

October 2016

Trust in water

RAG 4.06 – Guideline for the table definitions in the annual performance report

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1. Definitions of terms

Section 1 – Regulatory financial reporting

Financial performance for the 12 months ended 31 March 20xx

Pro forma 1A: Income statement

1A.1	Revenue	Appointed – Total business revenue that is within the scope of the price control, together with revenue that is outside of the price control but still forms part of regulated activities. Non-appointed – Total business revenue from non-appointed activities as defined by the licence. See appendix 1 for further examples.
1A.2	Operating costs	Historical cost operating costs.
1A.3	Other operating income	Historical cost operating income includes profits or loss on disposal of fixed assets; income arising from exceptional items should also be included. Normally a positive number, but a loss should be negative.
1A.4	Operating profit	Historical cost operating profit. Equal to the sum of lines 1A.1 to 1A.3.
1A.5	Other income	Includes rental income and income from investments (eg, share income); excludes net interest and profit on disposals on fixed assets. Companies may recognise grants and contributions in the income statement as revenue under UKGAAP (either as a single transaction or through amortisation). We require that any such income be shown as ‘other income’ rather than revenue. Table 1A should be used to adjust such amounts so that they are recorded in this line.
1A.6	Interest income	Interest income includes interest received on cash deposits, loans to group companies, etc.
1A.7	Interest expense	Interest expense includes interest paid on loans, leases, debenture, floating rate debt, overdrafts, preference shares and all other borrowings.
1A.8	Other interest expense	Total net interest expenses which are not directly related to deposits and borrowings as defined in 1A.6 and 1A.7. This will include (but is not limited to); <ul style="list-style-type: none"> • Net interest cost of defined benefit pension schemes, • Dividend income
1A.9	Profit before taxation and fair value movements	Equal to the sum of lines 1A.4 to 1A.8.
1A.10	Fair value gains/(losses) on financial instruments	Any fair value gains/(losses) arising on financial instruments which must be accounted for at fair value on

		the balance sheet with changes recognised in the income statement.
1A.11	Profit before tax	Historical cost profit on ordinary activities before taxation. Equal to the sum of lines 1A.9 to 1A.10.
1A.12	UK Corporation tax	The current tax charge on profits from ordinary activities. This will include mainstream corporation tax, income and other taxes. It should exclude any deferred tax charge which is to be reported separately. A positive number for tax credit, negative number for tax charge.
1A.13	Deferred tax	The movement in the deferred tax provision. A positive number for tax credit, negative number for tax charge.
1A.14	Profit for the year	Historical cost profit for the year. To be shown after taxation, but before deduction of dividends. Equal to the sum of lines 1A.11 to 1A.13.

Pro forma 1B: Statement of comprehensive income

1B.1	Profit for the year	Historical cost profit for the year. Equal to line 1A.14.
1B.2	Actuarial gains/(losses) on post-employment plans	Actuarial gains/(losses) on post-employment plans.
1B.3	Other comprehensive income	Other gains and losses.
1B.4	Total comprehensive income for the year	Total comprehensive income for the year. Equal to the sum of lines 1B.1 to 1B.3.

Pro forma 1C: Statement of financial position

Non-current assets		
1C.1	Fixed assets	Historical cost net book value of tangible fixed assets at the end of the financial year.
1C.2	Intangible assets	Total value of any intangible assets (not physical in nature) at the end of the financial year.
1C.3	Investments – loans to group companies	Loans made to other group companies repayable in more than one year.
1C.4	Investment – other	All investments, excluding those in line 1C.3, eg, shares in other group companies.
1C.5	Financial instruments	Difference between book value and fair value of any non-current assets relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.
1C.6	Retirement benefit assets	The total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date, less scheme assets. Where this calculation results in a net asset it should be shown in this line.

1C.7	Total non-current assets	Historical cost total fixed assets. Equal to the sum of lines 1C.1 to 1C.6.
Current assets		
1C.8	Inventories	Stocks held at the year end. Stocks consist of consumable stores and work in progress, including chemicals, stationery, petrol, backfill materials, etc.
1C.9	Trade & other receivables	Debtors consist of all amounts owing to the company at the financial year end including trade debtors, prepayments and accrued income. This includes amounts falling due after more than one year. Any assets held for sale should also be included here.
1C.10	Financial instruments	Difference between book value and fair value of any current assets relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.
1C.11	Cash & Cash equivalents	Cash consists of cash in hand and at bank. Overdraft balances should not be netted off as it should be included separately in 'Trade & other payables'.
1C.12	Total current assets	Equal to the sum of lines 1C.8 to 1C.11.
Current liabilities		
1C.13	Trade & other payables	Trade creditors, accrued interest and any other accruals or creditors due within one year that are not borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments.
1C.14	Capex creditor	Capital expenditure creditors due within one year.
1C.15	Borrowings	Balances due within one year which comprise: <ul style="list-style-type: none"> • obligations under finance leases; • loans due to other group companies; • redeemable debentures; • bonds; • commercial paper; • bills of exchange; • bank loans; and • any other borrowings. Accrued interest on borrowings should not be included.
1C.16	Financial instruments	Difference between book value and fair value of any current liabilities relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.
1C.17	Current tax liabilities	Corporation tax payable consists of any balances of corporation tax due to HMRC.
1C.18	Provisions	Total provisions for liabilities and charges due within one year. Includes deferred income – grants and contributions and all other provisions including restructuring or reorganisation provisions.
1C.19	Total current liabilities	All creditors due to be paid within one year. Equal to the sum of lines 1C.13 to 1C.18.
Net current assets/ (liabilities)		

1C.20	Net current assets/ (liabilities)	Historical cost net current assets. Equal to the sum of lines 1C.12 and 1C.19.
Non-current liabilities		
1C.21	Trade & other payables	Trade creditors, accrued interest and any other accruals or creditors due after more than one year that are not borrowings, tax creditors, capex creditor or liabilities arising from derivative financial instruments.
1C.22	Borrowings	Balances due after more than one year which comprise: <ul style="list-style-type: none"> • obligations under finance leases; • loans due to other group companies; • redeemable debentures; • bonds; • commercial paper; • bills of exchange; • bank loans; and • any other borrowings. Accrued interest on borrowings should not be included.
1C.23	Financial instruments	Difference between book value and fair value of any non-current liabilities relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.
1C.24	Retirement benefit obligations	The total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date, less scheme assets. Where this calculation results in a net liability it should be shown in this line.
1C.25	Provisions	Total provisions for liabilities and charges due after one year not included elsewhere in the table. Includes restructuring or reorganisation provisions.
1C.26	Deferred income – grants & contributions	Balance of deferred income relating to capitalised grants and contributions received.
1C.27	Preference share capital	Nominal value of the preference share capital.
1C.28	Deferred tax	Provision for tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. (A deferred tax asset should be entered as a positive number.)
1C.29	Total non-current liabilities	Total creditors due after one year. Equal to the sum of lines 1C.21 to 1C.28.
Net assets		
1C.30	Net assets	Total assets employed by the business under the historical cost accounting convention. Equal to the sum of lines 1C.7, 1C.20 and 1C.29.
Equity		
1C.31	Called up share capital	Nominal value of the ordinary shares of the company which are issued and fully paid.

1C.32	Retained earnings and other reserves	Cumulative balance of historical cost profits retained and any other reserves, other than called up share capital.
1C.33	Total Equity	Total of shareholders' funds. The sum of called up share capital, share premium, profit and loss account, and other reserves. This equals line 1C.30.

Pro forma 1D: Statement of cash flows

1D.1	Operating profit	Operating profit before tax and interest. This is equal to line 1A.4.
1D.2	Other income	Includes rental income and income from investments (eg, share income); excludes net interest and profit on disposals on fixed assets.
1D.3	Depreciation	The negative value of depreciation and amortisation of tangible and intangible assets.
1D.4	Amortisation – Grants & contributions	The negative value of amortisation relating to grants and contributions.
1D.5	Changes in working capital	The total movement in working capital.
1D.6	Pension contributions	Total pension contributions paid in the year.
1D.7	Movement in provisions	The negative value of any other non-cash profit and loss items which affect operating profit. This will include, but is not restricted to: <ul style="list-style-type: none"> • movements in provisions; and • the difference between pension contributions and the charge (to operating profit).
1D.8	Profit on sale of fixed assets	The negative value of net current cost profit/loss on disposal of fixed assets.
1D.9	Cash generated from operations	Net cash flow movement from the operating activities of the company. The sum of lines 1D.1 to 1D.8.
1D.10	Net interest paid	Net of interest received, interest paid, interest on finance lease rentals and non-equity dividends paid.
1D.11	Tax paid	All cash flows to or from taxation authorities (or other group companies) in respect of the company's revenue and capital profits including corporation tax paid/received and group taxation payments/receipts by the company in the year.
1D.12	Net cash generated from operating activities	The sum of lines 1D.9 to 1D.11.
Investing activities		
1D.13	Capital expenditure	Gross purchase price of fixed assets paid before the deduction of any grants and contributions.
1D.14	Grants and contributions	The total amount of grants and other contributions received for fixed asset purchases in the year.
1D.15	Disposal of fixed assets	Cash proceeds received in the year on the sale of fixed assets

1D.16	Other	Other movements not already included in lines 1D.13 to 1D.15.
1D.17	Net cash used in investing activities	The net cash flow of the company relating to the acquisition or disposal of any asset held as a fixed asset. The sum of lines 1D.13 to 1D.16.
1D.18	Net cash generated before financing activities	The sum of lines 1D.12 and 1D.17.
Cashflows from financing activities		
1D.19	Equity dividends paid	The total equity dividend paid by the company in the year. This includes any special dividends paid in the year.
1D.20	Net loans received	The receipts from any loans taken out in the year. These include the proceeds of any loans taken out from other group companies.
1D.21	Cash inflow from equity financing	The net proceeds of any share issues received in the year, less the cost of any share buy backs.
1D.22	Net cash generated from financing activities	The net effect on cash flow after repaying the capital element of finance leases, raising /repaying loans and share issues. The sum of lines 1D.19 to 1D.21.
1D.23	Increase/(decrease) in net cash	The net cash flow of the company in the year measured by the change in the level of cash. The sum of lines 1D.18 and 1D.22.

Pro forma 1E: Net debt analysis at 31 March 20xx

Maturity profile		
1E.1	Borrowings (excluding preference shares)	<p>Borrowings such as:</p> <ul style="list-style-type: none"> • obligations under finance leases; • loans due to other group companies; • redeemable debentures; • bonds; • commercial paper; • bills of exchange; • bank loans; and • any other borrowings. <p>The following should not be included:</p> <ul style="list-style-type: none"> • accrued interest on borrowings; • mains deposits; • fair value accounting adjustments which do not impact on the principal sum outstanding on the debt or the total interest paid. For example when financial instruments, such as interest rate swap agreements are presented at fair value. <p>This should equal total 'Borrowings' as reported in column 'Total appointed activities' of table 1C (i.e. the sum of lines 1C.15 and 1C.22). Where there is a difference between the figures in Table 1C and table 1E a reconciliation of the differences should be provided.</p>

1E.2	Preference share capital	Nominal value of the preference share capital. This should equal 'Preference share capital' as reported in column 'Total appointed activities' of table 1C (i.e. line 1C.27).
1E.3	Total borrowings	The sum of lines 1E.1 and 1E.2.
1E.4	Cash	Cash in hand and at bank at the year-end.
1E.5	Short term deposits	Investments which are readily convertible into known amounts of cash. This may include deposits made with group companies.
1E.6	Net Debt	The sum of lines 1E.3 to 1E.5.
1E.7	Gearing	Regulatory gearing calculated as net debt in 1E.6 divided by RCV in 4C.1.
1E.8	Adjusted gearing	Some companies may use a different measure of net debt to calculate gearing for the purposes of financial covenants which are of use to the financial community. If a different measure of debt is commonly used by a company, then the restated gearing level should be inserted in this line together with an accompanying commentary.
1E.9	Full year equivalent nominal interest cost	<p>Full year equivalent nominal interest cost as at 31 March. Calculated as the 'Nominal interest rate' multiplied by the 'Principal sum as at 31 March'.</p> <p>Nominal interest rate is defined as the coupon associated with nominal debt or equivalent implied by the coupon of index linked debt.</p> <p>Rates entered for borrowings in hedging relationships should be stated at the post hedge interest rate.</p> <p>Processing rule:</p> <p>Fixed rate instruments</p> <p>The coupon rate as an input.</p> <p>Floating rate instruments</p> <p>The nominal coupon rate at the last pricing of the instrument.</p> <p>Index-linked instruments</p> <p>Nominal interest rate = $((1 + \text{real coupon}) \times (1 + \text{RPI})) - 1$.</p> <p>The principal sum outstanding should not be adjusted for accounting adjustments such as unamortised issuance costs.</p> <p>Processing rule:</p> <p>Fixed rate and floating rate instruments</p> <p>In most instances this will be the principal sum at initial recognition of the instrument. For instruments with stepped principal repayments, the principal sum is the sum outstanding as at 31 March.</p> <p>Index-linked instruments</p> <p>The principal sum outstanding at 31 March, ie the principal sum at initial recognition plus indexation of the principal.</p> <p>Foreign currency instruments</p> <p>The Sterling equivalent upon which interest is calculated.</p>

