

## About this document

This document provides guidance to existing appointed water-only and water and sewerage companies in England and Wales for completing the principal statement information capture system. This is part of [the approval of charges process for 2014-15](#).

A principal statement is a spreadsheet model that sets out a company's standard charges. This allows the average annual change in charges for a particular year to be calculated.

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## Introduction

For the 2013-14 charging year, companies submitted their principal statement information to us using an Excel-based information capture system (ICS). The ICS contained all the necessary formulas that enabled the basket item ratios and the weighted average charges increase (WACI) to be calculated in accordance with the definitions in licence condition B. But it did not include any prior year charges data.

For 2014-15, we will continue to use a similar ICS but we will pre-populate it with the relevant prior year charges information for each company.

To help our principal statement checking and verification process, companies should note the following. Failure to do this could delay the approval of companies' charges.

- The tables in the ICS that require data entry have been colour-coded as follows.
  - Data should be provided in yellow-shaded cells.
  - Blue-shaded cells contain formulas.
  - Purple-shaded cells contain historical data.
- None of the formulae in any of the tables are protected. So, companies should take extra care not to overwrite the cells with formulae in them.
- Companies should not overwrite pre-populated cells unless the figures we have provided are incorrect.
- Companies should provide data to the following number of decimal places in the yellow-shaded cells. Companies should ensure that none of these cells contain formulas.
  - Fixed charges, such as standing charges and WaterSure charges, should be given to two decimal places.
  - Variable charges, such as volumetric and rateable value charges, should be given to four decimal places.
  - Charge multipliers and chargeable supplies should be given as whole numbers.
- When a company submits its principal statement to us, we expect it to include text in its assurance statement to the effect that:

- both the logic (calculations) and information contained within its principal statement are all valid; and
  - WACI has been calculated in the manner set out in licence condition B.
- The statement should also include, where applicable, references to where pre-populated cells have been over-written.

## The structure of the principal statement information capture system

The principal statement ICS has 11 tables. Each table is presented in a separate worksheet as follows.

- SECO.
- UW (unmeasured water).
- US (unmeasured sewage).
- MW (measured water).
- MS (measured sewage).
- TE (trade effluent).
- DIFF (differential).
- AI1.
- AI2.
- Charge list.
- Charge type.

Tables 'SECO' to 'TE' are there to enable each company to demonstrate that it has complied with its price limit. This is a requirement under condition B of company licences.

Table 'DIFF' is to enable each company to demonstrate that its unmetered and metered household charges are in balance. This is a requirement under condition E of company licences.

Tables 'AI1' and 'AI2' are to enable each company to provide us with average bills information.

Tables 'Charge list' and 'Charge type' contain information that will provide clarity to us on the entries in tables 'SECO' to 'TE'.

## Common points for all tables

### Principal statement tables

We have provided [guidance on how companies should make entries in appendix 1](#). This guidance contains excerpts from the relevant sections in all the guidance we have issued in previous years on making entries in the principal statement.

When companies want to add new rows to the tables to accommodate additional charges, they should ensure that the formulas are present in the added rows. One way of doing this is to copy an already existing row and to use the 'insert copied cells' function in Excel to create the new row.

### Charge codes

Where companies add new charges to any of the principal statement tables, they have to provide a code for them. We have listed all the charge codes that we currently have in our database in the 'Charge list' table.

The first two letters of a charge code show which basket it belongs to. For example, 'UW' stands for unmeasured water and 'MS' stands for measured sewerage.

The next letters show the type of charge. For example, 'SC' stands for standing charge.

The number at the end distinguishes it from other charges of that type. (See section 'charge list table' below.)

### Charge description

Each charge code should have a charge description. We have provided a description alongside each charge code in the 'charge list' table. Companies should provide a charge code and a charge description for any new charge.

### Charge type code

The charge types serve to group the charges under relevant sub-headings. Each charge code should fall under only one charge type. We have provided a list of charge type codes in the 'charge type' table. (See section 'charge type table' below.)

## New charges

When companies introduce new charges for the first time, they should:

- insert a new row in the main section of the relevant basket item; and
- provide an appropriate charge code with a charge description and a charge type code.

If an appropriate charge code cannot be found in the list, the charge code entry should be left blank. But a charge description and a charge type code should be provided. These two pieces of information will enable us provide an appropriate charge code which we will, if necessary, use to update the charge code list.

