | for 2002-03 the Carry Over will be given to 2 decimal places, consistent with the Carry Forward on the 2001-02 Principal Statement (see below). |
| Charges Limit | - | the number of decimal places will match the maximum used in the above items, ie two decimal places. |

Weighted Average Charges Increase (WACI)	-	is calculated to full Excel accuracy.
Carry Forward	-	is calculated to full Excel accuracy by subtracting WACI from the Charges Limit. After calculation, Carry Forward will be rounded to two decimal places. This will then form the Carry Over in the next year's Principal Statement correct to two decimal places.

Within each tariff basket item there is a comprehensive list of unmeasured and measured charges incorporated in the charge description column of the Principal Statement. At the bottom of each basket item there are a number of blank lines for any new charges which may be introduced and which cannot be accommodated in the list of existing charges for that basket. **The measured water basket has five additional blank lines immediately below the list of volumetric charges. These should be used for any new volumetric tariffs** for the purpose of one of the consistency checks built into the capture system. If you use these lines, please enter a concise description in the charge description column. Details of what the charge is for, and how it is to be applied, should be set out in your covering letter.

When completing the Principal Statement, data must only be entered against those charges applied by your company leaving all other lines blank. The capture system prevents you from deleting or inserting lines.

We have prepared your company disk with details of 2001-02 charges. Any movement of charges, charge multipliers and chargeable supplies to different lines should be explained in your covering letter.

Revenue from Standard Charges has been entered in Section 0, which has been taken directly from the 2000-01 Regulatory Accounts. Changes to these figures must be fully explained in your covering letter.

If you are introducing an agreed new charge in 2002-03, the charge multiplier and number of chargeable supplies should be included for all required years. If actual figures are not available, you should ensure that the figures included are as accurate as possible and include a note to this effect. Annex C provides more detail on how to complete the Principal Statement in respect of new charges.

Please observe the following reporting conventions:

General

- i) charges to be entered in £.p. The spreadsheet display format will show 2 decimal places except for rateable value charges and volumetric charges where 4 decimal places will be shown;
- ii) charge multipliers (and chargeable supplies) are to be entered in whole units, not 000's – ie **do not** enter 2.1 for 2,100 charge multipliers;

Measured Sewerage

- iii) we require the **gross** volumetric charge, ie before return to sewer is taken into account, to be entered with the relevant multiplier. This is to achieve a consistent presentation of sewerage volumetric charges for all companies;
- iv) the charge multiplier should be the volume that is charged at the price shown in the charge column. The return to sewer assumption should be entered in line 4.185, 4.186 and/or 4.187. This does not affect the basket ratio;

Trade Effluent

- v) lines 5.023 to 5.026 and 5.027 to 5.030, for B' and S' respectively, should give the charge per kg and hence the charge multiplier should relate to kg;
- vi) regional strengths for 2001-02 and 2002-03 should be entered in lines 5.092 and 5.093 of this basket item. This does not affect the basket ratio.

TREATMENT OF HOSEPIPE AND SPRINKLER CHARGES

This section gives guidance on the treatment of hosepipe and sprinkler charges in the Principal Statement, either where companies wish to abolish the charge, or where no charge will be made for a charging year due to a hosepipe/sprinkler ban.

1 Abolishing the charge

For the first year of abolishing the charge(s), the charge multiplier and consequently the number of chargeable supplies should be entered in the Principal Statement, but the charge set to zero.

For the year after that, both the charge and the charge multiplier can be set to zero and the line(s) left blank in the Principal Statement. The average charge per chargeable supply for the first year will appear differently on two Principal Statements, but will remain consistent with the average for the other year on that Principal Statement and hence show the appropriate charges increase for comparison with RPI+K.

This method is illustrated below, as if abolishing the charge in charging year 2002-03.

2002-03 Principal Statement

STANDARD CHARGES DESCRIPTION	CHARGES (£.p)		CHARGE MULTIPLIER		REVENUE (£)		CHARGEABLE SUPPLIES	
	Prior Year 2001-02 (I)	Charging Year 2002-03 (II)	at 1/12/00 (III)	At 1/12/01 (IV)	Prior Year 2001-02 (V)=IxIII	Charging year 2002-03 (VI)=IIIXIV	At 1/12/00	at 1/12/01
Unmeasured Tariff	50.00	56.00	100	100	5,000	5,600	100	100
Hosepipe/sprinkler	20.00	-	30	30	600	0	30	30
TOTALS					5,600	5,600	130	130
AVERAGE CHARGE PER CHARGEABLE SUPPLIES					£43.08	£43.08		
RATIO OF AVERAGE CHARGES							1.00000	

2003-04 Principal Statement

STANDARD CHARGES DESCRIPTION	CHARGES (£.p)		CHARGE MULTIPLIER		REVENUE (£)		CHARGEABLE SUPPLIES	
	Prior Year 2002-03 (I)	Charging Year 2003-04 (II)	at 1/12/01 (III)	At 1/12/02 (IV)	Prior Year 2002-03 (V)=IxIII	Charging Year 2003-04 (VI)=IIIXIV	At 1/12/01	at 1/12/02
Unmeasured Tariff	56.00	56.00	100	100	5,600	5,600	100	100
Hosepipe/sprinkler	-	-	-	-	-	-	-	-
TOTALS					5,600	5,600	100	100
AVERAGE CHARGE PER CHARGEABLE SUPPLIES					£56.00	£56.00		
RATIO OF AVERAGE CHARGES							1.00000	

2 Where a hosepipe/sprinkler ban is in force, but the company wishes to retain the charge for future years

- i) If the ban is for one year only, the charge for that year should be shown as zero, but the charge multiplier and consequently number of chargeable supplies should be included as normal.
- ii) If the ban continues in consecutive years, the charge is effectively zero for two years and the line can be left blank in the Principal Statement.