		<p>Swaps that are not in designated hedging arrangements</p> <p>The paid and received legs should be reported separately in the appropriate categories within the table. The notional value of the swap should be reported as the principal sum, with the received leg reported as a negative principal sum.</p>
1E.10	Full year equivalent cash interest payment	<p>Full year equivalent cash interest payment at 31 March.</p> <p>Processing rule:</p> <p>Fixed rate instruments and floating rate instruments</p> <p>Copied from 'Full year equivalent nominal interest cost'.</p> <p>Index linked instruments</p> <p>Calculated as the 'Real coupon' multiplied by the 'principal sum as at 31 March'.</p>
Indicative interest rates		
1E.11	Indicative weighted average nominal interest rate	1E.9 divided by the principal sum outstanding as at 31 March for fixed, floating and index linked instruments on which interest payments are calculated. The nominal interest rate on index linked debt should include inflation accretion.
1E.12	Indicative weighted average cash interest rate	1E.10 divided by the principal sum outstanding as at 31 March for fixed, floating and index linked instruments on which interest payments are calculated.
1E.13	Weighted average years to maturity	<p>Calculated as the multiple of the principal sum and years to maturity divided by the principal sum outstanding as at 31 March for fixed, floating and index linked instruments on which interest payments are calculated.</p> <p>Definition of years to maturity: Full years to maturity of the instrument from 31 March.</p> <p>Instruments with no fixed maturity should be reported as follows:</p> <ul style="list-style-type: none"> • Instruments that are instantly callable should be classified as loans due in less than one year. • Inter-company loans should be matched with the instrument at group level at the external borrowing rate. <p>Instruments with no fixed maturity that are not instantly callable should be reported with a maturity of 25 years.</p>

Section 2 – Price review and other segmental reporting

Pro forma 2A: Segmental income statement for the 12 months ended 31 March 20xx

2A.1	Revenue – price control	Total revenue covered by the price control split over the price controls units. Retail household column should be equal to 2I.13 (household column). Retail non-household column should be equal to 2I.13 (non-household column).
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		Wholesale Water column should be equal to 2I.4. Wholesale Wastewater column should be equal to 2I.8.
2A.2	Revenue – non price control	Other revenue from appointed activities, not covered by the price control recorded under each price controls unit (see appendix 1). The total of 2A.1 & 2A.2 should equal 1A.1.
2A.3	Operating expenditure	Operating expenditure split over the price controls units. Will agree to 2B.9 and 2C.9 [wholesale and retail respectively]. The total of 2A.3, 2A.4 & 2A.5 should reconcile to 1A.2.
2A.4	Depreciation - tangible fixed assets	Depreciation of tangible fixed assets. Will agree to 2D.8. The total of 2A.3, 2A.4 & 2A.5 should reconcile to 1A.2.
2A.5	Amortisation - intangible fixed assets	Amortisation of intangible fixed assets. The total of 2A.3, 2A.4 & 2A.5 should reconcile to 1A.2.
2A.6	Other operating income	Other operating income split over the price controls units. Total should reconcile to 1A.3.
2A.7	Operating profit before recharges	The sum of lines 2A.1 to 2A.6
2A.8	Recharges from other segments	Total amount of recharges made from other price controls units. Examples of these would include, but is not restricted to; <ul style="list-style-type: none"> • recharges for use of fixed assets, • recharges for cross unit transactions services such as treatment of sludge from water treatment works. Input as a negative number.
2A.9	Recharges to other segments	Total amount of recharges made to other price controls units. Examples of these would include, but is not restricted to; <ul style="list-style-type: none"> • recharges for use of fixed assets, • recharges for cross unit transactions services such as treatment of sludge from water treatment works. Input as a positive number.
2A.10	Operating profit	Sum of 2A.7 to 2A.9.
2A.11	Surface water drainage rebates	Total value of surface water drainage rebates paid or credited to customers' accounts in the year where the customer has challenged the proportion of their site that is connected for surface water.

Pro forma 2B: Totex analysis for the 12 months ended 31 March 20xx - wholesale water & wastewater

Operating expenditure		
2B.1	Power	All energy costs, including the climate change levy and the carbon reduction commitment. Any cost savings from power generated internally should be netted off these costs.
2B.2	Income treated as negative expenditure	Income received sales which are external to the appointed business and which directly relate to the water and wastewater processes. It should be input as a negative number. This will include; Electricity sales from sources such as Hydro, PV, wind and CHP to external parties. Electricity sales from back-up generators under the National Grid 'STOR'. Bio-methane gas sales to the National Grid. Sludge and sludge products such as cake, granules etc. to external parties.
2B.3	Service charges/ discharge consents	Total cost of service charges by the environment agency or canal & river trust for discharge consents.
2B.4	Bulk Supply/Bulk discharge	Total payments for bulk imports/exports. Where a company jointly owns a supply, the costs associated with it should not be reported here but in the appropriate cost line.
2B.5	Other operating expenditure	Any other operating costs (ie. excluding interest, taxation and local authority rates).
2B.6	Local authority and Cumulo rates	The cost of local authority rates. This should include both the local authority rates, cumulo rates and sewerage site rates (where appropriate).
2B.7	Total operating expenditure excluding third party services	Total operating costs excluding third party services. The sum of lines 2B.1 to 2B.6.
2B.8	Third party services	Operating expenditure for providing third party services. E.g. Bulk supplies, supplies of non-potable water and rechargeable works where the appointee is a monopoly supplier.
2B.9	Total operating expenditure	Total operating expenditure for the wholesale business only within each business category. The sum of lines 2B.7 and 2B.8. This should reconcile to 2A.3.
Capital expenditure		
2B.10	Maintaining the long term capability of the assets - infra	Capital expenditure on infrastructure assets excluding third party capex to maintain the long term capability of assets and to deliver base levels of service.
2B.11	Maintaining the long term capability of the assets – non-infra	Capital expenditure on non-infrastructure assets excluding third party capex to maintain the long term capability of assets and to deliver base levels of service.

2B.12	Other capital expenditure - infra	Any capital expenditure on infrastructure assets other than defined in 2B.10 excluding third party capex.
2B.13	Other capital expenditure – non-infra	Any capital expenditure on non-infrastructure assets other than defined in 2B.11 excluding third party capex.
2B.14	Total gross capital expenditure excluding third party services	Total gross capital expenditure excluding third party services. The sum of lines 2B.10 to 2B.13.
2B.15	Third party services	Capital expenditure for providing third party services. E.g. Bulk supplies, supplies of non-potable water and rechargeable works where the appointee is a monopoly supplier.
2B.16	Total gross capital expenditure	The sum of lines 2B.14 & 2B.15.
2B.17	Grants & contributions	All capital contributions from connection charges, infrastructure charges, requisitions and other contributions. Adopted assets should not be included. Equal to lines 2E.6 for water and 2E.12 for wastewater.
2B.18	Totex	The sum of lines 2B.9, 2B.16 less 2B.17.
Cash expenditure		
2B.19	Pension deficit recovery payments	Actual pension deficit recovery payments including costs capitalised and any group recharges for pension deficit costs.
2B.20	Other cash items	Other cash items not including in the accounting charge.
2B.21	Totex including cash items	The sum of lines 2B.18 to 2B.20.

Pro forma 2C: Operating cost analysis for the 12 months ended 31 March 20xx – retail

Operating expenditure		Household	Non-household
2C.1	Customer services	<p>The costs associated with providing the following services for the appointee's household customers (as defined in paragraph 2.5 of RAG 2).</p> <ul style="list-style-type: none"> • Billing. • Payment handling, remittance and cash handling. • Charitable trust donations. • Vulnerable customer schemes. • Non-network customer enquiries and complaints. 	<p>The costs associated with providing the following services for non-household customers (as defined in paragraph 2.5 of RAG 2).</p> <ul style="list-style-type: none"> • Billing. • Payment handling, remittance and cash handling. • Non-network customer enquiries and complaints. • Network customer enquiries and complaints. • Investigatory visits (where the cause of the

		<ul style="list-style-type: none"> • Network customer enquiries and complaints • Investigatory visits (where the cause of the investigation is not a network issue) <p>Excludes customer services costs incurred in providing services to a third party's customers (eg. where a WoC bills and collect payment on behalf of a WaSC).</p>	<p>investigation is not a network issue)</p> <p>Excludes customer services costs incurred in providing services to a third party's customers (eg. where a WoC bills and collect payment on behalf of a WaSC).</p>
2C.2	Debt management	<p>All costs relating to the management of debt recovery for the appointee's household customers (as defined in paragraph 2.5 of RAG 2) – monitoring of outstanding debt, including issue of reminders and follow up telephone calls, managing and monitoring field recovery of debt, includes costs of customer visits, managing and monitoring external debt collection routes including debt collection agencies and legal.</p> <p>Excludes costs incurred relating to the management of debt recovery for a third party's customers (eg. where a WoC manages debt on behalf of a WaSC).</p>	<p>All costs relating to the management of debt recovery for non-household customers (as defined in paragraph 2.5 of RAG 2) – monitoring of outstanding debt, including issue of reminders and follow up telephone calls, managing and monitoring field recovery of debt, includes costs of customer visits, managing and monitoring external debt collection routes including debt collection agencies and legal, including notification of disconnections to non-household customers.</p> <p>Excludes costs incurred relating to the management of debt recovery for a third party's customers (eg. where a WoC manages debt on behalf of a WaSC).</p>
2C.3	Doubtful debts	<p>The charge for bad and doubtful debts for household customers (as defined in paragraph 2.5 of RAG 2).</p> <p>This should include only the appointee's doubtful debts and not doubtful debts relating to a third party.</p>	<p>The charge for bad and doubtful debts for non-household customers (as defined in paragraph 2.5 of RAG 2).</p> <p>This should include only the appointee's doubtful debts and not doubtful debts relating to a third party.</p>
2C.4	Meter reading	<p>Costs associated with meter reading for household customers (as defined in paragraph 2.5 of RAG 2) – including ad hoc read requests, cyclical reading, scheduling, transport, physical reading, reading queries and read</p>	<p>Costs associated with meter reading for non-household customers (as defined in paragraph 2.5 of RAG 2) – including ad hoc read requests, cyclical reading, scheduling, transport, physical reading, reading queries and read</p>

		<p>processing costs, managing meter data plus supervision and management of meter readers.</p> <p>Income from meter reading commission should be netted off these costs.</p> <p>Excludes costs associated with meter reading for third parties.</p>	<p>processing costs, managing meter data plus supervision and management of meter readers.</p> <p>Income from meter reading commission should be netted off these costs.</p> <p>Excludes costs associated with meter reading for third parties.</p>
2C.5	Services to developers	Not applicable for household.	<p>The operating costs of providing services to developers, to include:</p> <ul style="list-style-type: none"> • provide developer information – deal with questions from developers where physical aspects of infrastructure are required to change, investigate and advise on implications; • provide connections for developers –including project management, contracting with third parties; and • administration for new connections.
2C.6	Other operating expenditure	<p>Any other operating costs (ie, excluding interest and taxation) incurred serving household customers (as defined in paragraph 2.5 of RAG 2), on an aggregated basis.</p> <p>Include the costs of (among other costs):</p> <ul style="list-style-type: none"> • provision of offices; • insurance premiums; • net retail expenditure on demand-side water efficiency initiatives; • net retail expenditure on customer side leaks; • other direct costs; • general and support expenditure; • local authority rates; and • other business activities. 	<p>Any other operating costs (ie, excluding interest and taxation) incurred serving non-household customers (as defined in paragraph 2.5 of RAG 2), on an aggregated basis.</p> <p>Include the costs of (among other costs):</p> <ul style="list-style-type: none"> • provision of offices; • insurance premiums; • disconnections; • demand-side water efficiency initiatives; • customer side leaks; • other direct costs; • general and support expenditure; • local authority rates; and • other business activities.
2C.7	Total operating expenditure excluding third party services	The sum of lines 2C.1 to 2C.6.	The sum of lines 2C.1 to 2C.6.