The charge type codes for new charges are listed under “UWOTH”, “USOTH”, ‘MWOTH’, ‘MSOTH’ and ‘TEOTH’ in the ‘Charge type’ table. These codes will tell us that the charge is a new one and so should be subject to the rules associated with the introduction of new charges. Prior to 2013-14, entries for new charges were made in the ‘other charges’ section which is no longer present in the new principal statement ICS.

## Charge multipliers for monitoring section

Each of the tables has a ‘charge multipliers for monitoring’ section.

This section has been provided for companies to enter charge multipliers information that they would not normally provide in the main section of the principal statement. For example, companies can provide information on:

- the total rateable values of customers on a fixed charge tariff;
- the total number of customers on a rateable value- related charge; or
- the total amount of water used by WaterSure customers.

Companies that offer non-mandated social tariffs which companies themselves finance (win-win tariffs) already provide information in this section.

A code and the description for the monitoring charge multiplier – which can also be found in the ‘Charge list’ table – should be entered in the respective columns.

Where an appropriate code for the monitoring charge multipliers cannot be found, companies should leave the code cell blank. But they should enter an appropriate description. This will enable us to provide an appropriate code. We will then update the charges list.

## Section 0 (SEC0) table

A description of the cells in this table is provided below. Figure A1 shows the layout of this table.

- The **company name** and the **contact name** for queries should be provided.
- **K for undertaker** – the **K** factor, as shown in our recent final or interim determination. We have provided this figure as a percentage to two decimal places.
- **Carry over unused last year** – the **U** factor which is the amount of unused **K** carried over from last year. We have provided this figure rounded to three decimal places. Note that where the charging year is one which immediately follows new price determinations, the **U factor** shall be zero.
- **Change in RPI** – this is the percentage increase in the ‘All Items Retail Price Index’ (RPI) between November 2012 and November 2013 rounded and shown to two decimal places.
- **Charges limit** – this is the sum of the **K** factor, **U** factor and **change in RPI** rounded and shown to two decimal places.
- **Weighted average charges increase (WACI)** – this is copied from the cell L below, and rounded to three decimal places but shown to two decimal places. **WACI** should not exceed the **charges limit**.
- **Difference between charges limit and WACI** – a company can round down or round up the third digit after the decimal point of its **WACI** to make the **WACI** and the **charges limit** figures equal. This cell will show by how much this has been done as it shows the difference between the two figures as a number to five decimal places. This difference, expressed as a percentage, will become the **U factor** for the following year. Where no such rounding has been done and **WACI** equals **charges limit** this cell will show ‘OK’. (Note that where the charging year is the final year in the price control period, this figure will be reset to zero when it becomes the **U** factor for the following charging year.)
- **Carry forward available for company** – this is the difference between **WACI** and **charges limit** shown as a percentage to two decimal places only.

- **RPI for November 2012** - this is the 'All Items Retail Price Index' figure for November 2012. This index was published by the Office of National Statistics (ONS) on its website in December 2012. We have provided this figure to one decimal place.
- **RPI for November 2013** – this is the 'All Items Retail Price Index' figure for November 2013. The ONS will publish this statistic on its website on 17 December. Companies should enter this figure to one decimal place.
- **Revenue from standard charges** – these figures should be the same as the revenue figures reported by companies in the 'analysis of turnover and operating income for the appointed business' section of their regulatory accounts for the year shown. If the figures are different, we expect companies to provide a reason for the difference in their submission. It will help if companies' auditors also highlight such differences in their reports.
- **Weighted average charges increase = wt = (IV)-1** – this is calculated in line with the tariff basket formula set out in companies' licence condition B. It is calculated to full Excel accuracy but shown to two decimal places.
- **Weighted average charges increase (WACI) for water/for sewerage** – these figures are the indicative WACIs for the water supply and sewerage services. These should not differ significantly from the indicative service Ks that we set at the last final determinations. These figures minus the **change in RPI** figure will feed into line 1 and, where applicable, line 2 of table 'DIFF'.