When the charge is re-introduced, the line is reinstated and figures for the charge multiplier and number of chargeable supplies should be shown for both the Charging and Prior year.

TREATMENT OF NEW CHARGES

This section gives guidance on how to complete the Principal Statement when a new charge is being introduced, including:

1. New measured tariffs eg tariffs for large user customers
2. Peak rate tariffs
3. Tariffs for inset customers

Where a company is introducing a new charge for the Charging Year 2002-03, the charge multiplier and number of chargeable supplies (if appropriate) should be included for all the required years.

1. Introduction of new measured tariffs

If the new charge is a refinement or development of a previous charge, the tariff change must reflect the change from the tariff the customers faced in the prior year to the new tariff in the charging year. The charge multiplier (and chargeable supplies if an unmeasured tariff) for the new charge will reflect the take up of the new tariff. This method is illustrated below, as if introducing a new volume tariff for large user customers in 2002-03.

2001-02 Principal Statement

STANDARD CHARGES DESCRIPTION	CHARGES (£.p)		CHARGE MULTIPLIER 1999-2000 (III)	WEIGHTING YEAR REVENUE	
	prior year 2000-01 (I)	Charging Year 2001-02 (II)		Prior Year 2000-01 (IV)=IxIII	Charging Year 2001-02 (V)=IixIII
Volumetric Charges:					
General	.4500	.5000	10,000,000	4,500,000	5,000,000
TOTALS				4,500,000	5,000,000
RATIO OF WEIGHTING YEAR REVENUES			1.11111111		

2002-03 Principal Statement

STANDARD CHARGES DESCRIPTION	CHARGES (£.p)		CHARGE MULTIPLIER 2000-01 (III)	WEIGHTING YEAR REVENUE	
	prior year 2001-02 (I)	Charging Year 2002-03 (II)		Prior Year 2001-02 (IV)=IxIII	Charging Year 2002-03 (V)=IixIII
Volumetric Charges:					
Household	.5000	.5500	2,500,000	1,250,000	1,375,000
Non-household	.5000	.5500	2,500,000	1,250,000	1,375,000
Large Users	.5000	.5000	5,000,000	2,500,000	2,500,000
TOTALS				5,000,000	5,250,000
RATIO OF WEIGHTING YEAR REVENUES			1.05000000		

2. Introduction of Seasonal Tariffs

Companies should follow the general procedure set out in Section 1 above when introducing a seasonal tariff in the Principal Statement.

The charge multiplier should be based on customers' actual consumption in the weighting year. The charge multiplier for peak and off peak volumes should therefore reflect actual consumption for the relevant period of the weighting year. For example, if consumption is more heavily weighted towards the summer months (peak) this should be reflected in the charge multipliers applied.

3. Treatment of Inset Appointments

Guidance is set out below on the procedure for entering an inset appointment in your Principal Statement.

This applies to new customers that are charged on a separate basis. Customers brought in on existing charges are incorporated in the normal way.

A. Standard approach

Details of the level of the charge to be applied should be entered in the 'Other charges' Section of the relevant basket. A code will be allocated to the charge and incorporated into the main body of the Principal Statement in subsequent years. Zeros should be entered in the corresponding charge multiplier columns until actual data is available for the dates specified.

This method is described below, for the measured and unmeasured baskets, as if the inset appointment were effective from the charging year 2002-03.

Measured basket

For the first year of the inset (2002-03 Principal Statement), the appropriate charge should be entered and a zero entered in the corresponding charge multiplier column (2000-01) of the Principal Statement.

For the second year of the inset (2003-04 Principal Statement), the appropriate charge (for 2003-04) should be entered and a zero entered in the charge multiplier column (2001-02) of the Principal Statement.

For the third year of the inset (2003-04 Principal Statement), the charge should be entered (for 2003-04) and the relevant data entered in the charge multiplier column (2002-03) of the Principal Statement.

Unmeasured basket

For the first year of the inset (2002-03 Principal Statement), the charge for 2002-03 should be entered and a zero entered in the corresponding charge multiplier columns (1-12-00 and 1-12-01) of the Principal Statement.

For the second year of the inset (2003-04 Principal Statement), the appropriate charge (for 2003-04) should be entered and a zero entered in the charge multiplier columns (1-12-01 and 1-12-02) of the Principal Statement. Although actual data is available for the latter charge multiplier, zeros should continue to be entered until actual data is available for both columns.