2C.8	Third party services operating expenditure	The operating costs of providing appointed household retail services to third parties.	The operating costs of providing appointed non-household retail services to third parties.
2C.9	Total operating expenditure	Total operating expenditure for households within the retail business only. The sum of lines 2C.7 and 2C.8.	Total operating expenditure for non-households within the retail business only. The sum of lines 2C.7 and 2C.8.
2C.10	Depreciation – tangible fixed assets	Depreciation on tangible assets used wholly or principally for the household retail business (as defined in paragraph 2.3 of RAG 2).	Depreciation on tangible assets used wholly or principally for the non-household retail business (as defined in paragraph 2.3 of RAG 2).
2C.11	Amortisation – intangible fixed assets	Amortisation of intangible assets used wholly or principally for the household retail business (as defined in paragraph 2.3 of RAG 2).	Amortisation of intangible assets used wholly or principally for the non-household retail business (as defined in paragraph 2.3 of RAG 2).
2C.12	Total operating costs	Total operating costs in respect of the household retail business. The sum of lines 2C.9 to 2C.11.	Total operating expenditure in respect of the non-household retail business. The sum of lines 2C.9 to 2C.11.
2C.13	Debt written off	Water and/ or sewerage outstanding debts that have been written off for the appointee's household customers in the report year, net of collections of previously written off debt. Write-offs in relation to court or other debt recovery costs should not be included.	Water and/ or sewerage outstanding debts that have been written off for non-household customers in the report year, net of collections of previously written off debt. Write-offs in relation to court or other debt recovery costs should not be included.

Pro forma 2D: Historic cost analysis of tangible fixed assets (wholesale water, wholesale wastewater and retail business)

Cost		
2D.1	At 1 April 20xx	The historical cost value of the assets brought forward from the previous year.
2D.2	Disposals	The reduction in value of assets caused by disposal of assets, by type.
2D.3	Additions	Increase in value of assets by type caused by purchase.
2D.4	Assets adopted at nil cost	The fair value of any adopted assets

2D.5	At 31 March 20xx	This is the historical cost value at the end of the year. The sum of lines 2D.1 to 2D.4.
Depreciation		
2D.6	At 1 April 20xx	Accumulated depreciation brought forward on assets by type at the beginning of the year. This should be entered as a negative number.
2D.7	Disposals	The reduction in accumulated depreciation caused by disposal of assets by type. Enter as a positive.
2D.8	Charge for the year	Depreciation charge. Enter as a negative.
2D.9	At 31 March 20xx	Accumulated depreciation carried forward by asset type at the end of the charging year. The sum of lines 2D.6 to 2D.8.
2D.10	Net book amount at 31 March 20xx	Net book value by asset type at the year end. The sum of lines 2D.5 and 2D.9.
2D.11	Net book amount at 1 April 20xx	Net book value by asset type at the beginning of the year. The sum of lines 2D.1 and 2D.6.
Depreciation charge for the year		
2D.12	Principal services	Depreciation charge on assets used to deliver 'principal services' as set out in appendix 1. Enter as a negative.
2D.13	Third party services	Depreciation charge on assets used to deliver 'third party services' as set out in appendix 1. Enter as a negative.
2D.14	Total	Total depreciation charge which will agree to line 2D.8.

Pro forma 2E: Analysis of capital contributions and land sales for the 12 months ended 31 March 20xx – wholesale

For this table where the term 'capitalised' is used, this refers to a contribution which is initially recognised on the statement of financial position before being amortised over multiple accounting periods in the income statement.

Grants and contributions – Water		
2E.1	Connection charges (s45)	Contributions received from developer for service connection charges for installing a new service pipe and meter. (Water Industry Act s45)
2E.2	Infrastructure charge receipts – new connections (s146)	Infrastructure charges received in the year for new connections. This reflects a contribution to the costs of enhancing the local water network. (Water Industry Act s146)
2E.3	Requisitioned mains (s43, s55 & s56)	Contributions received from developers to requisition a new water main. (Water Industry Act s43,55 & 56)

2E.4	Diversions (s185)	Contributions received from local authorities, highway authorities and private companies to divert water mains. (Water Industry Act s185)
2E.5	Other contributions	Other contributions received from organisations towards the construction of specific capital projects, e.g. health authorities for fluoridation or government departments for environmental schemes.
2E.6	Total grants and contributions	The sum of lines 2E.1 to 2E.5.
2E.7	Value of adopted assets	The fair value of any adopted water assets
Grants and contributions – Wastewater		
2E.8	Infrastructure charge receipts – new connections (s146)	Infrastructure charges received in the year for new connections. This reflects a contribution to the costs of enhancing the local sewerage network. (Water Industry Act s146)
2E.9	Requisitioned sewers (s100)	Contributions received from developers to requisition a new sewer. (Water Industry Act s100)
2E.10	Diversions (s185)	Contributions received from local authorities, highway authorities and private companies to divert sewers. (Water Industry Act s185)
2E.11	Other contributions	Other contributions received from organisations towards the construction of specific capital projects, e.g. government departments for environmental schemes. Also should include Inspection and supervision fees (2.5% of construction cost based on WRC ‘Sewers for adoption’).
2E.12	Total grants and contributions	The sum of lines 2E.8 to 2E.11.
2E.13	Value of adopted assets	The fair value of any adopted wastewater assets.
Balance sheet		
2E.14	Brought forward	Total value of capitalised grants and contributions brought forward as at 1 April.
2E.15	Capitalised in year	Total value of grants and contributions capitalised in the year.
2E.16	Amortisation (in income statement)	Total value of amortisation released to the income statement in the year. Input as a negative number.
2E.17	Carried forward	Total value of capitalised grants and contributions carried forward as at 31 March. This should represent the wholesale element of 1C.26. The sum of lines 2E.14 to 2E.16.
Land sales		
2E.18	Land sales – proceeds from disposals of protected land	The net proceeds, after the deduction of all offsetting costs from disposals of protected land, including those already subject to regulation through Condition K of the licence.

Pro forma 2F: Household – revenue by customer type

2F.1	Unmeasured water only customer	Revenue from all household unmeasured water only customers.
2F.2	Unmeasured wastewater only customer	Revenue from all household unmeasured wastewater only customers.
2F.3	Unmeasured water & wastewater customer only	Revenue from all household unmeasured water & wastewater customers only. This line should not include any revenue from WoC's billing on behalf of WaSC's.
2F.4	Measured water only customer	Revenue from all household measured water only customers.
2F.5	Measured wastewater only customer	Revenue from all household measured wastewater only customers.
2F.6	Measured water & wastewater customer only	Revenue from all household measured water & wastewater customer only. This line should not include any revenue from WoC's billing on behalf of WaSC's.
2F.7	Total	The sum of lines 2F.1 to 2F.6.

The number of customers reported in column 4 should be the average number of customers in the year, calculated at least on a monthly basis. Voids should be excluded. For the purposes of this table, 'customers' should be equal to the former June return (table 7) definition of 'billed properties'. This is as follows.

These are properties used as single domestic dwellings (normally occupied), receiving water for domestic purposes which are not factories, offices or commercial premises. These include cases where a single aggregate bill is issued to cover separate dwellings having individual standing charges. (In some instances the standing charge may be zero). The number of dwellings attracting an individual standing charge and not the number of bills should be counted. Exclude mixed/commercial properties and multiple household properties, e.g. blocks of flats having only one standing charge. Where companies issue an assessed charge to a property because metering is not possible or is uneconomic then these properties should be classified as unmeasured.

Examples:

- **Typical family dwelling, i.e. terraced, semi-detached, detached house or flat having individual standing charges.**
- **Local authority family dwellings which each have individual standing charges but may be included in an aggregate water bill.**

Column 3 is the total of columns 1 and 2. Column 5 is calculated by dividing column 2 by column 4.

The total of column 1 should be equal to the sum of lines 2I.1, 2I.2, 2I.5 & 2I.6. Column 2 should be equal to the sum of lines 2I.10, 2I.11 & 2I.12.

Pro forma 2G & 2H: Non-household water & wastewater – revenues by tariff type

Default tariffs		
2[G/H].1	Tariff type 1	Total revenue received from each non-household tariff type listed separately.
2[G/H].2	Tariff type x	Total revenue received from each non-household tariff type listed separately.
2[G/H].x	Total default tariffs	Total revenue received from all non-household customers on a default tariff.
Non-default tariffs		
2[G/H].x	Total non-default tariffs	Total revenue received from all customers on a non-default tariff.
2[G/H].x	Total	Total revenue received from all default and non-default tariffs.

Column 3 is the total of columns 1 and 2. Column 5 is calculated by dividing column 2 by column 4.

Columns 1-3 should be recorded in £m with 3 decimal places. Column 4 should be recorded in '000s with 3 decimal places. Column 5 should be to the nearest £1.

Revenue per customer		
2[G/H].x	Total	Total revenue received from all default and non-default tariffs.

For the tariff analysis the number of connections reported in column 4 should be the average number of properties billed (excluding void properties) in the year, calculated at least on a monthly basis. Companies may wish to adjust the 'total' number of customers in the bottom row if a single customer is supplied at multiple sites with different tariff bands.

For the customer analysis the number of customers reported in column 4 should be equivalent to that in the tariff analysis. However some customers will be receiving multiple services under different tariffs, e.g. for a sewage service and a surface water drainage charge, or for services at multiple sites falling into different tariff bandings.

Therefore the total number of ‘customers’ may be lower than the number of connections shown in the tariff analysis.

2G – The total of column 1 should be equal to the sum of lines 2I.1& 2I.2.

2H – The total of column 1 should be equal to the sum of lines 2I.5 & 2I.6.

Pro forma 2I: Revenue analysis & wholesale control reconciliation for the 12 months ended 31 March 20xx

Wholesale charge – water		
2I.1	Unmeasured	Total revenue from wholesale water charges, other than on a measured basis. This should be split between household and non-household connections. This should include revenue from large users and special agreements.
2I.2	Measured	Total revenue from wholesale water charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections. This should include revenue from large users and special agreements.
2I.3	Third party revenue	Third party revenue covered by the wholesale water price control, e.g. supplies of non-potable water to customers.
2I.4	Total	Total revenue from wholesale water charges. The sum of 2I.1 to 2I.3.
Wholesale charge – wastewater		
2I.5	Unmeasured	Total revenue from wholesale wastewater charges, other than on a measured basis. This should be split between household and non-household connections. This should include revenue from large users and special agreements.
2I.6	Measured	Total revenue from wholesale wastewater charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections. This should include revenue from trade effluent, large users and special agreements.
2I.7	Third party revenue	Third party revenue covered by the wholesale wastewater price control.
2I.8	Total	Total revenue from wholesale wastewater charges. The sum of 2I.5 to 2I.7.
Wholesale total		
2I.9	Wholesale Total	The sum of lines 2I.4 and 2I.8.
Retail Revenue		
2I.10	Unmeasured	Total revenue from retail charges, other than on a measured basis. This should be split between household and non-household connections.
2I.11	Measured	Total revenue from retail charges, where all or some of the charges are based on measured quantities of volume.

		This should be split between household and non-household connections.
2I.12	Retail third party revenue	Any third party revenue relating to retail activities.
2I.13	Total	Total revenue from retail charges. The sum of 2I.10 to 2I.12.
Third party revenue – non-price control		
2I.14	Bulk supplies - water	All income received for providing a bulk supply (for potable or non-potable supplies) to another water undertaker.
2I.15	Bulk supplies - wastewater	All income received for providing wastewater connection agreements with another wastewater undertaker.
2I.16	Other third party revenue – non price control	All other sources of revenue received from third parties for which costs are not covered by the wholesale price control. E.g. rechargeable works where the appointee is a monopoly supplier and Excluded charges.
Principal services – non-price control		
2I.17	Other appointed revenue	All other sources of revenue that are not reported elsewhere in the table but are classed as appointed business. E.g. recreational use of protected land.
2I.18	Total appointed revenue	The sum of lines 2I.9, 2I.13, 2I.14, 2I.15, 2I.16 and 2I.17. This should equal 1A.1 (appointed business activities column).
Wholesale revenue reconciliation		
2I.19	Wholesale revenue governed by price control	Wholesale revenue governed by price control. Equal to 2I.9.
2I.20	Grants & contributions (price control)	Relevant capital contributions from connection charges and revenue from infrastructure charges, defined in the final determination as covered by the price control. Equal to the sum of lines 2E.1, 2E.2 & 2E.3 (column 4) for water and 2E.7 & 2E.8 (column 4) for wastewater. Column 4 of table 2E indicates the total of grants and contributions received (as governed by the price control) and so are indifferent to the accounting treatment.
2I.21	Total revenue governed by wholesale price control	Total revenue governed by wholesale price control. Sum of 2I.19 and 2I.20.
2I.22	Amount assumed in wholesale determination	Amount assumed in wholesale determination for the year.
2I.23	Adjustment for in-period ODI revenue	Tbc
2I.24	Adjustment for WRFIM	Tbc
2I.25	Total assumed revenue	Total of revenue assumed at the determination and that arising from any in-period ODI revenue reward. Sum of 2I.22 to 2I.24.
2I.26	Difference	2I.21 minus 2I.25. Cross reference to a narrative explanation.