Figure 1 Table SECO

<b>PRINCIPAL STATEMENT FOR THE CHARGING YEAR 2014-15</b>				
<b>COMPANY NAME</b>				
<b>CONTACT NAME</b>				
<b>SEC0 - Section 0</b>				
<b>Section 0</b>				
<b>Section 0</b>				
<b>K for Undertaker</b>	1.50%			
<b>Carry over unused last year</b>	0.006%			
<b>Change in RPI</b>	-100.00%			
<b>Charges limit (Total RPI+K+Carry over)</b>	-98.49%			
<b>Weighted average charges increase</b>	NA			
<b>Difference between charges limit and WACI</b>	NA			
<b>Carry forward available for company</b>	NA			
<b>RPI November 2012</b>	245.6			
<b>RPI November 2013</b>				
	<b>Revenue from standard charges 2012-13</b>	<b>Fraction of total revenue r(i), r(j) (II)</b>	<b>Ratio of basket item At/At-1 Bt/Bt-1 (III)</b>	<b>Weighted ratio (IV)=IIxIII</b>
<b>Basket items</b>				
<b>Unmeasured water</b>		0.00%	NA	NA
<b>Unmeasured sewerage</b>		0.00%	NA	NA
<b>Measured water</b>		0.00%	NA	NA
<b>Measured sewerage</b>		0.00%	NA	NA
<b>Trade effluent</b>		0.00%	NA	NA
<b>Total</b>	0.000	0.00%		NA
<b>Weighted average charges increase = wt = (IV)-1</b>				<b>NA</b>
<b>Weighted average charges increase for water</b>				NA
<b>Weighted average charges increase for sewerage</b>				NA

## Tables UW and US

This section is relevant for both tables. Figure 2 shows the layout of table UW, which is the table for the unmeasured water basket. It contains examples of entries that companies can make.

Below, we provide a guide to some of the entries that companies have to make in the yellow-shaded cells.

- Charging year 2014-15 – the numeric values for the charge codes that companies are proposing to charge for the charging year should be entered in this column. These values, if approved, should be the same as those for the corresponding charges in the company's charges scheme.
- Charge multiplier – the charge multipliers as at the specified date should be entered in the relevant column in whole units.
- Chargeable supplies – the chargeable supplies as at the specified date should be entered in the relevant column in whole units.

Once all the required entries have been made, the '**ratio of average charges per chargeable supply**' will be calculated. This calculated figure will feed into the relevant basket cell in the '**ratio of basket item**' column in table SECO.

Figure 2 Table UW

PRINCIPAL STATEMENT FOR THE CHARGING YEAR 2014-15												
COMPANY NAME												
UW - Unmeasured Water												
Line	Charge code	Charge description	Charge type	Prior year 2013-14	Charging year 2014-15	% Change	Charge multiplier at 1-12-12	Charge multiplier at 1-12-13	Revenue 'As if' Prior Year 2013-14	Charging Year 2013-14	Chargeable supplies supplies at 1-12-12	Chargeable supplies at 1-12-13
<b>Measured water</b>												
1	C_UWFC02	Fixed charge: general	UWFC_A	35.97		-100.0%	373.034		13,418,032.98		373,034	
2	C_UWRV01	RV charge: General	UWRV_A	0.67		-100.0%	72,575,175		48,843,092.78			
3	C_UWFC01	Fixed fee: no RV (general)	UWFCN_A	69.88		-100.0%	480		33,542.40		480	
4	C_UWASFC03A	Property size: one bedroom	UWASFC_A	122.29		-100.0%	1,369		167,415.01		1,369	
5	C_UWASFC03B	Property size: two bedrooms	UWASFC_A	145.67		-100.0%	6,826		994,343.42		6,826	
6	C_UWASFC03C	Property size: three bedrooms	UWASFC_A	164.38		-100.0%	2,049		336,814.62		2,049	
7	C_UWASFC03D	Property size: four bedrooms	UWASFC_A	170.22		-100.0%	334		56,853.48		334	
8	C_UWASFC03E	Property size: five bedrooms	UWASFC_A	183.0800		-100.0%	78		14,280.24		78	
9	C_UWFC14	Sprinkler	UWFC_A2	97.9700		-100.0%	3		293.91		3	
10	C_UWFC38	Single lock-up garage	UWFC_A2	12.84		-100.0%	45,917		589,574.28		7,984	
11	C_UWFC22	Water/washdown Points 1	UWFC_A2	34.1700		-100.0%	78		2,665.26		44	
<b>Totals</b>												
247	UWTOTREV1	Total Revenue "As if..." - unmeasured water							64,456,908.38	0.00	392,201.00	0.00
<b>Average charge per chargeable supply</b>												
248	UWAVCHGSUP1	Average charge per chargeable supply - unmeasured water							164.35	NA		
<b>Ratio of average charges per chargeable supply</b>												
249	UWAVCHGSUPRATIO1	Ratio of Average Charges Per Chargeable Supply - unmeasured water					NA					
<b>Charge multipliers for monitoring</b>												
	Code	Description		2012-13	2013-14							
250	UWMONAS1_RV	Total RV for Assist customers: included in RV rate charge multiplier		75000.00								
251	UWMONAS1_SC	Total number of Assist customers: included in fixed charge charge multiplier		200								
252												

## Tables MW, MS and TE

This section is relevant for the three tables. Figure 3 below shows the layout of table MW, which is the table for the measured water basket. It contains examples of entries that companies can make.