For the third year of the inset (2003-04 Principal Statement), the charge should be entered (for 2003-04) and the relevant data entered in the charge multiplier columns (1-12-02 and 1-12-03) of the Principal Statement.

This guidance repeats that set out in previous years' Principal Statement letters (eg RD 25/99).

B. Alternative approach

If the inclusion of the inset appointment has the impact of reducing the average charge per chargeable supply in the unmeasured basket, you may wish to enter unmeasured supplies for the inset appointment as if they were new unmeasured supplies in your existing area of appointment. The procedure is set out below.

For the first year of the inset (2002-03 Principal Statement), the charge for 2002-03 should be entered and a zero entered in the corresponding charge multiplier columns (1-12-00 and 1-12-01) of the Principal Statement as actual data is not available for either date.

For the second year of the inset (2003-04 Principal Statement) actual data is available for the charging year charge multiplier (1-12-02). The relevant details should therefore be entered in the Principal Statement along with the level of the charge for 2003-04.

For future years actual charge multiplier details will feed into the Principal Statement in the normal way.

The procedure to be followed for the measured basket is the same as that set out above.

ANNEX C(ii)

TREATMENT OF NEW CHARGES: NEW OPTIONAL MEASURED TARIFFS

This section provides a worked example to give a guide on how to complete the Principal Statement when a new optional measured tariff is being introduced.

For these tariffs you can enter end of year estimates (for 2001-02) as charge multipliers for the 2002-03 Principal Statement, if entering the weighting year charge multiplier (2000-01) will have a detrimental effect on your revenue. Entering end of year estimates is only an interim measure until the numbers on these tariffs have stabilised. You must enter weighting year charge multipliers for these tariffs in the year that this happens.

In RD 27/00 we allowed companies to enter a take-up forecast in the 2001-02 Principal Statement (and for subsequent years) if take-up of a tariff was expected to increase further. For the third year of a tariff, a forecast increase in take-up for the charging year 2002-03 must not exceed the increase from the charge multiplier that was entered in the 2001-02 Principal Statement to the charge multiplier for the tariff that is being entered in the 2002-03 Principal Statement (you should include any corrections for underestimates in this). If there is not an increase in the charge multipliers you cannot enter a forecast.

Whenever you use a forecast charge multiplier, you must re-enter the charges and weights as a correction in the following year's Principal Statement. No materiality or significance thresholds have been set. This will correct for any over or underestimates of take-up. Therefore every measured tariff in the 2001-02 Principal Statement that did not use a weighting year charge multiplier must be re-entered in the 2002-03 Principal Statement.

The procedure for entering a forecast for the charging year is optional. You can choose to follow the guidance set out in a previous Principal Statement RD letter (RD 25/99) ie you can correct for any over or underestimates of take-up only.

The following worked example relates to the vulnerable group tariff, although a similar procedure should be followed for the surface water drainage rebate for measured customers and other new optional measured tariffs. For the first year of a new optional tariff only a forecast of take-up will need to be made.

We do not propose to apply the above to optional measured tariffs already in existence at 1 April 2000, introduced under older tariff basket rules, unless the figures in companies' tariff action plans prove significantly wrong.

If you require advice on whether a particular tariff constitutes a new optional measured tariff, please contact Peter Jordan on 0121 625 1312.

Entry of the Vulnerable Group Tariff in 2001-02

The worked example below sets out how companies were asked to enter the vulnerable group tariff in the Principal Statement for 2001-02 (RD 25/99). The example assumes that 700 customers were forecast to take up the vulnerable group tariff in 2000-01 with an average consumption of 200m³. But the estimate of the take-up in this year was 500. Entries have therefore been made to make a correction for this over estimate of 200. The example also assumes that a further 500 customers were forecast to take up the vulnerable group tariff in 2001-02, again with an average consumption of 200m³. The total water delivered to the customer base of 100,000 is 10,000,000m³.

Scenario

Forecast take up in 2000-01	700	Actual take-up (estimated) in 2000-01	500
Forecast take up in 2001-02	500		

2001-02 Principal Statement (Prior Year)

STANDARD CHARGES DESCRIPTION	CHARGES (£.p)		CHARGE MULTIPLIER 1999-2000 (III)	WEIGHTING YEAR REVENUE	
	Prior Year 2000-01 (I)	Charging Year 2001-02 (II)		Prior Year 2000-01 (IV)=IxIII	Charging Year 2001-02 (V)=IixIII
Standing Charge	20.00	20.00	98,800	1,976,000	1,976,000
Volumetric Charge	0.5000	0.5005	9,760,000	4,880,000	4,884,980
Vulnerable Group Tariff	100.00	101.00	500	50,000	50,500
Other charges:-					
VGT Correction	100.00	0.00	200	20,000	0
VGT Standing Charge Correction	0.00	20.00	200	0	4,000
VGT Volumetric Charge Correction	0.00	0.5005	40,000	0	20,020
VGT Forecast	0.00	101.00	500	0	50,500
VGT Standing Charge Forecast	20.00	0.00	500	10,000	0
VGT Volumetric Charge Forecast	0.5000	0.0000	10,000	50,000	0
TOTALS				6,986,000	6,986,000
RATIO OF WEIGHTING YEAR REVENUES			1.00000000		
Bt(1)/Bt-1(1) = V / IV =					

B. Re-entry of the Vulnerable Group Tariff in 2002-03

1. Mechanism if company overestimated the number of vulnerable customers in its 2001-02 Principal Statement

This section shows how a company should enter the vulnerable group tariff in the Principal Statement for 2002-03 if it overestimated the number of vulnerable customers in the 2001-02 Principal Statement. The example assumes that the additional actual take-up of the vulnerable group tariff in 2001-02 is estimated to be 100 customers, to make a total of 600 customers on the vulnerable group tariff. It is forecast that a further 100 customers will take-up the tariff in 2002-03.

