

6. Revenue



We have checked that companies' revenue forecasts are internally consistent and error-free, and that they reflect both recent historical experience and the best available information about the impact on water demand of prospects for the economy. A number of companies included revised demand forecasts in their representations. We have taken account of this new information where companies have both clearly demonstrated why revisions are necessary and explained the corresponding impact on expenditure forecasts.

We consider that companies' forecasts are broadly reasonable, so the adjustments that we have made are modest. At an industry level, our adjustments amount to less than 0.1% of turnover. We have set out our assumptions in table 52 below.

Table 52 Industry base revenues

	Water service (£m)		Sewerage service (£m)	
	2009-10	Annual % change to 2014-15	2009-10	Annual % change to 2014-15
Household revenues	3,343	0.16	3,620	0.10
Non-household revenues	910	-1.38	940	-0.75
Total tariff basket revenues	4,253	-0.16	4,560	-0.07
Non-tariff basket revenues	360	-1.31	234	-1.80
Total revenues	4,612	-0.25	4,794	-0.15

Using the revenue correction mechanism that we described in our methodology paper, we will make an adjustment at the next price review to take account of each company's revenue outperformance or underperformance relative to the assumptions we will make in our final determinations for 2010-11 to 2014-15. We have confirmed the details of our revenue correction mechanism in [PR09/31, 'Revenue correction mechanism'](#) (July 2009).