Section 3 – Performance summary

Pro forma 3A

Outcome performance table		
3A.1	Unique ID	Unique identifier generated for the performance commitment. It is used in the Ofwat Fountain database. For example: PR14AFWWSW_W-A1
3A.2	Performance commitment	Name of the performance commitment
3A.3	Unit	Unit that the PC is measured in
3A.4	Decimal places	Number of decimal places (where applicable)
3A.5	Performance level - actual	Actual performance for the current reporting year in the units the PC is measured in. For example, if the PC is measured in MI/day and the actual performance level is 124.5 MI/day, then enter 124.5 This line applies to all PCs, including those with non-financial incentives and those where a committed performance level has not been set for the current reporting year.
3A.6	CPL met?	If the committed performance level for the current reporting year has been met select 'Yes', where it has not been met select 'No'. If a committed performance level has not been set for the current reporting year leave blank (empty).
3A.7	Reward or penalty - in-period ODIs (indicator)	This column applies only to PCs which have ODIs that are payable within AMP6 rather than at the end of AMP6 (that is, some of the Anglian Water, Severn Trent Water and South West Water PCs). If a reward has been earned in the current reporting year select 'Reward', if a penalty has been earned select 'Penalty'. If the actual performance level is within the reward deadband select "Reward deadband", if it is within the penalty deadband select "Penalty deadband". Otherwise leave blank (empty). Note: this refers to the reward or penalty for the current reporting year, not the cumulative value since 1 April 2015.
3A.8	Reward or penalty - in-period ODIs (£m)	This column applies only to PCs which have ODIs that are payable within AMP6 rather than at the end of AMP6 (that is, some of the Anglian Water, Severn Trent Water and South West Water PCs). The reward or penalty earned in the current reporting year. £million to 4 decimal places, rounded. Rewards must be entered as a positive number, penalties as a negative number. Where no reward or penalty has been earned, leave blank (empty).

		Note: this is the reward or penalty for the current reporting year, not the cumulative value since 1 April 2015.
3A.9	Reward or penalty - ODIs payable at the end of AMP6 (indicator)	<p>This column applies only to PCs which have ODIs that are payable at the end of AMP6.</p> <p>If a reward has accrued in the current reporting year select “Reward”, if a penalty has accrued select “Penalty”.</p> <p>If the actual performance level is within the reward deadband select “Reward deadband”, if it is within the penalty deadband select “Penalty deadband”.</p> <p>Otherwise leave blank (empty).</p> <p>Note: this refers to the reward or penalty for the current reporting year, not the cumulative value since 1 April 2015.</p>
3A.10	Reward or penalty - ODIs payable at the end of AMP6 (£m)	<p>This column applies only to PCs which have ODIs that are payable at the end of AMP6.</p> <p>The reward or penalty accrued in the current reporting year.</p> <p>£million to 4 decimal places, rounded.</p> <p>Rewards must be entered as a positive number, penalties as a negative number</p> <p>Where no reward or penalty has accrued, leave blank (empty).</p> <p>Note: this is the reward or penalty for the current reporting year, not the cumulative value since 1 April 2015.</p>
3A.11	31 March 2020 forecast - total AMP6 reward or penalty (indicator)	<p>This column applies to all financial ODIs (that is, ODIs that are payable within AMP6 and ODIs that are payable at the end of AMP6).</p> <p>A forecast of the overall reward or penalty paid/ accrued by the end of AMP6 (31 March 2020) based on your current performance and your current expectation of your future performance.</p> <p>If an overall reward is forecast select “Reward”, if a penalty is forecast select “Penalty”.</p> <p>If the forecast is within the reward deadband select “Reward deadband”, if it is within the penalty deadband select “Penalty deadband”.</p> <p>Otherwise leave blank (empty).</p> <p>A forecast for the total AMP6 reward or penalty, as at 31 March 2020, should be entered if:</p> <ul style="list-style-type: none"> • a reward or penalty is probable ('more likely than not'); and • the amount can be estimated reliably (it should be the best estimate and, in reaching the best estimate, the company should take into account the risks and uncertainties that surround the underlying events).
3A.12	31 March 2020 forecast - total AMP6 reward or penalty (£m)	<p>This column applies to all financial ODIs (that is, ODIs that are payable within AMP6 and ODIs that are payable at the end of AMP6).</p> <p>A forecast of the overall reward or penalty paid/ accrued by the end of AMP6 (31 March 2020) based on your current performance and your current expectation of your future performance.</p>

		£million to 4 decimal places, rounded. Rewards must be entered as a positive number, penalties as a negative number.
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Pro forma 3B: Sub-measure performance table

Sub-measure performance table		
3B.1	Unique ID	Unique identifier generated for the performance commitment. It is used in the Ofwat Fountain database. For example: PR14AFWWSW_W-A1
3B.2	PC / sub-measure ID	00 for the main PC, sub-measures numbered 01 upwards
3B.3	PC / sub-measure	Name of the main PC or sub-measure
3B.4	Unit	Unit the PC or sub-measure is measured in
3B.5	Decimal places	Number of decimal places used (where applicable)
3B.6	Performance level - actual	Actual performance for the current reporting year in the units of the PC or sub-measure For example, if the sub-measure is measured as a percentage and the actual performance level is 0.5%, then enter 0.5
3B.7	Performance level met?	If the reference / performance level for the current reporting year has been met select "Yes", where it has not been met select "No" If a reference / performance level has not been set for the current reporting year leave blank (empty).

Pro forma 3C: AIM table

AIM table		
3C.1	Abstraction sites	The name of the abstraction sites. These can be anonymised if it is necessary for security reasons.
3C.2	2016-17 AIM performance [MI]	The AIM performance in MI for the current reporting year is calculated as follows: $\text{AIM performance in MI} = (\text{average daily abstraction during period when flows are at or below the trigger threshold} - \text{baseline average daily abstraction during period when flows are at or below the trigger threshold}) * \text{length of period when flows are at or below the trigger threshold}.$
3C.3	2016-17 normalised AIM performance	The normalised AIM performance for the current reporting year is calculated as follows: $\text{Normalised AIM performance} = \text{AIM performance} / (\text{baseline average daily abstraction} * \text{length of period when river flows are at or below the trigger threshold}).$
3C.4	Cumulative AIM performance 2016-17 [MI]	Cumulative AIM performance in MI (see definition E) for the years 2016-17 onwards. This column is equal to column E for the years 2016-17.

3C.5	Cumulative normalised AIM performance 2016-17	Cumulative normalised AIM performance in MI (see definition F) for the years 2016-17 onwards. This column is equal to column F for the years 2016-17.
3C.6	Contextual information relating to AIM performance	Water companies have the possibility to provide contextual information around their AIM performance. For example, water companies could explain the environmental challenges that affect their regions, the past, current and future measures they are taking to deal with unsustainable abstraction and other information they consider relevant to put their AIM performance into context.

Guidelines on the abstraction incentive mechanism, 29 February 2016

Pro forma 3D: SIM score table

SIM score table		
3D.1	1st survey score	Score of the first qualitative survey for the current reporting year.
3D.2	2nd survey score	Score of the second qualitative survey for the current reporting year.
3D.3	3rd survey score	Score of the third qualitative survey for the current reporting year.
3D.4	4th survey score	Score of the fourth qualitative survey for the current reporting.
3D.5	Qualitative SIM score (out of 75)	The qualitative score is calculated as follow: $[(S - LS) / (HS - LS)] * WS$ where: S = qualitative survey annual average score. LS = minimum survey score possible (set at 1). HS = maximum survey score possible (set at 5). WS = survey weighting (set at 75).
3D.6	Quantitative composite score	The quantitative composite score is calculated as follow: $[(\text{unwanted phone contacts} \times 1) + (\text{written complaints} \times 5) + (\text{escalated written complaints} \times 100) + (\text{CCWater investigated complaints} \times 1000)] / (\text{connected household properties} / 1000)$
3D.7	Quantitative SIM score (out of 25)	The quantitative score is calculated as follow:

		$[(C - CL) / (CH - CL)] * WC$ <p>ere:</p> <p>= total contact score (see above).</p> <p>= contact score minimum (set at 0).</p> <p>= contact score maximum (set at 500).</p> <p>WC = contact score weighting (set at 25).</p>
3D.8	Total annual SIM score (out of 100)	The total annual SIM score is the addition of row 5 and row 7.

Section 4 – Additional regulatory information

Pro forma 4A: Non-financial information for the 12 months ended 31 March 20xx Number of properties and volumes

Retail household		
Number of void households ('000s)		
4A.1	Number of void households ('000s)	<p>Average total number of household properties, within the supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. This should not include properties that do not receive a bill because it would be uneconomical to do so. Note that a property connected for both services that is not occupied, only counts as one void property.</p>
Per capita consumption (excluding supply pipe leakage) l/h/d		
4A.2 (column 1)	Unmeasured household	<p>Estimated per capita consumption of households that are supplied with unmeasured water. This figure applies to billed unmeasured households and excludes underground supply pipe leakage. Underground supply pipe leakage is any loss of water from the underground supply pipe. This definition is the same as that in JR11 T10 L9.</p> <p>We note that the Water Act 2014 will allow businesses and other non-household customers of providers based mainly or wholly in England to choose their supplier of water and wastewater retail services from April 2017. Our guidance identifies two distinct classes of household property under the retail household price control:</p> <ol style="list-style-type: none"> 1. mainstream household properties, such as houses, bungalows, and flats; and 2. other types of property which are ineligible to choose their supplier from April 2017. These would be mixed-use premises where the principal use is as a home.

		Most companies will be reporting on per capita consumption relating to an outcome defined for the period 2015-20. This will be measured using the narrower household definition under 1) above and will not include 2). Companies therefore should restrict the definition of households to the narrower property types under 1) for reporting this measure in the APR.
4A.2 (column 2)	Measured household	<p>Estimated per capita consumption of measured households. This figure applies to billed measured households and excludes underground supply pipe leakage. This definition is the same as that in JR11 T10 L8.</p> <p>We note that the Water Act 2014 will allow businesses and other non-household customers of providers based mainly or wholly in England to choose their supplier of water and wastewater retail services from April 2017. Our guidance identifies two distinct classes of household property under the retail household price control:</p> <ol style="list-style-type: none"> 1. mainstream household properties, such as houses, bungalows, and flats; and 2. other types of property which are ineligible to choose their supplier from April 2017. These would be mixed-use premises where the principal use is as a home. <p>Most companies will be reporting on per capita consumption relating to an outcome defined for the period 2015-20. This will be measured using the narrower household definition under 1) above and will not include 2). Companies therefore should restrict the definition of households to the narrower property types under 1) for reporting this measure in the APR.</p>
Wholesale		
Volume MI/d		
4A.3	Bulk supply export	Volume of water (treated and untreated) exported to other companies in bulk supplies by the appointed business.
4A.4	Bulk supply import	Volume of water (treated and untreated) imported from other companies in bulk supplies by the appointed business. Tankered waste volumes, which is a non-appointed activity, should not be included in this line.
4A.5	Distribution input	Distribution input is the average amount of potable water entering the distribution network and supplied to customers within the company's area of supply.

Pro forma 4B: Wholesale totex analysis

Actual totex		
4B.1	Actual totex	Reported total wholesale operating expenditure and capital expenditure including cash items as reported in table 2B line 21.
Items excluded from the menu		
4B.2	Third party costs	Actual costs relating to third party services.