Below, we provide a guide to some of the entries that companies have to make in the yellow-shaded cells.

- Charging year 2014-15 – the numeric values for the charge codes that companies are proposing to charge for the charging year should be entered in this column. These values, if approved, should be the same as those for the corresponding charges in the company's charges scheme.
- Charging multiplier – the charge multiplier for the weighting year should be entered in these columns in whole units.
- Once all the required entries have been made, the '**ratio of prior year and charging year weighting year revenues**' will be calculated. This calculated figure will feed into the relevant basket item cell in the '**ratio of basket item**' column in table SECO.

### Total weighting year revenue – measured water

This is the sum product of the numeric values of the weighting year charges and the corresponding weighting year charge multipliers.

### Weighting year revenue reported in regulatory accounts

This revenue figure should be the same as the one in table SECO for the relevant measured tariff basket item.

### Difference between the principal statement and regulatory accounts revenues

We expect each company's revenues for the weighting year for a measured tariff basket item to be broadly equivalent in its principal statement and its regulatory accounts. If this is not the case, companies must provide a valid reason for the difference but only if the difference exceeds 0.1% of service turnover. If a company does not provide an explanation, we will challenge it. This is because a difference

could mean that a company has not prepared its principal statement in accordance with the definitions set out in condition B of its licence.

### **Weighting year total revenue for water/sewerage services reported in regulatory accounts**

Companies should enter either the water service total turnover or the sewerage service total turnover reported in their regulatory accounts for the weighting year, whichever is applicable. The corresponding cell in table TE will be populated automatically with the figure in table MS.

### **Correcting for over- or under-forecasting take up of optional tariff**

The instructions for making these entries remain unchanged. These are set out in [‘Appendix 1 Making principal statement entries’](#).

When companies make entries to adjust for incorrect log forecasting uptake of measured optional tariffs they should not include any charge code. Instead, they should provide a narrative in the ‘Charge description’ column to describe what the corrections are for. They should also provide a charge type from the list in the charge type table.

There should be no charge entries for the weighting year when companies are adjusting for incorrect forecasts. Any such entries will not affect the adjustments. But they will distort the difference between the principal statement and regulatory accounts revenues.

Figure 3 Table MW

PRINCIPAL STATEMENT FOR THE CHARGING YEAR 2014-15											
COMPANY NAME											
MW - Measured Water											
Line	Charge code	Charge description	Charge type	Weighting year 2012-13	Charges (£.p) Prior year 2013-14	Charging year 2014-15	% Change	Charge multiplier 2012-13	Weighting Year Revenue 2012-13	Prior year 2013-14	Charging year 2014-15
<b>Measured water</b>											
1	C_MWSC02	General: 12/15&20/22 mm (0.5" & 0.75")	MWSC_A	26.37	27.69		-100.0%				
2	C_MWSC05	General: 25/28 & 30/32/35mm (1" & 1.25")	MWSC_B	71.00	74.55		-100.0%				
3	C_MWSC08	General: 40/42 mm (1.5")	MWSC_B	150.00	157.50		-100.0%				
4	C_MWSC09	General: 50/54 mm (2")	MWSC_B	220.00	231.00		-100.0%				
5	C_MWSC12	General: 75/80 mm (3")	MWSC_B	406.00	426.30		-100.0%				
6	C_MWSC13	General: 100 mm (4")	MWSC_B	508.00	533.40		-100.0%				
7	C_MWSC17A	General: > = 150 mm (> = 6")	MWSC_B	683.00	717.15		-100.0%				
8	C_MWVOL01	Vol rate: General	MWVOL_A	1.1340	1.1907		-100.0%				
9	C_MWVOL21C	Vol rate: 5 - 20Ml	MWVOL_C	1.0210	1.0721		-100.0%				
10	C_MWF01D	Fixed charge: 5 - 20Ml	MWF01_C	565.00	593.25		-100.0%				
11	C_MWVOL04A	Vol rate: 20 - 50Ml	MWVOL_C	0.9640	1.0122		-100.0%				
12	C_MWF082AN	Fixed charge: 20 - 50Ml	MWF01_C	1705.00	1790.25		-100.0%				
13	C_MWVSOFC6	WaterSure	MWDIS_A	149.00	156.45		-100.0%				
14		WaterSure: Adjustment to 31 March 2013	MWADJ_FC								
15		Household: 12/15 mm (0.5")	MWADJ_SC								
16		Vol rate: Household	MWADJ_VOL								
17		WaterSure: Forecast to 31 March 2014	MWFORC_FC								
18		Household: 12/15 mm (0.5")	MWFORC_SC								
19		Vol rate: Household	MWFORC_VOL								
<b>Totals</b>											
360	MWTOTPWREV1	Total revenue - measured water							0.00	0.00	
<b>Ratio of charging year revenue to prior year revenue</b>											
361	MWAVCHGSUPRATIO1	Ratio of prior year and charging year weighting year revenues						NA			
<b>Total prior year revenue</b>											
362	MWTOTREV1	Total weighting year revenue - measured water							0.00		
<b>Revenue difference</b>											
363	BO1101PSA	Weighting year revenue reported in Regulatory Accounts							0		
364	MWREVDIFF1	Difference between PS and RA revenues							0	NA	
365	BO1181PSA	Weighting year total revenue for water services reported in Regulatory Accounts									
<b>Charge multipliers for monitoring</b>											
	Code	Description		2011-12	2012-13						
365	MWMONWS1VOL_FC	Multiplier for WaterSure: total volume for monitoring			9999.00						