Scenario			
Forecast take up in 2000-01	500	Actual take-up in 2000-01	500
Forecast take up in 2001-02	500	Actual take-up (estimated) in 2001-02	100
Forecast take up in 2002-03	100		

2002-03 Principal Statement (Charging Year)

STANDARD CHARGES DESCRIPTION	CHARGES (£.p)		CHARGE MULTIPLIER 2000-01 (III)	WEIGHTING YEAR REVENUE	
	Prior Year 2001-02 (I)	Charging Year 2002-03 (II)		Prior Year 2001-02 (IV)=IxIII	Charging Year 2002-03 (V)=IixIII
Standing Charge	20.00	20.00	98,900	1,978,000	1,978,000
Volumetric Charge	0.5005	0.4999	9,780,000	4,894,990	4,888,611
Vulnerable Group Tariff	101.00	102.00	600	60,600	61,200
Other charges:-					
VGT Correction	101.00	0.00	400	40,400	0
VGT Standing Charge Correction	0.00	20.00	400	0	8,000
VGT Volumetric Charge Correction	0.00	0.4999	80,000	0	39,989
VGT Forecast	0.00	102.00	100	0	10,200
VGT Standing Charge Forecast	20.00	0.00	100	2,000	0
VGT Volumetric Charge Forecast	0.5005	0.0000	20,000	10,010	0
TOTALS				6,986,000	6,986,000
RATIO OF WEIGHTING YEAR REVENUES			1.00000000		
Bt(1)/Bt-1(1) = V / IV =					

Step 1 Enter the level of the vulnerable group tariff for 2002-03 and an estimate of the level of take-up of the vulnerable group tariff for 2001-02 in the corresponding charge multiplier column. This estimate should be based on experience to date.

Example "Vulnerable Group Tariff" charge multiplier has been entered as 600 (500 already on the tariff, plus an additional up-take of 100 in 2001-02).

Step 2 Enter lines in the Principal Statement marked “correction”. The numbers entered on these lines are for the customers that were mistakenly assumed to take up the new tariff.

The charge multipliers are the number of these customers and their associated volumes. The prior year charges are those on which these customers were assumed to be charged; ie the vulnerable group tariff.

The charging year charges are those on which these customers will be charged in the charging year; ie standing charge and volumetric charge.

Example “VGT Correction” charge multiplier has been entered as 400
“VGT Standing Charge Correction” has been entered as 400
“VGT Volumetric Charge Correction” has been entered as 80,000

Step 3 Enter lines in the Principal Statement marked “Forecast”. The numbers entered on these lines are for the customers that it is assumed will opt for the new tariff in the charging year.

The charge multipliers are the number of these customers and their associated volumes. The prior year charges are those on which these customers were being charged; ie standing charge and volumetric charge. The charging year charges are those on which it is assumed that these customers will be charged in the charging year; ie vulnerable group tariff.

Example “VGT Forecast” charge multiplier has been entered as 100
“VGT Standing Charge Forecast” has been entered as 100
“VGT Volumetric Charge Forecast” has been entered as 20,000

Step 4 You will need to adjust the charge multipliers for the standing charge and the volumetric rate, if a forecast is being entered for the charging year (ie step 3). If this is the case you will need to reduce the standing charge and volumetric rate charge multipliers by the charge multipliers that you have included in the forecast.

If a correction for an overestimate was included in the 2001-02 Principal Statement (ie step 2), the charge multipliers used in the correction would have been excluded from the standing charge and volumetric rate charge multipliers in the 2001-02 Principal Statement. Please ensure that they are included in the charge multipliers for these charges in the 2002-03 Principal Statement.

Example “Standing Charge” charge multiplier has been entered as 98,900
(98,800 - 100 + 200)
“Volumetric Charge” charge multiplier has been entered as 9,780,000
(9,760,000 - 20,000 + 40,000)

2. Mechanism if company underestimated the number of vulnerable customers in its 2001-02 Principal Statement

The example on the following page sets out how a company should enter the vulnerable group tariff in the Principal Statement for 2002-03 if it underestimated the number of vulnerable customers in the 2001-02 Principal Statement. This example assumes that the additional actual take-up of the vulnerable group tariff in 2001-02 is estimated to be 600 customers. It is forecast that a further 600 customers will take-up the tariff in 2002-03.