		Equal to third party capex and opex costs included in the inputs in section 3.1 of the inputs to the PR14 reconciliation rulebook wholesale totex spreadsheet.
4B.3	Pension deficit recovery payments	Actual pension deficit recovery payments including costs capitalised and any group recharges for pension deficit costs. Equal to pension deficit recovery payments included in the inputs in section 3.1 of the inputs to the PR14 reconciliation rulebook wholesale totex spreadsheet.
4B.4	Other 'Rule book' adjustments	Other adjustments to the menu included in the inputs in section 3.1 of the inputs to the PR14 reconciliation rulebook wholesale totex spreadsheet.
4B.5	Total items excluded from the menu	The sum of lines 4B.2 to 4B.4.
Transition expenditure		
4B.6	Transition expenditure	Transition expenditure included in the inputs in section 3.1 of the inputs to the PR14 reconciliation rulebook wholesale totex spreadsheet.
Adjusted Actual totex		
4B.7	Adjusted Actual totex	4B.1 minus 4B.5 plus 4B.6
4B.8	Adjusted Actual totex – base year prices	Actual totex per 4B.7 deflated to base year (i.e. 2012-13 average year) prices using actual RPI.
Allowed totex		
4B.9	Allowed totex based on final menu choice – base year prices	The final menu choice from the 2014 price determination (base year prices). The final menu choice totex for PR14 is set out in line 6 – 'Allowed expenditure from menu' of the 'Wholesale water / wastewater allowed expenditure' tables in chapters A2 (water) and A3 (wastewater) of 'Final price control determination notice: company-specific appendix'. Narrative on difference between 4B.8 and 4B.9.

Pro forma 4C: Impact of AMP performance to date on RCV

4C.1	RCV determined at FD	RCV at 31 March per the 2014 price determination inflated using the March RPI – as published on the OFWAT website annually in April.
4C.2	RCV element of cumulative totex over/underspend in the price control period	The difference between the actual cumulative totex for the AMP and the allowed totex (inflated to current year prices using the actual RPI used in the calculation of 4C.1), multiplied by (1-determined weighted average PAYG for AMP) %.

		The allowed totex for PR14 is set out in line 10 of the 'Wholesale water / wastewater allowed expenditure' tables in chapters A2 (water) and A3 (wastewater) of 'Final price control determination notice: company-specific appendix'.
4C.3	Allowance (Rewards/penalties – ODI)	RCV reward from the ODI.
4C.4	Projected shadow RCV	The sum of 4C.1 to 4C.3.

Pro forma 4D: Totex analysis for the 12 months ended 31 March 20xx - wholesale water (Further disaggregated into upstream services – for guidance on these activities please see section 2.)

Operating expenditure		
4D.1	Power	All energy costs, including the climate change levy and the carbon reduction commitment. Any cost savings from power generated internally should be netted off these costs.
4D.2	Income treated as negative expenditure	Income received sales which are external to the appointed business and which directly relate to the water processes. It should be input as a negative number. This will include; Electricity sales from sources such as Hydro, PV and wind to external parties. Electricity sales from back-up generators under the National Grid 'STOR'.
4D.3	Abstraction charges	Total cost of abstraction charges by the environment agency or canal & river trust.
4D.4	Bulk Supply	Total payments for bulk imports. If a supply is a shared supply and is jointly owned, the costs associated with it should not be reported here but in the appropriate cost line.
4D.5	Other operating expenditure	Any other operating costs (ie. excluding interest, taxation and LA rates).
4D.6	Local authority and Cumulo rates	The cost of local authority rates. This should include both the local authority rates and cumulo rates.
4D.7	Total operating expenditure excluding third party services	Total operating costs excluding third party services. The sum of lines 4D.1 to 4D.6.
4D.8	Total third party services	Operating expenditure for providing third party services. See appendix 1.
4D.9	Total operating expenditure	Total operating expenditure for the wholesale business only within each business category. The sum of lines 4D.7 and 4D.8. This should reconcile to wholesale operating costs in 2A net of depreciation.
Capital expenditure		
4D.10	Maintaining the long term capability of the assets - infra	Capital expenditure on infrastructure assets excluding third party capex to maintain the long term capability of assets and to deliver base levels of service.

4D.11	Maintaining the long term capability of the assets – non-infra	Capital expenditure on non-infrastructure assets excluding third party capex to maintain the long term capability of assets and to deliver base levels of service.
4D.12	Other capital expenditure - infra	Any capital expenditure on infrastructure assets other than defined in 4D.10 excluding third party capex.
4D.13	Other capital expenditure – non-infra	Any capital expenditure on non-infrastructure assets other than defined in 4D.11 excluding third party capex.
4D.14	Total gross capital expenditure excluding third party services	Total gross capital expenditure excluding third party services - the sum of lines 4D.10 to 4D.13
4D.15	Third party services	Capital expenditure for providing third party services. See appendix 1
4D.16	Total gross capital expenditure	The sum of lines 4D.14 & 4D.15.
4D.17	Grants & contributions	Grants and contributions received by the company relating to capital expenditure. This should agree to line 2B.17. Input as a positive number.
4D.18	Totex	The sum of lines 4D.9, 4D.16 less 4D.17.
Cash expenditure		
4D.19	Pension deficit recovery payments	Actual pension deficit recovery payments including costs capitalised and any group recharges for pension deficit costs.
4D.20	Other cash items	Other cash items not including in the accounting charge.
4D.21	Totex including cash items	The sum of lines 4D.18 to 4D.20.

Unit cost information (operating expenditure)		
4D.22	Units	See service level guidance in part 2 – ‘Disaggregation of wholesale activities – upstream services’
4D.23	Unit cost	Line 4D.9 divided by 4D.22.
4D.24	Population	Resident population in billed households and billed non-households. The population should be obtained from most recent ONS or local authority estimates, or the company's update of these estimates.
4D.25	Unit cost	Line 4D.9 divided by 4D.24.

Pro forma 4E: Totex analysis for the 12 months ended 31 March 20xx – wholesale wastewater (Further disaggregated into upstream services – for guidance on these activities please see section 2.)

Operating expenditure		
4E.1	Power	All energy costs, including the climate change levy and the carbon reduction commitment. Any cost savings from power generated internally should be netted off these costs.
4E.2	Income treated as negative expenditure	Income received sales which are external to the appointed business and which directly relate to the wastewater processes. It should be input as a negative number. This will include; Electricity sales from sources such as Hydro, PV, wind and CHP to external parties. Electricity sales from back-up generators under the National Grid 'STOR'. Bio-methane gas sales to the National Grid. Sludge and sludge products such as cake, granules etc. to external parties.
4E.3	Discharge consents	Total cost of discharge consents by the environment agency or canal & river trust.
4E.4	Bulk discharge	Total payments for bulk discharges.
4E.5	Other operating expenditure	Any other operating costs (ie. excluding interest, taxation and LA rates).
4E.6	Local authority and Cumulo rates	The cost of local authority rates. This should include both the local authority rates, cumulo rates and sewerage site rates (where appropriate).
4E.7	Total operating expenditure excluding third party services	Total operating costs excluding third party services. The sum of lines 4E.1 to 4E.6.
4E.8	Total third party services	Operating expenditure for providing third party services. See appendix 1.
4E.9	Total operating expenditure	Total operating expenditure for the wholesale business only within each business category. The sum of lines 4E.7 and 4E.8. This should reconcile to 2A.3.
Capital expenditure		
4E.10	Maintaining the long term capability of the assets - infra	Capital expenditure on infrastructure assets excluding third party capex to maintain the long term capability of assets and to deliver base levels of service.
4E.11	Maintaining the long term capability of the assets – non-infra	Capital expenditure on non-infrastructure assets excluding third party capex to maintain the long term capability of assets and to deliver base levels of service.
4E.12	Other capital expenditure - infra	Any capital expenditure on infrastructure assets other than defined in 4E.10 excluding third party capex.

4E.13	Other capital expenditure – non-infra	Any capital expenditure on non-infrastructure assets other than defined in 4E.11 excluding third party capex.
4E.14	Total gross capital expenditure excluding third party services	Total gross capital expenditure excluding third party services - the sum of lines 4E.10 to 4E.13
4E.15	Third party services	Capital expenditure for providing third party services. See appendix 1
4E.16	Total gross capital expenditure	The sum of lines 4E.14 & 4E.15.
4E.17	Grants & contributions	Grants and contributions received by the company relating to capital expenditure. This should agree to line 2B.17. Input as a positive number.
4E.18	Totex	The sum of lines 4E.9, 4E.16 less 4E.17.
Cash expenditure		
4E.19	Pension deficit recovery payments	Actual pension deficit recovery payments including costs capitalised and any group recharges for pension deficit costs.
4E.20	Other cash items	Other cash items not including in the accounting charge.
4E.21	Totex including cash items	The sum of lines 4E.18 to 4E.20.

Unit cost information (operating expenditure)		
4E.22	Units	See service level guidance in part 2 – ‘Disaggregation of wholesale activities – upstream services’
4E.23	Unit cost	Line 4E.9 divided by 4E.22.
4E.24	Population	Resident population in billed households and billed non-households. The population should be obtained from most recent ONS or local authority estimates, or the company's update of these estimates.
4E.25	Unit cost	Line 4E.9 divided by 4E.24.

Pro forma 4F: Operating cost analysis for the 12 months ended 31 March 20xx – household retail

Operating expenditure		Household unmeasured	Household measured
4F.1	Customer services	<p>The costs associated with providing:</p> <ul style="list-style-type: none"> activities/services as defined in 2C.1; to household unmeasured customers (as defined in paragraph 3.1 of RAG 2); 	<p>The costs associated with providing:</p> <ul style="list-style-type: none"> activities/services as defined in 2C.1; to household measured customers (as defined in paragraph 3.1 of RAG 2);

		<ul style="list-style-type: none"> in receipt of water only, sewerage only and combined water and sewerage services respectively from the company 	<ul style="list-style-type: none"> in receipt of water only, sewerage only and combined water and sewerage services respectively from the company
4F.2	Debt management	<p>The costs associated with providing:</p> <ul style="list-style-type: none"> debt management activities/services as defined in 2C.2; to household unmeasured customers (as defined in paragraph 3.1 of RAG 2); in receipt of water only, sewerage only and combined water and sewerage services respectively from the company 	<p>The costs associated with providing:</p> <ul style="list-style-type: none"> debt management activities/services as defined in 2C.2; to household measured customers (as defined in paragraph 3.1 of RAG 2); in receipt of water only, sewerage only and combined water and sewerage services respectively from the company
4F.3	Doubtful debts	<p>The charge for bad and doubtful debts for household unmeasured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services respectively from the company</p>	<p>The charge for bad and doubtful debts for household measured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services respectively from the company</p>
4F.4	Meter reading	<p>Not applicable for unmeasured</p>	<p>The costs associated with providing meter reading services (as defined in 2C.4) for household measured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services respectively from the company</p>
4F.5	Other operating expenditure	<p>Any other operating expenditure (as defined in 2C.6) incurred in serving household unmeasured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services</p>	<p>Any other operating costs (as defined in 2C.6) incurred in serving household measured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services</p>

		respectively from the company	respectively from the company
4F.6	Total operating expenditure excluding third party services	Total retail operating expenditure (excluding third party services) for unmeasured households (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services respectively from the company The sum of lines 4F.1 to 4F.5.	Total retail operating expenditure (excluding third party services) for measured households (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services respectively from the company The sum of lines 4F.1 to 4F.5.
4F.7	Third party services operating expenditure	The operating costs of providing appointed household unmeasured retail services to third parties.	The operating costs of providing appointed household measured retail services to third parties.
4F.8	Total operating expenditure	Total operating expenditure in respect of the household retail business for unmeasured water only, sewerage only and water and sewerage customers. The sum of lines 4F.6 and 4F.7.	Total operating expenditure in respect of the household retail business for measured water only, sewerage only and water and sewerage customers. The sum of lines 4F.6 and 4F.7.
4F.9	Depreciation – tangible fixed assets	Depreciation on tangible assets used wholly or principally for the household retail business (as defined in paragraph 2.3 of RAG 2) split between household unmeasured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services respectively from the company.	Depreciation on tangible assets used wholly or principally for the household retail business (as defined in paragraph 2.3 of RAG 2) split between household measured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services respectively from the company.
4F.10	Amortisation – intangible fixed assets	Amortisation of intangible assets used wholly or principally for the household retail business (as defined in paragraph 2.3 of RAG 2) split between household unmeasured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services	Amortisation of intangible assets used wholly or principally for the household retail business (as defined in paragraph 2.3 of RAG 2) split between household measured customers (as defined in paragraph 3.1 of RAG 2) in receipt of water only, sewerage only and combined water and sewerage services

		respectively from the company.	respectively from the company.
4F.11	Total operating costs	Total operating costs in respect of the household retail business for unmeasured water only, sewerage only and water and sewerage customers. The sum of lines 4F.8 to 4F.10.	Total operating costs in respect of the household retail business for measured water only, sewerage only and water and sewerage customers. The sum of lines 4F.8 to 4F.10..