## Table DIFF

We provide this table to enable companies demonstrate that they have maintained an appropriate cost-reflective balance on average between their measured and unmeasured household charges. This is required by condition E of each company's licence. We consider a company to have met this requirement for:

- water services if the differential target for water in line 28 is within  $\pm\text{£}X$  of the differential for water in line 47; and
- sewerage services if the differential target for sewerage in line 35 is within  $\pm\text{£}X$  of the differential for sewerage water in line 62.

' $\pm\text{£}X$ ' is the amount of flexibility available to a company for the charging year in question. For 2014-15, X is 2. Companies that are unable to achieve this figure should provide a valid explanation.

Companies should refer to '[RD18/08 Resetting metered and unmetered differential targets](#)' for an explanation of the methodology underpinning the formulas in this table.

Companies may use other methodologies to demonstrate that they have met the condition E requirement. Those companies do not complete this table. But they should provide a working sheet that shows their calculations along with a commentary that explains how they think their methodology has enabled them to fulfil the requirement.

A guide to the entries that companies should make in the yellow cells is provided below. Figure 4 shows the layout of the table.

### Differential target

Line 6	Measured water average standing charge (year t-1) – the average of all the approved meter-based standing charges for measured household water customers for the prior year should be entered in this cell.
Line 7	Measured water average volumetric charge (year t-1) – the average of all the approved volumetric charges for measured household water customers for the prior year should be entered in this cell.

Line 8	Measured sewerage average standing charge(year t-1) – the average of all the approved meter-based standing charges for measured household sewerage customers for the prior year should be entered in this cell. Water and sewerage companies should include the relevant charges for their sewerage customers in water-only company areas. Some companies include drainage charges in their meter-based standing charges and others do not. Those who do not should ensure that their household drainage charges are included in the calculation of the average standing charge.
Line 9	Measured sewerage average volumetric charge (year t-1) – the average of all the approved volumetric charges for measured household sewerage customers for the prior year should be entered in this cell. Some companies include drainage charges in their volumetric charges and others do not. The latter should ensure that their household drainage charges are included in the calculation of the average volumetric charge.
Line 10	Households billed for measured water (not external meter) (year t-2) – the number of billed internally metered household customers in the Weighting year. This information was previously provided by companies in line 13 of table 7 in their June returns. The sum of line 10 and line 11 should be the same as the number of measured water household properties in line 2 of table AI1.
Line 11	Households billed for measured water (external meter) (year t-2) –the number of billed externally metered household customers in the Weighting year. This information was previously provided by companies in line 12 of table 7 in their June returns. The sum of line 10 and line 11 should be the same as the number of measured water household properties in line 2 of table AI1.
Line 12	Households billed for unmeasured water (year t-2) – the number of households billed for unmeasured water in the weighting year. This information was previously provided by companies in line 11 of table 7 of their June returns. This figure should be the same as the number of unmeasured water household properties figure in line 1 of table AI1.
Line 13	Water delivered billed measured households (year t-2) – the volume of water delivered to all billed measured household customers in the weighting year. This information was previously provided by companies in line 1 of table 10 of their June returns.
Line 14	Water delivered billed unmeasured household (year t-2) – the volume of water delivered to billed unmeasured household customers in the weighting year. This information was previously provided by companies in line 4 of table 10 of their June returns.
Line 15	Meter under-registration (measured households) (year t-2) – meter under-registration for measured household customers in the weighting year. This information was previously provided by companies in line 18 of table 10 of their June return.
Line 16	Water delivered: underground supply pipe leakage (other metered households)