Scenario			
Forecast take up in 2000-01	500	Actual take-up in 2000-01	500
Forecast take up in 2001-02	500	Actual take-up (estimated) in 2001-02	600
Forecast take up in 2002-03	600		

2002-03 Principal Statement (Charging Year)

STANDARD CHARGES DESCRIPTION	CHARGES (£.p)		CHARGE MULTIPLIER 2000-01 (III)	WEIGHTING YEAR REVENUE	
	Prior Year 2001-02 (I)	Charging Year 2002-03 (II)		Prior Year 2001-02 (IV)=IxIII	Charging Year 2002-03 (V)=IixIII
Standing Charge	20.00	20.00	98,300	1,966,000	1,966,000
Volumetric Charge	0.5005	0.5017	9,660,000	4,834,929	4,846,600
Vulnerable Group Tariff	101.00	102.00	1,000	101,000	102,000
Other charges:-					
VGT Correction	0.00	102.00	100	0	10,200
VGT Standing Charge Correction	20.00	0.00	100	2,000	0
VGT Volumetric Charge	0.5005	0.0000	20,000	10,010	0
VGT Forecast	0.00	100.00	600	0	61,200
VGT Standing Charge Forecast	20.00	0.00	600	12,000	0
VGT Volumetric Charge Forecast	0.5005	0.0000	120,000	60,110	0
TOTALS				6,990,000	6,990,000
RATIO OF WEIGHTING YEAR REVENUES			1.00000000		
Bt(1)/Bt-1(1) = V / IV =					

Step 1 Enter the level of the vulnerable group tariff for 2002-03 and an estimate of the level of take-up of the vulnerable group tariff for 2001-02 in the corresponding charge multiplier column. This estimate should be based on experience to date. It should not exceed the charge multipliers for the vulnerable group tariff entered in the 2001-02 Principal Statement which includes the forecast for the charging year entered in the 2001-02 Principal Statement. Additional customers estimated to take up the tariff will be taken account of in the correction (step 2).

Example "Vulnerable Group Tariff" charge multiplier has been entered as 1000 (500 already on the tariff, plus the **forecast** take-up of 500 in 2001-02).

Step 2 Enter lines in the Principal Statement marked “correction”. The numbers entered on these lines are for the extra customers now estimated to take up the tariff by the end of 2001-02 which were not included in the forecast in the previous Principal Statement.

The charge multipliers are the number of these customers and their associated volumes. The prior year charges are those on which these customers were assumed to be charged; ie the standing charge and volumetric charge. The charging year charges are those on which these customers will be charged in the charging year; ie vulnerable group tariff.

Example “VGT Correction” charge multiplier has been entered as 100
“VGT Standing Charge Correction” has been entered as 100
“VGT Volumetric Charge Correction” has been entered as 20,000

Step 3 Enter lines in the Principal Statement marked “Forecast”. The numbers entered on these lines are for the customers that it is assumed will opt for the new tariff in the charging year.

The charge multipliers are the number of these customers and their associated volumes. The prior year charges are those on which these customers were being charged; ie standing charge and volumetric charge. The charging year charges are those on which it is assumed that these customers will be charged in the charging year; ie vulnerable group tariff.

Example “VGT Forecast” charge multiplier has been entered as 600
“VGT Standing Charge Forecast” has been entered as 600
“VGT Volumetric Charge Forecast” has been entered as 120,000

Step 4 You will need to adjust the charge multipliers for the standing charge and the volumetric rate for the correction that is being entered in the Principal Statement (ie step 2). You will need to reduce the standing charge and volumetric rate charge multipliers by the charge multipliers that you have included in the correction.

You will also need to adjust the charge multipliers for the standing charge and the volumetric rate, if a forecast is being entered for the charging year (ie step 3). If this is the case you will need to reduce the standing charge and volumetric rate charge multipliers by the charge multipliers that you have included in the forecast.

If a correction for an overestimate was included in the 2001-02 Principal Statement (ie step 2), the charge multipliers used in the correction would have not have been included in the standing charge and volumetric rate charge multipliers in the 2001-02 Principal Statement. Please ensure that they are included in the charge

multipliers for these charges in the 2002-03 Principal Statement.

Example “Standing Charge” charge multiplier has been entered as 98,300
 (98,800 + 200 - 100 - 600)
 “Volumetric Charge” charge multiplier has been entered as 9,660,000
 (9,760,000 + 40,000 – 20,000 - 120,000)

C. Procedure for 2003-04 Principal Statement

- For 2003-04, if you have overestimated actual take-up in 2002-03 you should follow the procedure in set out in section 1 above. If you have underestimated actual take-up in 2002-03 you should follow the procedure in set out in section 2 above.
- In both cases, the vulnerable group tariff line in the main basket will incorporate overall take-up in 2001-02 plus estimated take-up for 2002-03 (up to a maximum limit of the take-up forecast for 2002-03 in the Principal Statement for that year).

ANNEX D

AUDIT REQUIREMENTS

Ofwat will require the Principal Statement to be audited under the terms of Condition B, Paragraph 6.2 of the Instrument of Appointment of the Water and Sewerage Undertakers and Paragraph 5.3 of the Instrument of Appointment of the Water Undertakers.

Figures in the Principal Statement and the list of sales must be consistent with company records. The auditor is required to confirm that the Principal Statement and list of sales cover all the water, sewerage and trade effluent services* sold by the Appointee.