Demand-side efficiency and customer-side leaks analysis - Household

4F.12	Demand-side water efficiency – gross expenditure	The total retail operating costs of providing water efficiency services to household customers, including: <ul style="list-style-type: none"> • Promotion of water saving initiatives - Production of customer literature and customer awareness campaigns; • Retro-fitting of water saving devices – Provision of advice and devices to customers; • Water efficiency audits – water and energy conservation, optimisation of systems, advice and investigations into usage; • Data logging
4F.13	Demand-side water efficiency – expenditure funded by wholesale	The retail operating costs of providing water efficiency services (as defined in 4F.12) to household customers that are funded by the wholesale business
4F.14	Demand-side water efficiency – net retail expenditure	The retail operating costs of providing water efficiency services (as defined in 4F.12) to household customers net of any operating costs that are funded by the wholesale business Line 4F.12 less line 4F.13
4F.15	Customer-side leak repair – gross expenditure	The total retail operating costs associated with household customer side leaks, to include: <ul style="list-style-type: none"> • Investigations - Activities from enquiries relating to customer-side leaks, including site visits, the use of pipe locating equipment and any attendance on sites during excavations; • Resolution – Activities comprising pipe repairs and replacement; • Free leak repairs
4F.16	Customer-side leak repair – expenditure funded by wholesale	The retail operating costs associated with household customer side leaks (as defined in 4F.15) that are funded by the wholesale business
4F.17	Customer-side leak repair – net retail expenditure	The retail operating costs associated with household customer side leaks (as defined in 4F.15) net of any operating costs that are funded by the wholesale business Line 4F.15 less line 4F.16

Pro forma 4G: Wholesale current cost financial performance for the 12 months ended 31 March 20xx

4G.1	Revenue	Appointed – Total wholesale revenue that is within the scope of the price control, together with revenue that is outside of the price control. The totals for water and wastewater will agree to 2A.1 & 2A.2 for each control.
4G.2	Operating expenditure	Total operating expenditure. This should reconcile to wholesale operating expenditure in 2B for each control. The totals for water and wastewater will agree to the respective totals of 2B.9.
4G.3	Capital maintenance charges	Capital maintenance charge of a similar magnitude to that previously reported for current cost depreciation for above ground assets and infrastructure renewals charges for below ground assets. Please see RAG1 section 2 for more information on how to calculate this.
4G.4	Other operating income	Other operating income split over the four price controls. This should agree to 2A.6 for each control.
4G.5	Current cost operating profit	The sum of lines 4G.1 to 4G.4
4G.6	Other income	Equal to 1A.5
4G.7	Interest income	Equal to 1A.6
4G.8	Interest expense	Equal to 1A.7
4G.9	Other interest expense	Equal to 1A.8
4G.10	Current cost profit before taxation and fair value movements	The sum of lines 4G.5 to 4G.9
4G.11	Fair value gains/(losses) on financial instruments	Equal to 1A.10
4G.12	Current cost profit before tax	The sum of lines 4G.10 to 4G.11

Pro forma 4H: Financial metrics

4H.1	Net debt	The sum of table 1E lines 3 to 5. Equal to table 1E line 6.
4H.2	Regulated equity	Regulated equity is calculated as year-end regulated capital value (RCV) less net debt at the period end. Equal to table 4C line 1 less table 1E line 6.
4H.3	Regulated gearing	Regulatory gearing calculated as net debt in table 1E line 6 divided by RCV in table 4C line 1. Equal to table 1E line 7.
4H.4	Post tax return on regulated equity	Profit after current tax for the appointed business for the year as a % of average regulated equity. Profit after current tax should exclude any fair value gains losses on financial derivatives (table 1A line 9 less line 12). For this

		metric average regulated equity is a simple average of the regulated equity at the start and end of the year. Regulated equity at each year end is calculated in table 4H line 2. The opening regulated equity at 31 March 2015 should be calculated after the impact of any midnight adjustment to RCV.
4H.5	RORE (return on regulated equity)	<p>RORE calculates the returns on a regulatory basis by reference to the notional gearing level of 62.5% and average RCV for each year. Where a regulated business ceases to undertake a particular activity (e.g. exiting the non-household retail market), then a note should be included setting out how this has impacted on the RORE compared to the base RORE set at FD.</p> <p>The base RORE set at the final determination should be adjusted for the following factors net of any tax impact. 1) the company share of totex out or under performance. This should reflect genuine out or underperformance only. Any totex over or underspend which is due to timing (i.e. re-profiling of expenditure within the AMP) should not be recognised as out or under performance for the purpose of the calculation of RORE. 2) The company share of any out or underperformance on retail costs. 3) the impact on the RCV run off of the out or under performance of totex 4) The impact of any ODI or SIM penalties or rewards earned in the year, even if they are not payable/receivable until the following AMP. 5) The difference between the actual average interest rate paid on borrowings (in real terms) and the allowed interest rate (real) on notional debt. This should be calculated based on the notional capital structure i.e difference in actual interest rate and allowed interest rate multiplied by notional net debt. When calculating the actual real interest rate paid from the actual nominal interest rate paid the actual inflation should be used and not the long term inflation assumption which was used by Ofwat in setting the cost of debt.</p> <p>RORE should be presented on a cumulative basis and should recognise gains and losses made in the period from the start of the AMP to the date of the APR.</p>
4H.6	Dividend yield	Calculated as the total appointee dividend for the year (as would be included in the statement of changes in equity) less any dividends paid to a holding company solely to enable that company to pay interest on an intergroup loan from the appointee/ divided by actual year end regulated equity (table 4H line 2)
4H.7	Retail profit margin - Household	The retail profit margins should be calculated as earnings before interest and tax (after deducting wholesale charges) divided by total revenue charged to household or non-household customers respectively.
4H.8	Retail profit margin - Non household	The retail profit margins should be calculated as earnings before interest and tax (after deducting wholesale charges) divided by total revenue charged to household or non-household customers respectively

4H.9	Credit rating	Credit rating (corporate family where available) issued by a recognised credit rating agency. This should be the credit rating that is linked to each company's licence where applicable. If companies are rated by more than one credit rating agency then only the lowest rating needs to be included
4H.10	Return on RCV	Calculated as profit before interest less current tax (table 1A line 4 plus table 1A line 5 less table 1A line 12) divided by the average RCV for the year. This can be sourced from the annual OFWAT RCV publication. It should be used in the year average price base for the year as it appears on the website. This is after the impact of any midnight adjustment to RCV from the previous price control period.
4H.11	Dividend cover	Profits of the appointed business for the year before dividends (table 1A line 14) divided by total appointee dividend for the year ((as would be included in the statement of changes in equity) less any dividends paid to a holding company solely to enable that company to pay interest on an intergroup loan from the appointee).
4H.12	Funds from operations (FFO)	Funds from operations (FFO) is net cash generated from operating activities adjusted to remove the changes in working capital. We acknowledge that our approach to calculating this differs from some of the methodologies applied by the credit rating agencies.
4H.13	Interest cover (cash)	Interest cover (cash) equal to (FFO as calculated above plus interest paid on borrowings)/ interest paid on borrowings. Interest paid on borrowings excludes any accretion of interest linked debt which is a non cash item.
4H.14	Adjusted interest cover (cash)	Adjusted interest cover (cash) equal to (FFO as calculated above plus interest paid on borrowings less regulatory depreciation)/ interest paid on borrowings. Interest paid on borrowings excludes any accretion of interest linked debt which is a non cash item. Regulatory depreciation is defined in the final determinations and should be adjusted to the year-end price base. The regulatory depreciation figures are published by Ofwat each year.
4H.15	FFO/Debt	Ratio of FFO to net debt. We acknowledge that our approach to calculating this differs from some of the methodologies applied by the credit rating agencies.
4H.16	Effective tax rate	Effective tax rate is the current tax charge for the appointed business before any adjustments in respect of prior period, as a % of the profit before taxation for the appointed business.
4H.17	RCF	Equal to table 4H line 12 less table 1D line 19.
4H.18	RCF/capex	Equal to table 4H line 17 divided by table 1D line 13.
4H.19	Revenue (actual)	Equal to table 2A line 1.
4H.20	EBITDA (actual)	EBITDA (earnings before interest, tax, depreciation and amortisation) should be calculated using the price control revenue as set out in table 4H line 19 and the associated costs. It should include only amounts which are relevant to the price control.

4H.21	Proportion of borrowings which are fixed rate	Equal to table 1E line 1 (fixed rate) plus table 1E line 2 divided by table 1E line 3.
4H.22	Proportion of borrowings which are floating rate	. Equal to table 1E line 1 (floating rate) divided by table 1E line 3.
4H.23	Proportion of borrowings which are index linked	Equal to table 1E line 1 (index linked) divided by table 1E line 3.
4H.24	Proportion of borrowings due within 1 year or less	In these lines please provide details of the % of borrowings (table 1E line 3) which fall into each category.
4H.25	Proportion of borrowings due in more than 1 year but no more than 2 years	In these lines please provide details of the % of borrowings (table 1E line 3) which fall into each category.
4H.26	Proportion of borrowings due in more than 2 years but no more than 5 years	In these lines please provide details of the % of borrowings (table 1E line 3) which fall into each category.
4H.27	Proportion of borrowings due in more than 5 years but no more than 20 years	In these lines please provide details of the % of borrowings (table 1E line 3) which fall into each category.
4H.28	Proportion of borrowings due in more than 20 years	In these lines please provide details of the % of borrowings (table 1E line 3) which fall into each category.

Pro forma 4I: Financial derivatives

4I.1	Floating to fixed rate	Financial instruments through which floating interest rate liabilities are converted into fixed rate interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.
4I.2	Floating from fixed rate	Financial instruments through which floating interest rate liabilities are converted from fixed rate interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.
4I.3	Floating to index linked	Financial instruments through which floating interest rate liabilities are converted into inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate

		payable. Please provide details of any assumptions that have been made in a note to the table.
4I.4	Floating from index linked	Financial instruments through which floating interest rate liabilities are converted from inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.
4I.5	Fixed to index-linked	Financial instruments through which fixed interest rate liabilities are converted into inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.
4I.6	Fixed from index-linked	Financial instruments through which fixed interest rate liabilities are converted from inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.
4I.7	Total	The total of the interest rate swaps. The sum of table 4I lines 1 to 6.
4I.8	Cross currency swap USD	Financial instruments which convert debt liabilities from US Dollars into Pounds Sterling.
4I.9	Cross currency swap EUR	Financial instruments which convert debt liabilities from Euro into Pounds Sterling.
4I.10	Cross currency swap YEN	Financial instruments which convert debt liabilities from Yen into Pounds Sterling.
4I.11	Cross currency swap Other	Financial instruments which convert debt liabilities from currencies other than US Dollars, Euro or Yen into Pounds Sterling.
4I.12	Total	Total of currency swap financial instruments. The sum of table 4I lines 8 to 11.
4I.13	Currency interest rate swaps USD	Financial instruments which convert currency in which interest is paid or payable from US Dollars into Pounds Sterling.
4I.14	Currency interest rate swaps EUR	Financial instruments which convert currency in which interest is paid or payable from Euro into Pounds Sterling.
4I.15	Currency interest rate swaps YEN	Financial instruments which convert currency in which interest is paid or payable from Yen into Pounds Sterling.
4I.16	Currency interest rate swaps Other	Financial instruments which convert currency in which interest is paid or payable from currencies other than US Dollars, Euro or Yen into Pounds Sterling.
4I.17	Total	Total of instruments which convert the currency in which interest is paid between sterling and another currency. The sum of table 4I lines 13 to 16.
4I.18	Forward currency contracts USD	Forward contracts which convert future debt obligations from US Dollars into Pounds Sterling.

4I.19	Forward currency contracts EUR	Forward contracts which convert future debt obligations from Euro into Pounds Sterling.
4I.20	Forward currency contracts YEN	Forward contracts which convert future debt obligations from Yen into Pounds Sterling.
4I.21	Forward currency contracts Other	Forward contracts which convert future debt obligations from currencies other than US Dollars, Euro or Yen into Pounds Sterling.
4I.22	Total	Total of forward contracts which convert debt between currencies. The sum of table 4I lines 18 to 21.
4I.23	Other financial derivatives	Other financial derivatives (e.g. power) not already included in lines 4I.1 to 4I.22.
4I.24	Total financial derivatives	The sum of table 4I lines 7, 12, 17, 22 and 23. The 'Nominal value (net)' should equal the 'Financial instruments' totals from table 1C (i.e. the sum of lines 1C.5, 1C.10, 1C.16 and 1C.23).