	(year t-2) – the underground supply pipe leakage for internally metered customers in the weighting year. This information was previously provided by companies in line 16, table 10 of their June returns.
Line 17	Households billed unmeasured sewage (t-2) – the number of households billed for unmeasured sewerage within the company’s area. This information was previously provided by companies in line 1 of table 13 of their June returns. This figure should be the same as the number of unmeasured sewerage household properties figure in line 1 of table A12.
Line 18	Volume unmeasured household sewage (year t-2) – the volume of water delivered to household properties billed for unmeasured water in the company’s area that is returned to sewer. This information was previously provided by companies in line1 of table 14 of their June returns.
Line 19	Volume of water supplied which is assumed to be discharged into the sewers as wastewater – the company’s non-return to sewer allowance.

## Customer-related costs of metering

The formulae for calculating these components in lines 20 to 23 and line 29 and 30 depend on the 2012-13 values of these components. We have provided these in the adjacent cells.

## Number of days in the weighting year

The formulae for calculating some of the measured customer benefits make reference to the number of days in the weighting year. In a leap year this figure will be 366, otherwise it will be 365.

## Water differential

Line 36	Unmeasured water average RV charge (year t) – the average of all the rateable value charges proposed for unmeasured household water customers for the charging year.
Line 37	Unmeasured water total RV (year t-2) – the sum of the rateable values of all billed unmeasured household properties in the weighting year.
Line 38	Unmeasured water average fixed charge (year t) – the average of all the fixed charges proposed for unmeasured household water customers for the charging year.
Line 41	Unmeasured sewerage average sundry charges (year t) – the average of all the sundry charges proposed for unmeasured household water customers for the

	charging year should be entered in this cell. Alternatively, the sundry charges may be included in the calculation of the average fixed charge for water.
Line 42	Unmeasured sewerage sundry charge multipliers (year t-2) – the sum of the charge multipliers for all approved sundry charges in the weighting year. If the sundry charges are included in the calculation of the average fixed charge for water, this cell should be left blank.
Line 43	Measured water average volumetric charge (year t) – the average of all the volumetric charges proposed for measured household water customers for the charging year.
Line 44	Measured water average volumetric charge (year t) – the average of all the volumetric charges proposed for measured household water customers for the charging year.

## Sewerage differential

Line 48	Unmeasured sewerage average RV charge (year t) – the average of all the rateable value charges proposed for unmeasured household sewerage customers for the charging year.
Line 49	Unmeasured sewerage total RV (year t-2) – the sum of the rateable values of all billed unmeasured household properties in the weighting year.
Line 50	Unmeasured sewerage average fixed charge (year t) – the average of all the fixed charges proposed for unmeasured household sewerage customers for the charging year.
Line 53	Unmeasured sewerage average sundry charges (year t) – the average of all the sundry charges proposed for unmeasured household sewerage customers for the charging year should be entered in this cell. Alternatively, the sundry charges may be included in the calculation of the average fixed charge for sewerage.
Line 54	Unmeasured sewerage sundry charge multipliers (year t-2) – the sum of the charge multipliers for all approved sundry charges in the weighting year. If the sundry charges are included in the calculation of the average fixed charge for sewerage, this cell should be left blank.
Line 55	Measured sewerage average volumetric charge (year t) – the average of all the volumetric charges proposed for measured household sewerage customers for the charging year.
Line 56	Measured sewerage average standing charge (year t) - the average of all the meter-based standing charges proposed for measured household sewerage customers for the charging year.

Line 58	Water delivered: underground supply pipe leakage (unmeasured households) (year t-2) – the estimated underground supply pipe leakage per unmeasured household. This information was previously provided by companies in line10 of table 7 of their June returns.
Line 59	Water delivered: underground supply pipe leakage (externally metered households) (year t-2) – the estimated supply pipe leakage from externally metered households. This information was previously provided by companies in line 11 of table 10 of their June returns.