The revenue from standard charges in Section 0 should be consistent with the analysis of turnover prepared under RAG3 for the 2000-01 Regulatory Accounts. We have entered figures taken directly from the Regulatory Accounts.

Details of charge multipliers and chargeable supplies should accurately reflect the customer charging base, being taken from appropriate billing records.

A sample auditor's report is attached.

* Exclude unmeasured cattle troughs and agricultural supplies, building supplies, bowsers, standpipes, tankers and supplies for other public purposes.

SAMPLE AUDITOR'S REPORT

XXX COMPANY LIMITED: AUDITOR'S REPORT ON THE PRINCIPAL STATEMENT FOR THE CHARGING YEAR 2002-03

We have examined the Principal Statement and supporting calculations for the Charging Year 2002-03, a copy of which is attached, in accordance with Condition B of the Instrument of Appointment by the Secretary of State for the [Environment/Wales] (the Licence) of XXX Company Ltd (the Appointee) as a Water [and Sewerage] Undertaker under the Water Act 1991.

In our opinion the details set out in the Principal Statement plus supporting calculations are:

- (a) consistent with information supplied in the Regulatory Accounts;

have been:

- (b) correctly extracted from the Appointee's accounting and other relevant records; and
- (c) correctly calculated in accordance with condition B of the Licence;

and those set out in the list of sales are:

- (a) consistent with information supplied in the Regulatory Accounts;

have been:

- (b) correctly extracted from the Appointee's accounting and other relevant records.

Together, the Principal Statement and list of sales comprise all the water, sewerage and trade effluent services* sold by the Appointee.

[signature]

AUDITOR [date]

* Exclude unmeasured cattle troughs and agricultural supplies, building supplies, bowsers, standpipes, tankers and supplies for other public purposes.

ANNEX E

ADDITIONAL INFORMATION REQUIREMENTS AND CERTIFICATION

The basic structure and layout of Tables 1 to 6 of the Additional Information are unchanged from previous years.

The data capture system incorporates Tables 1 to 6 of the Additional Information. This year, the enclosed Principal Statement Information Capture System for 2002-03 is provided in Excel 97 format. An electronic help file has been included on the enclosed diskette. If you experience any problems using the data capture system please contact Carl Poulton on 0121 625 1349.

For Tables 1 to 4 we require information for the three years beginning with 2000-01. The Additional Information tables contain water delivered, properties and population data submitted in the June Return 2001. We do not expect any changes to the values for 2000-01 (except for the removal of information on customers supplied with not less than 100MI of water per year). We recognise that companies may wish to provide revised estimates for 2001-02 and 2002-03.

The data capture system will as a matter of course highlight all the changes made to data for all 3 years covered. The covering letter to the Principal Statement must explain any changes to the July Return data that the data capture will highlight. Additionally, we require a report from your Reporter to accompany any changes made.

Some of the data provided in, or derived from, the Additional Information section will be published. The main publication will be the Report on tariff structures and charges published in the spring. The average household bill will be published in the *Ofwat Average Bills Leaflet* as last year.

The remainder of this Annex provides clarification on aspects of Tables 1 to 6 of the Additional Information.

Households & Non-Households

Information for both households and non-households is required. Household supplies will include properties used as single family dwellings, including cases where a single aggregate bill is issued to cover separate households having individual standing charges. Households living in combined premises should be counted with non-household supplies, as should properties in multiple occupation having only one standing charge. This demarcation applies both for unmeasured and measured supplies.

Table 1 and Table 2

The revenue sub-total for unmeasured and measured supplies for the 2000-01 Charging Year should reconcile with the 'Revenue from Standard Charges' in Section 0 of the Principal Statement.

Table 3

For comparison with measured supplies, estimates of water delivered to unmeasured properties should include supply pipe leakage (but not communication pipe leakage). Supply pipe leakage included in water delivered figures must be entered in Column B of Table 3.

Details are required for externally metered households and for those households not externally metered. When totaled these two lines relate to all measured households. An external meter is one installed at or near the boundary of the customer's property (or the street in which the distribution main is laid).

The chargeable volume for 2000-01 in Table 3 should reconcile with the chargeable volumes in the Principal Statement. Line A3.15 requires input of m³ taken from the Principal Statement which is then converted into MI/d. Line A3.16 is calculated as the measured water delivered at standard rates less meter under-registration less the amount of supply pipe leakage not chargeable (ie. that relating to external meters). If line A3.15 does not equal line A3.16, please provide a full explanation and ensure that your Reporter comments on the explanation given.

Certification

The Additional Information tables should be supported by a statement signed by a Director (normally the Regulatory or Finance Director), confirming that the information and explanations provided are consistent with the information in the Principal Statement, June Return 2000 and 2000-01 Regulatory Accounts as appropriate or, if not, explaining the reasons for the differences.

Any changes to data previously submitted to Ofwat in the June Return 2000 and the associated explanations must be accompanied by a report from your Reporter.

The auditor is required to confirm that the Principal Statement and the list of sales cover all the water, sewerage and trade effluent services* sold by the Appointee.