2. Disaggregation of wholesale activities – upstream services

This section sets out our definitions of the different activities that water companies in England and Wales carry out as part of delivering their upstream services.

This is so that companies can record their totex costs in tables 4D and 4E.

Water service	
Water resources – Abstraction licences	
Description	<p>This service has been identified separately because of the potential for a market to emerge in the future, which would enable abstraction licences to generate a separate income stream.</p> <p>This service includes activities related to negotiating with third parties to obtain abstraction rights and to agree charges, as well as the annual cost of the licence itself. This service should not include activities that are incurred in choosing abstraction sites, optimising abstraction or ensuring compliance with licence conditions. All such abstraction planning activities and licence administration activities should be included in the 'raw water abstraction' service. This also includes Transfer Licences where they are to support another abstraction.</p>
Boundary points	N/A
Assets	N/A
Unit cost description	Licensed volume available in MI.
Water resources – Raw water abstraction	
Description	<p>The water abstraction service includes activities related to the identification of new sources, including catchment management, licence management, management of schemes in accordance with acts of parliament and other legal obligations, and the abstraction infrastructure which may include pre-treatment where it is upstream of raw water distribution.</p> <p>Pre-treatment processes can vary, from a relatively simple physical separation of the largest impurities, to more complex chemical treatments.</p> <p>In some circumstances, transport from the water abstraction site is included within the abstraction service rather than in raw water transport. Where raw water is transported between Water resources assets, the assets supporting this transport should also be included in Water resources – Raw water abstraction</p> <p>The activities relating to the inspections, operation and maintenance of assets in this price control unit are included in this service.</p>

Boundary points	<p>Start: none</p> <p>End: Where raw and pre-treated (non-potable) water either;</p> <ul style="list-style-type: none"> • enters treatment works; • enters Raw water transport; • enters raw water storage facilities; • is delivered to the end customer; or • is delivered to a third party water company. <p>Where pre-treatment is downstream of the pump/abstraction structure the boundary is the outlet of pre-treatment. Water resources pre-treatment is for the purposes of enabling raw water distribution and therefore should be upstream of raw water distribution assets. Pre-treatment on a treatment works is not considered Water resources pre-treatment but is Network + - Water treatment.</p>
Assets	<ul style="list-style-type: none"> • Reservoirs, springs and lakes with an abstraction licence – including all associated assets e.g. dams, control rooms, valves, sluices. • Reservoirs filled by catchment rather than abstracted water from another water body. • Reservoirs/other storage assets without an abstraction licence where the function of the asset is to support a flow condition or abstraction at another point as part of a recognised scheme (e.g. as part of a licenced operation that covers multiple locations and sources). • Reservoirs that do not have any of the above (own abstraction licence, natural catchment or support downstream abstraction) but do have 15 days or more usable storage. • Pre-treatment (upstream of raw water distribution) devices including Ultra Violet Panels, pH correction, other chemical process or screening/grit separation in order to protect pumps or downstream pipework. • Aquifer recharge assets (e.g. as part of a licenced operation that covers multiple locations and sources) which augment groundwater yields. • Borehole abstraction assets – pumping equipment, buildings and other sundry equipment. • River abstraction assets – pumping equipment, buildings, weirs, screens, inlets, fish passes, stilling well, other sundry equipment and other assets that support abstraction (regardless of their location in relation to the source). • Pipework between Water resources defined assets. Where an abstraction asset is the first Water resource asset but not directly at the source (e.g. riverbank), any pipework between the source and first Water resource asset should also be Water resources. • The asset used to control the volume of abstraction e.g. pump, penstock, weir or valve. • Abstraction meters. • IT assets – abstraction sites control. • Vehicles. • Premises.
Unit cost description	Volume abstracted in Ml.

	This is equivalent to the June return 2011 definition for table 10b line 4 but on an annual rather than daily basis; Raw water abstracted is taken from the point of chargeable abstraction, and together with raw water imported less raw water exported, constitutes raw water collected (UKWIR/NRA (1995) Demand forecasting methodology - Main Report).
Network+ – Raw water transport	
Description	<p>This service includes the activities related to transporting the raw water or pre-treated water from the boundaries of the abstraction site/assets or pre-treatment assets through a distribution network to a treatment works, a raw water storage facility (balancing reservoirs/tanks), or to customers that require untreated or non-potable water (including third party water companies).</p> <p>It can also include blending of water from different sources.</p> <p>Where a water abstraction site and water treatment works are co-located on the same site, then the raw water effectively 'by-passes' the raw water transport stage.</p> <p>The activities allocated to this service include primarily the development and maintenance of the physical raw water transport network. This includes pipelines and aqueducts.</p>
Boundary points	<p>Start: raw and pre-treated (non-potable) water that has been pumped or gravity fed from a raw water abstraction or raw water storage source.</p> <p>End: raw and pre-treated (non-potable) water where it either:</p> <ul style="list-style-type: none"> • enters treatment works; • enters raw water transport facilities; • is delivered to the end customer; or • is delivered to a third party water company.
Assets	<ul style="list-style-type: none"> • Pipelines and aqueducts. Where a water abstraction site and water treatment works are co-located on the same site, then the raw water effectively 'by-passes' the raw water transport stage and the assets should be allocated to raw water abstraction. • Booster pumps, valves, meters and other equipment within the raw water distribution network not already defined elsewhere as Raw Water Abstraction. • Leakage detection equipment. • IT assets – network control. • Vehicles. • Premises.
Unit cost description	Volume transported in MI.
Network+ – Raw water storage	
Description	<p>This service includes activities related to the construction, operation and maintenance of raw water storage facilities. In general, no raw water transport costs should be allocated to this service, since the cost of raw water transport should be included within the 'raw water transport' service.</p> <p>Associated activities, such as inlet flow control to prevent overflowing and outflow control (which ensures continuity of availability of supply)</p>

	<p>and planned and emergency drawdown and discharge facilities (with associated permitting) are included in this service.</p> <p>Activities related to determining losses due to leakage and to ensuring security of the site from contamination are also included.</p> <p>Reservoirs/other storage assets that are not covered by the definitions in raw water abstraction and have less than 15 days usable storage should be included as raw water storage. . Please see Appendix 2 for more detail.</p> <p>Where pre-treatment is downstream of raw water storage it should be included in raw water storage. (Note the location of pre-treatment determines whether it should be accounted for in raw water abstraction or raw water storage).</p>
Boundary points	<p>Start: raw water or pre-treated (non-potable) water entering the storage facility.</p> <p>End: raw water or pre-treated (non-potable) water pumped or gravity fed from the storage facility where it either</p> <ul style="list-style-type: none"> • enters treatment works; • enters raw water transport; • is delivered to the end customer; or • is delivered to a third party water company.
Assets	<ul style="list-style-type: none"> • Storage reservoirs and other storage assets that are not captured by the definitions in raw water abstraction and have less than 15 days usable storage. • Booster pumps, valves, meters and other equipment within the raw water storage sites. • Devices including Ultra Violet Panels, pH correction, other chemical process or screening/grit separation in order to protect pumps or downstream pipework. • IT assets. • Vehicles. • Premises.
Unit cost description	Average volume stored in Ml. Volumes should be measured at least monthly.
Network+ - Water treatment	
Description	<p>Receive raw or pre-treated (non-potable) water from raw water distribution network and undertake treatment processes.</p> <p>Inputs: Raw water and pre-treated (non-potable) water from raw water distribution network.</p> <p>Outputs: Treated water pumped gravity fed into the distribution network, non-potable treated water delivered to end user customer.</p>
Boundary points	<p>Start: Input of raw water and pre-treated (non-potable) water from the abstraction site, raw water storage facility or raw water transport</p> <p>End: Treated water which via pumps or gravity either:</p> <ul style="list-style-type: none"> • enters water distribution network; • enters treated water storage facilities; • is delivered to the end customer (without entering the distribution network); or

	<ul style="list-style-type: none"> • is delivered to a third party water company. <p>It also includes delivery of non-potable treated water to customers or discharge of waste by-products from treatment processes into the sewerage network.</p>
Assets	<ul style="list-style-type: none"> • Treatment works including on site pipework and pumps. • IT assets – treatment works control. • Vehicles. • Other premises.
Unit cost description	Distribution input (potable) volume in MI. This is equivalent to the June return 2011 definition for table 10 line 26 but on an annual rather than daily basis; Distribution input is the average amount of potable water entering the distribution system and supplied to customers within the company's area of supply
Network+ - Treated water distribution	
Description	<p>Treated water transport includes activities related to transporting treated water from the treatment works to the customer including secondary disinfection and other chemical dosing. This includes all trunk and distribution network repair and maintenance activities, as well as activities associated with any new network development. Also included are the provision and maintenance of storage towers, service reservoirs and ancillaries such as booster pumps, pressure reduction, hydrants, air release valves, washouts, flow measurement and district and customer meters.</p> <p>Inputs: Treated (potable) water from treatment sites and third parties.</p> <p>Outputs: Supply of treated (potable) water to customers and new appointees.</p>
Boundary points	<p>Start: Treated (potable) water that has been pumped or gravity fed into the treated water distribution network.</p> <p>End: Supply of treated (potable) water to customer.</p>
Assets	<ul style="list-style-type: none"> • Water mains and pipework up to meter point or curtilage in customer premises or new appointee boundary. • Booster pumps, valves, meters and other equipment within the distribution network. • Storage reservoirs, service reservoirs and water towers within the distribution network. • Leakage detection equipment. • Control valves and other ancillaries (such as, washouts). • Network monitoring equipment (such as, loggers). • IT assets – network control. • Vehicles. • Premises. • District and customer meters. • Meter chambers.
Unit cost description	Distribution input (potable) volume in MI. This is equivalent to the June return 2011 definition for table 10 line 26 but on an annual rather than daily basis; Distribution input is the average amount of potable water entering the distribution system and supplied to customers within the company's area of supply.

Wastewater service	
Network+ (Sewage collection) - Foul	
Description	This service is for the collection of foul sewage from customers' properties. This includes development, repair and maintenance of the sewage collection infrastructure. Other specific activities are the provision and maintenance of ancillaries such as overflows, screens, on-line and off-line retention tanks, rising main wells and pumps and flow measurement.
Boundary points	Start: Receipt of sewage from retail customer or new appointee. End: Sewage arriving at the inlet to sewage treatment works or discharging through CSOs in adverse weather conditions.
Assets	<ul style="list-style-type: none"> • Sewers and pipework – from customer premises/new appointees to sewage treatment works. • Pumping stations and other assets within the sewerage network (such as manholes and inspection chambers). • Storm overflows and screens. • Street furniture and other ancillary assets. • Emergency outflows. • IT assets – network control. • Vehicles. • Premises. • Storage tanks.
Unit cost description	Volume collected in Ml. This is equivalent to the foul element of the June return 2011 definition for table 17 line 4 but on an annual rather than daily basis; Average volume of sewage collected.
Network+ (Sewage collection) - Surface water drainage	
Description	This service is for the collection of surface water from exterior areas of customers' properties. This includes development, repair and maintenance of the sewage collection infrastructure. Other specific activities are the provision and maintenance of ancillaries such as overflows, screens, on-line and off-line retention tanks, rising main wells and pumps and flow measurement.
Boundary points	Start: Receipt of surface water drainage from retail customer or new appointee. End: Sewage arriving at the inlet to sewage treatment works or discharging through CSOs in adverse weather conditions. Discharge from a SuDS system adopted by the company or a watercourse.
Assets	<ul style="list-style-type: none"> • Sewers and pipework – from customer premises/new appointees to sewage treatment works. • Pumping stations and other assets within the sewerage network (for example, manholes and inspection chambers). • Storm overflows and screens. • Street furniture and other ancillary assets. • Emergency outflows. • IT assets – network control. • Vehicles. • Premises.