Figure 4 Table DIFF

PRINCIPAL STATEMENT FOR THE CHARGING YEAR 2014-15			
COMPANY NAME			
DIFF - Differential Targets			
			Information requirements set out in RD 02/04 Annex C
Line	Description	Unit	
1	WACI for water adjusted by RPI (year t)	%	
2	WACI for sewerage adjusted by RPI (year t)	%	
3	RPI: Basket year - percentage increase (t)	%	-100.00%
4	Nominal post-tax cost of debt set at latest periodic review (year t-1)	%	5.10%
5	Average length of time that elapses between measured customers receiving their bills and making payme	nr	3
6	Measured water average standing charge (year t-1)	£	
7	Measured water average volumetric charge (year t-1)	£	
8	Measured sewerage average standing charge(year t-1)	£	
9	Measured sewerage average volumetric charge (year t-1)	£	
10	Households billed for measured water (not external meter) (year t-2)	000	
11	Households billed for measured water (external meter) (year t-2)	000	
12	Households billed for unmeasured water (year t-2)	000	
13	Water delivered billed measured households (year t-2)	MI/d	
14	Water delivered billed unmeasured household (year t-2)	MI/d	
15	Meter under-registration (measured households) (year t-2)	MI/d	
16	Water delivered: underground supply pipe leakage (other metered households) (year t-2)	l/prop/d	
17	Households billed unmeasured sewage (t-2)	000	
18	Volume unmeasured household sewage (year t-2)	MI/d	
19	Volume of water supplied which is assumed to be discharged into the sewers as wastewater	%	
			Methodology set out in RD 02/04 Annex C and revised in RD 18/08
Line	Description	Unit	
20	Meter space cost	£	0.00
21	Meter installation cost	£	0.00
22	Meter reading cost - water	£	0.00
23	Account management cost - water	£	0.00
24	Cash flow - water	£	
25	Meter under-registration - water	£	
26	Leakage - internally metered - water	£	
27	Leakage rebate - water	£	
28	Differential target - water	£	
			Methodology set out in RD 02/04 Annex C and revised in RD 18/08
Line	Description	Unit	
29	Meter reading cost - sewerage	nr	0.00
30	Account management cost - sewerage	nr	0.00
31	Cash flow - sewerage	nr	
32	Meter under-registration - sewerage	nr	
33	Leakage - internally metered - sewerage	nr	
34	Leakage rebate - sewerage	nr	
35	Differential target - sewerage	nr	
			Table X3 Calculation of actual differentials
Water differential			Number of days in weighting
Line	Description	Unit	
36	Unmeasured water average RV charge (year t)	£	
37	Unmeasured water total RV (year t-2)	£m	
38	Unmeasured water average fixed charge (year t)	£	
39	Households billed for unmeasured water (year t-2)	000	0.000
40	Unmeasured water billed (year t-2)	m <sup>3</sup> /a	0
41	Unmeasured water average sundry charges (year t)	£	
42	Unmeasured water sundry charge multipliers (year t-2)	000	
43	Measured water average volumetric charge (year t)	£	
44	Measured water average standing charge (year t)	£	
45	Unmeasured water average bill	£	
46	Measured bill for average unmeasured water delivered	£	
47	Differential for water	£	
			Methodology set out in RD 02/04 Annex C and revised in RD 18/08
Sewerage differential			Number of days in weighting
Line	Description	Unit	
48	Unmeasured sewerage average RV charge (year t)	£	
49	Unmeasured sewerage total RV (year t-2)	£	
50	Unmeasured sewerage average fixed charge (year t)	£	
51	Households billed unmeasured sewage (year t-2)	000	0.000
52	Unmeasured sewerage billed (t-2)	m <sup>3</sup> /a	0
53	Unmeasured sewerage average sundry charge (year t)	£	
54	Unmeasured sewerage sundry charge multipliers (year t-2)	000	
55	Measured sewerage average volumetric charge (year t)	£	
56	Measured sewerage average standing charge (year t)	£	
57	Volume of water supplied which is assumed to be discharged into the sewers as wastewater	%	
58	Water delivered: underground supply pipe leakage (unmeasured households) (year t-2)	l/prop/d	
59	Water delivered: underground supply pipe leakage (externally metered households) (year t-2)	l/prop/d	
60	Unmeasured sewerage average bill (year t)	£	
61	Measured bill for average wastewater discharged	£	
62	Differential for sewerage	£	

## Tables AI1 and AI2

Figure 5 shows the layout of table AI1 which captures average household bills information for water supplies. The information in this section is also relevant for table AI2 which is the equivalent table for sewerage services.