* Exclude unmeasured cattle troughs and agricultural supplies, building supplies, bowsers, standpipes, tankers and supplies for other public purposes.

SPECIAL AGREEMENT REQUIREMENTS

Introduction

Special Agreement information on all sales of water (as well as sewerage and trade effluent services) has to be provided annually for the purpose of assessing compliance with Condition E. This will enable us to consider any issue of undue preference or undue discrimination. The Director wishes to see increased competition in the industry through the means of inset appointments, bulk supplies etc. At the same time, however, the Director expects that tariffs for any such new agreements will be cost reflective.

Ofwat will publish a Special Agreement Register each year. The 2002-03 version of the Register will be published in April 2002 and will be available from the Ofwat library. The Register will be updated as necessary on a 6 monthly basis. We require a full history of Special Agreement information to be supplied each year to ensure the Register is up to date.

All details except customer names and addresses will be available in the Ofwat library.

Definition

Condition E, paragraph 1(6) relates to charges

for any water supply or sewerage services provided by the Appointee in the course of carrying out its functions or in connection with the carrying out of the Appointee's trade effluent functions payable under any such agreement as is referred to in section 75 **which are not in accordance with standard charges published or fixed by the Appointee;**

Ofwat consider Special Agreements to be any agreements not fixed in accordance with standard charges.

Special Agreement Capture System

A formatted capture system has been created in Excel 97. This spreadsheet contains four individual worksheets (two for water only companies); one of which is a reconciliation of water delivered with the June Return 2001 and the remaining worksheets provide a breakdown of Special Agreements for water, sewerage and trade effluent.

Water Delivered 2000-01 – Table 1

This table is a summary table of all water delivered at non-standard rates and as bulk supplies; potable and non-potable. We expect this table to reconcile with the figures submitted in Table 10 Lines 26, 27, 31 and 32 (Column 4) respectively of the June Return 2000. To preserve the integrity of the calculations please do not overwrite the Totals. The volumes should be carried forward from the water table and entered in the relevant blank cells. The spreadsheet will automatically calculate the totals. These totals should reconcile with the June Return Total line. If they do not, **we require an explanation in your covering letter for all differences arising. Additionally we require a report from your Reporter to accompany any changes made.**

Water – Table 2

This table requires a detailed breakdown of water delivered. The table is split into four categories: potable Special Agreements, non-potable Special Agreements, bulk supply imports and bulk supply exports.

You can exclude from this list unmeasured cattle troughs and agricultural supplies, building supplies, bowsers, standpipes, tankers and supplies for other public purposes.

We require a full history of water Special Agreements including changes, additions, new agreements and terminated agreements for both potable and non-potable water. We expect a full listing of bulk supply imports and exports for reconciliation purposes between companies.

The information required for each agreement (including bulk supplies from the core to non-core business activities) is as follows:

- unique customer name and reference number;
- volume of water in 2000-01. If the start date is after 2000-01, indicate expected volume;
- volumetric unit price for 2000-01, 2001-02 and 2002-03;
- the standing charge for 2000-01, 2001-02 and 2002-03 (where applicable, enter the meter size under the terms);

- any discounts given or allowances made in 2000-01, 2001-02 and 2002-03;
- total revenue for 2000-01 (final), 2001-02 (estimate) and 2002-03 (forecast);
- whether the water supply is potable or non-potable;
- date the agreement comes into effect;
- duration of the agreement;
- the termination/renewal date;
- Reason why a Special Agreement rather than applying the standard tariffs, the terms, the value of capital contributions, location details, indication of water works where the customer's water is treated, termination provisions, provisions for revising supply and price, meter size;

We require all agreements to be available on request if further detail is needed.

Sewerage – Table 3

This table is to include all sewerage Special Agreements.

We require a full history of sewerage Special Agreements including any changes, additions, new agreements and terminated agreements.

The information required for each agreement is as follows:

- unique customer name and reference number;
- volume in 2000-01. If the start date is after 2000-01, indicate expected volume;
- volumetric unit price for 2000-01, 2001-02 and 2002-03;
- the standing charge for 2000-01, 2001-02 and 2002-03 (where applicable, enter the meter size under the terms);

- any discounts given or allowances made in 2000-01, 2001-02 and 2002-03;
- total revenue for 2000-01 (final), 2001-02 (estimate) and 2002-03 (forecast);
- date the agreement comes into effect;
- duration of the agreement;
- the termination/renewal date;
- Reason why a Special Agreement rather than applying the standard tariffs, the terms, the value of capital contributions, location details, indication of sewage treatment works where the customer's waste is treated, termination provisions, provisions for revising the service and price, meter size;

We require all agreements to be available on request if further detail is needed.

Trade Effluent – Table 4

This table is to include all trade effluent Special Agreements.

We require a complete listing of all trade effluent agreements including any changes, additions, new agreements and terminated agreements.

The information required for each agreement is as follows:

- unique customer name and reference number;
- volume in 2000-01. If the start date is after 2000-01, indicate expected volume;
- unit price for R, V, Bv, M, B, S for 2000-01, 2001-02 and 2002-03;
- effluent strength Os and Ss for 2000-01, 2001-02 and 2002-03;

- any discounts given or allowances made in 2000-01, 2001-02 and 2002-03;
- total revenue for 2000-01 (final), 2001-02 (estimate) and 2002-03 (forecast);
- date the agreement comes into effect;
- duration of the agreement;
- the termination/renewal date;
- Reason why a Special Agreement rather than applying the standard tariffs, the terms, the value of capital contributions, location details, indication of treatment works where the customer's trade effluent is treated, termination provisions, provisions for revising service and price.

We require all agreements to be available on request if further detail is needed.

LARGE USER REQUIREMENTS

Removal of large users from the tariff basket

Regulations laid by DETR Ministers on 20 July 2000 came into force on 17 August 2000. These lowered the threshold for inset appointments, contained in Section 7(5)(a) of the Water Industry Act 1991, from the previous limit of not less than 250 megalitres (MI) per year to not less than 100 megalitres per year, for companies in England.

The wording of the amended licence condition accepted by all other companies in 1999 and by Sutton and East Surrey Water in July 2000 allows for an automatic amendment upon the coming into effect of any regulation made under Section 7(6) of Water Industry Act 1991, redefining the inset threshold. Therefore any charges made for large users (premises supplied with not less than 100MI of water per year) must be treated as "Excluded Charges" and so be excluded from the tariff basket. For companies in Wales (Dŵr Cymru and Dee Valley Water), the threshold has remained unchanged at not less than 250MI per year.

Implications for 2002-03 Principal Statement and Additional Information

For the 2002-03 Principal Statement companies in England should not enter any large user tariffs for customers using not less than 100MI of water per year. In addition, charge multiplier details for customers whose premises are supplied with not less than 100MI per year should be excluded from the Principal Statement. Weighting year revenue for these large user customers has already been excluded from Section 0.

The above applies to water, sewerage and trade effluent customers. This means that the charge details of sewerage and trade effluent customers whose premises are supplied with water of amounts not less than 100MI per year should also be removed from the tariff basket. This is still the case where a customer is supplied with water of not less than 100MI per year but discharges less than 100MI per year.

For the above purposes, water only companies will need to inform the relevant sewerage undertaker in its supply area which of its customers are supplied with not less than 100MI per year. This information should be provided as soon as possible in order to enable the companies to meet the 15 January 2001 deadline for submission of the 2002-03 Principal Statement and in any case no later than 29 December 2000.

Large User Capture System

Companies must submit with the Principal Statement details of those customers who are excluded from the tariff basket because they are large users in the Large User Information Capture System.

For all companies in England and Wales detailed information is required about customers whose premises are supplied with not less than 250 MI of water per year. In addition to this, for companies wholly or mainly in England, summary information will also be required to provide information on its customers supplied with water of between 100MI and 250MI per year.

The formatted capture system has been created in Excel 97. This spreadsheet contains four individual worksheets (two for water companies); one of which records details of customers supplied with between 100MI and 250MI of water per year. The remaining worksheets require a breakdown of large users supplied with not less than 250MI of water per year for water, sewerage and trade effluent.

Summary 100-250MI – Table 1

This table requires details of the total number of customers supplied with between 100MI and 250MI of water per year and their associated volumes and revenues for water, sewerage and trade effluent. It should exclude customers charged by way of a Special Agreement.

The details required for water, sewerage and trade effluent customers are set out below:

- Total number of customers in 2000-01;
- Total volume supplied/discharged in 2000-01;
- Total revenue for 2000-01 (final), 2001-02(estimate) and 2002-03 (forecast).

Water – Table 2

This table requires a detailed breakdown of water delivered and should include all large users supplied with not less than 250MI of water per year excluding customers charged by way of a Special Agreement. The table is divided into two categories; potable and non-potable supplies.

The details required are set out below:

- Customer name and unique customer reference number;
- Location details (address);
- Volume of water in 2000-01;
- Volumetric unit price for 2000-01, 2001-02 and 2002-03;
- Fixed charge for 2000-01, 2001-02 and 2002-03;
- Total revenue for 2000-01 (final), 2001-02 (estimate) and 2002-03 (forecast);
- Whether the water supply is potable or non-potable.

Sewerage – Table 3

This table requires a detailed breakdown of sewage collected and should include all large users supplied with not less than 250MI of water per year excluding customers charged by way of a Special Agreement.

The details required are set out below:

- Customer name and unique customer reference number;
- Location details (address);
- Volume of waste water in 2000-01;
- Volumetric unit price for 2000-01, 2001-02 and 2002-03;
- Fixed charge for 2000-01, 2001-02 and 2002-03;
- Total revenue for 2000-01 (final) , 2001-02 (estimate) and 2002-03 (forecast);

Trade Effluent – Table 4

This table requires a detailed breakdown of trade effluent and should include all large users supplied with not less than 250MI of water per year excluding customers charged by way of a Special Agreement.

The details required are set out below:

- Customer name and unique customer reference number;
- Location details (address);
- Volume of waste water in 2000-01;
- Details of charging basis and charges for 2000-01, 2001-02 and 2002-03;
- Total revenue for 2000-01 (final), 2001-02 (estimate) and 2002-03 (forecast);