Once companies populate the yellow shaded cells, the tables will calculate, where applicable, the final, provisional and forecast average bill for the weighting, prior and charging years respectively. The properties figures in line 1 and line 2 should be consistent with the figures provided in the DIFF sheet.

The property figures should relate to the numbers of properties that were billed in the relevant year.

### Weighting year information

The information in the lines one to three of the table relates to the weighting year. The revenue figures that companies provide should be the same as the revenue figures they reported in their regulatory accounts for the weighting year.

We have entered in the last two columns the same provisional and forecast average bills figures for the weighting year that were calculated in the prior year's and weighting year's AI1 tables respectively. If there is a marked difference between the forecast, provisional and the final average bills figures for any company, then that company should consider improving its methodology for forecasting revenues and property numbers.

### Provisional year information

The information in lines four to six of the table relates to the prior year. We have entered in the last column the same forecast average bill figures for the prior year that were calculated in the prior year's AI1 table.

### Charging year information

The information in lines seven to nine relates to the charging year. When companies provide the revenue and the number of properties figures for the charging year, the forecast average bills for the charging year will be calculated and shown in the forecast average bill column.

Figure 5 Table AI1

<b>PRINCIPAL STATEMENT FOR THE CHARGING YEAR 2014-15</b>						
<b>COMPANY NAME: Southern Water Services Limited</b>						
<b>AI1 - Additional information - household average bill for water</b>						
		Revenue for 2012-13 (£m)	Properties, 2012-13	Final average bill for 2012-13 (£)	Provisional average bill for 2012-13 (£)	Forecast average bill for 2012-13 (£)
Line	Description					
1	Unmeasured supplies - household				£157.80	£156.21
2	Measured supplies - household				£146.46	£143.47
3	<b>Unmeasured and measured supplies TOTAL</b>	<b>0.000</b>	<b>0.000</b>		<b>£151.72</b>	<b>£148.66</b>
		Revenue for 2013-14 (£m)	Properties, 2013-14	Provisional average bill for 2013-14 (£)	Forecast average bill for year 2013-14 (£)	
Line	Description					
4	Unmeasured supplies - household				£164.86	
5	Measured supplies - household				£154.80	
6	<b>Unmeasured and measured supplies TOTAL</b>	<b>0.000</b>	<b>0.000</b>		<b>£158.17</b>	
		Revenue for 2014-15 (£m)	Properties, 2014-15	Forecast average bill for 2014-15 (£)		
Line	Description					
7	Unmeasured supplies - household					
8	Measured supplies - household					
9	<b>Unmeasured and measured supplies TOTAL</b>	<b>0.000</b>	<b>0.000</b>			

## Charge list table

This table contains a list of all the charges that are currently in our database, including their descriptions and associated codes. We have put the charges into five groups. Each group contains charges for a named tariff basket. We have provided the list to enable companies to apply the correct charge code to their new charges.

Companies should go through the list and pick the charge codes (and charge descriptions) that are appropriate for their charges and include them in the main section of the relevant principal statement table.

When an appropriate charge code cannot be found, companies should leave the charge code cell blank. However, they should provide a description of the charge and include the charge type from the charge type table. These two pieces of information will help us to provide a new code with which the list will be updated.

## Charge type table

In this table we have provided a list of all the charge types which will give further clarity to the charge codes. A charge code can be associated with only one charge type. But one charge type can be valid for several charge codes.

Companies can put the charges in the UW to TE tables in any order that suits them. But they should add a charge type code for each charge code that they include in their principal statement.

The charge type codes follow a discernible pattern. This is as follows.

- The first two letters indicate the tariff basket item to which the charge type relates. 'UW' indicates an item in the unmeasured water basket.
- The letters that follow indicate the type of tariff. For example, 'SOC' would indicate that the charge was a social tariff.
- The letter that immediately follows the underscore indicates whether the charge is for households (\_A), non-households (\_B) or intermediate users (\_C). Non-household customers are defined as customers who are not household customers and do not qualify for any of a company's intermediate user tariffs.

- The last character of a charge type code further distinguishes the charge types. For example, a letter 'C' would indicate that the charge recovers highway drainage cost only, or the number '0' would indicate that the charge recovers customer-related costs only.

## **Social tariffs**

All social tariffs, including win-win tariffs have a charge type code that contains 'SOC'. We prefer companies to separately identify their existing social tariffs from the Flood and Water Management Act (FWMA) 2010-enabled social tariffs. For this reason, the charge codes for the FWMA 2010 social tariffs will be 'SOCW'.