Unit cost description	Volume collected in MI. This is equivalent to the surface water drainage element of the June return 2011 definition for table 17 line 4 but on an annual rather than daily basis; Average volume of sewage collected.
Network+ (Sewage collection) - Highway drainage	
Description	This service includes the activities related to collection of surface water that runs off roads and pavements. The activities included in this service relate to the development, repair and maintenance of the sewage collection infrastructure. Other activities that should be considered within this service may include the provision and maintenance of ancillaries such as overflows, screens, on-line and off-line retention tanks, rising main wells and pumps and flow measurement.
Boundary points	Start: Receipt of highway drainage into sewage collection infrastructure. End: Sewage arriving at the inlet to sewage treatment works or discharging through CSOs in adverse weather conditions. Discharge from a SuDS system adopted by the company or a watercourse.
Assets	<ul style="list-style-type: none"> • Sewers and pipework – from customer premises/new appointees to sewage treatment works. • Pumping stations and other assets within the sewerage network (for example, manholes and inspection chambers). • Storm overflows and screens. • Street furniture and other ancillary assets. • Emergency outflows. • IT assets – network control. • Vehicles. • Premises.
Unit cost description	Volume collected in MI. This is equivalent to the highway drainage element of the June return 2011 definition for table 17 line 4 but on an annual rather than daily basis; Average volume of sewage collected.
Network+ - Sewage treatment & disposal	
Description	Receive untreated sewage from the sewage collection system into treatment works, undertake treatment processes and discharge treated wastewater into rivers, etc and sewage sludge for transporting onwards to sludge treatment processes. Includes all direct costs associated with sewage treatment including terminal pumping costs. The activities of emptying septic tanks or very small sewage works by transporting the contents periodically to the inlet of a larger sewage treatment works are sewage treatment activities. Inputs: Untreated sewage from sewage collection network. Outputs: Treated wastewater into receiving watercourses, discharge of sewage sludge for transporting to sludge treatment processes. Excludes imported liquor treatment.
Boundary points	Start: Sewage arriving at the inlet to sewage treatment works. End: Consented sampling point at point of discharge of treated wastewater to receiving watercourse; point of discharge of sewage sludge from sewage treatment process or from holding tank into pumping station or pipework leading to sludge treatment processes or in to tankers for onward transport for sludge dewatering or treatment processes. Sewage treatment activities include those that thicken indigenous sludge to no more than 10% dry solids through gravity

	or mechanical means and may use chemicals to do so. Please see diagrams in Appendices 4 and 5 for more detail.
Assets	<ul style="list-style-type: none"> • Sewage treatment plants – tanks, filters, strainers etc. • Pumps, valves and other ancillary assets. • Sludge holding tanks and associated ancillary assets. • Indigenous sludge thickening plant and associated ancillary assets. • IT assets – treatment works control. • Vehicles. • Other premises.
Unit cost description	Biochemical oxygen demand (BOD) in tonnes. This is equivalent to the June return 2011 definition for table 15 line 5; This is the total pollution load in tonnes BOD/year that is discharged to the sewerage system.
Network+ - Sludge liquor treatment	
Description	Includes all activities in transporting and treating liquors at a sewage treatment plant that have been generated during the sludge treatment process. This includes transporting and treating liquors that have been partially treated and are returned for final treatment at a sewage treatment plant. Excludes liquor treatment which is done at a self-contained sludge processing centre.
Boundary points	Start: Pipework from sludge treatment process to sewage works. End: Discharge of treated liquor to receiving watercourse.
Assets	<ul style="list-style-type: none"> • Liquor pipework from sludge treatment to sewage treatment site. • Pumps, valves and other ancillary assets. • Vehicles. • IT assets. • Premises.
Unit cost description	Biochemical oxygen demand (BOD) in tonnes.
Sludge transport	
Description	This service includes the transport of sludge from the sewage treatment plant to the sludge treatment plant. All types of transport, and associated fuel costs, are included within this service. However, transport within the sludge treatment plant or between sludge treatment plants is not included in this service, which is instead an activity of the 'sludge treatment' service.
Boundary points	Start: point of discharge of sludge from indigenous thickening processes, indigenous sludge holding tanks or directly from sewage treatment process into pumps and pipework or tankers for transport to sludge treatment processes. End: input of sludge into sludge treatment works.
Assets	<ul style="list-style-type: none"> • Pipework from sewage treatment site to sludge treatment site. • Pumps, valves and other ancillary assets. • Vehicles. • IT assets. • Premises.

Unit cost description	Volume transported (m3).
Sludge treatment	
Description	<p>This service includes all the activities related to sludge treatment. While different technologies exist for sludge treatment, sludge treatment is defined as a technology-neutral service for the purpose of accounting separation. Includes incineration of non-treated sludge.</p> <p>Any thickening or dewatering of treated sludge is a sludge treatment activity.</p> <p>Where income is received for energy generation then this should be shown as 'negative expenditure' in table 4E.</p>
Boundary points	<p>Start: storage of sewage sludge in blending or holding tanks and input into sludge treatment sites.</p> <p>End: Point at which the treated sludge is collected for disposal.</p>
Assets	<ul style="list-style-type: none"> • Pre-treatment sludge blending tanks. • Screening of sludge prior to treatment or prior to disposal • Pre-treatment thickening of mixed indigenous and imported sludge • Sludge treatment plants – thickeners, advanced pre-digestion process assets, digesters, centrifuges, vacuum presses, belt presses, other dewatering assets, sludge dryers, drying beds. • Composting vessels and facilities. • Incinerators. <p>Sludge measurement assets,</p> <p>Cake pads,</p> <ul style="list-style-type: none"> • Associated pumps, valves and other ancillary assets. • Treated sludge storage facilities. • Vehicles. • IT assets. • Premises. • Gas treatment and energy generation equipment such as combined heat and power (CHP) plants. • CHP electrical connection to the electricity grid. • Gas connections to gas grid.
Unit cost description	<p>Dried solid mass in thousand tonnes of dried solids (ttds).</p> <p>This is equivalent to the June return 2011 definition for table 15 line 14; The total amount of sewage sludge produced during the report year expressed in thousands of tonnes of dry solids of sludge produced by the whole service.</p>
Sludge disposal	

Description	<p>The collection of treated sludge from collection point, onward transport and disposal to landfill, agricultural land, land reclamation sites and to other end users in various forms including;</p> <ul style="list-style-type: none"> • treated sludge • incinerated sewage sludge ash (ISSA), • composted sludge, • sludge cake. <p>If incineration of completely treated sludge takes place, then this should be included in 'sludge disposal'.</p> <p>Where income is received for treated sludge then this should be shown as 'negative expenditure' in table 4E.</p>
Boundary points	<p>Start: Collection from treated sludge holding tanks or cake storage facilities at sludge treatment works; or collection of untreated sludge that is taken directly for disposal such as via landfill sites.</p> <p>End: Sludge disposed or recycled to land.</p>
Assets	<ul style="list-style-type: none"> • Vehicles. • IT assets. • Premises. • Landfill sites or sludge tips. • Incinerators (for completely treated sludge). <p>Sludge measurement assets.</p>
Unit cost description	<p>Dried solid mass in thousand tonnes of dried solids (ttds).</p> <p>This is equivalent to the June return 2011 definition for table 15 line 15; Total for all sewage sludge disposal. This should include disposal to farmland, landfill, incineration, composting and other routes.</p>

3. Household and Non-household premises

The definition of households and non-households which should be used for reporting in the APR is identical to that which was used for price setting purposes at the 2014 price review. This can be found in section A5.4 of Appendix 5 ([Guidance on business plan tables](#)) to ‘Setting price controls for 2015-20 – final methodology and expectations for companies’ business plans’ (July 2013).

This definition is therefore different to that set out in section 4 (Household and non-household premises) of ‘[Guidance on assessing whether customers in England and Wales are eligible to switch their water and wastewater retailer](#)’ (August 2015).

This is acceptable since the APR definition is consistent with that used to set prices. Hence monitoring of actual revenues and costs over 2015-20 will be consistent with the basis used to set the revenues for that period.

4. Infrastructure and non-infrastructure assets

Infrastructure assets generally comprise:

- underground systems of mains and sewers;
- impounding and other types of raw water storage reservoirs;
- dams;
- sludge pipelines;
- sea outfalls; and
- information about infrastructure assets e.g. zonal investigations records.

Non-infrastructure assets cover:

- intake works;
- pumping stations;
- treatment works;
- boreholes;
- operational land;
- offices;
- depots;
- workshops;
- residential properties directly connected with operational services;
- land held for protecting wholesomeness of water supply;
- plant and machinery;
- vehicles;
- surplus land; and
- all other assets not listed as infrastructure.

5. Small company return line definitions

Pro forma S1: Analysis of turnover and operating costs

Turnover		
S1.1	Unmeasured - household	All revenue derived from: <ul style="list-style-type: none"> the sale of water at tariff basket charges; optional unmeasured water charges at standard rates for example, for hosepipes and swimming pools; and the provision of sewerage services at tariff basket charges, to households other than on a measured basis.
S1.2	Unmeasured – non-household	All revenue derived from: <ul style="list-style-type: none"> the sale of water at tariff basket charges; and the provision of sewerage services at tariff basket charges to non-households other than on a measured basis.
S1.3	Measured – household	All revenue accrued from the sale of water and from the provision of sewerage services at tariff basket charges to households where all or some of the charges for the supplies are based on measured quantities of volume.
S1.4	Measured – non-household	All revenue accrued from the sale of water and from the provision of sewage treatment and disposals at tariff basket charges to non-households where all or some of the charges for the supplies are based on measured quantities of volume. Exclude reception, treatment and disposal of trade effluent.
S1.5	Other	All other sources of turnover for water and sewerage services that are not reported in lines S1.1 to S1.4. Include revenues from large users, special agreements, revenue grants, rechargeable works, and other appointed business.
S1.6	Total turnover	The sum of lines S1.1 to S1.5.

Retail operating costs		
S1.7	Customer service	The costs associated with providing the following services for customers. <ul style="list-style-type: none"> Billing. Payment handling, remittance and cash handling. Charitable trust donations. Vulnerable customer schemes. Non-network and network customer enquiries and complaints.

		<ul style="list-style-type: none"> Investigatory visits (where the cause of the investigation is not a network issue)
S1.8	Doubtful debts	The charge for bad and doubtful debts for all types of customer.
S1.9	Other operating costs	<p>Any other operating costs related to retail, not included in S1.7 or S1.8.</p> <p>Include the costs of (among other costs):</p> <ul style="list-style-type: none"> provision of offices; insurance premiums; net retail expenditure on demand-side water efficiency initiatives; net retail expenditure on customer side leaks; other direct costs; general and support expenditure; local authority rates; and other business activities.
Wholesale operating costs		
S1.10	Power	All energy costs, including the climate change levy and the carbon reduction commitment.
S1.11	Service charges/ discharge consents	Total cost of service charges by the environment agency or canal & river trust for discharge consents.
S1.12	Bulk Supply/Bulk discharge	Total payments for bulk imports/exports. Where a company jointly owns a supply, the costs associated with it should not be reported here but in the appropriate cost line.
S1.13	Other operating costs	Any other operating costs relating to the wholesale business (ie. excluding interest, taxation and local authority rates).
S1.14	Local authority rates	The cost of local authority rates. This should include both the local authority rates, cumulo rates and sewerage site rates (where appropriate).
S1.15	Total operating costs	Sum of lines S1.7 to S1.14.
Depreciation		
S1.16	Depreciation - retail	Positive value of depreciation on assets used for the retail business only.
S1.17	Depreciation - wholesale	Positive value of depreciation on assets used for the wholesale business only.
S1.18	Total depreciation	The sum of lines S1.16 and S1.17.
S1.19	Total operating profit	The sum of line S1.6 minus S1.15 and S1.18.

Pro forma S2: Number of connections and site consumption

S2.1	Site name	Name of each individual site area for which an appointment is currently held.
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S2.2	No. of household properties connected (000)	Total number of household connections billed for a water or wastewater service within the supply area. Exclude void properties.
S2.3	No. of non-household properties connected	Total number of non-household connections billed for a water or wastewater service within the supply area. Exclude void properties.
S2.4	Annual site consumption – households (MI/yr)	Estimated/calculated annual total consumption of households that are supplied with water on a site by site basis. This figure applies to billed households and excludes underground supply pipe leakage. Underground supply pipe leakage is any loss of water from the underground supply pipe.
S2.5	Annual site consumption – non-households (MI/yr)	Estimated/calculated annual total consumption of non-households that are supplied with water on a site by site basis. This figure applies to billed non-households and excludes underground supply pipe leakage. Underground supply pipe leakage is any loss of water from the underground supply pipe.

Appendix 1: Income categorisation

	Retail appointed	Wholesale appointed		Non-appointed	
		Income governed by price control	Income not governed by price control		
Principal services	<p>Retail tariff income (for households and non-households) from water, foul sewage, surface water and highway drainage, trade effluent services and special agreements (including potable water, foul and trade effluent).</p> <p>Income from providing developer information and the administration of new connections (eg dealing with s45 connection charges). Income from meter reading commission.</p>	<p>Wholesale tariff income (for households and non-households) from water, foul sewage, surface water and highway drainage, trade effluent services, including special agreements. Developer contributions (should exclude any <u>retail</u> administration income);</p> <ul style="list-style-type: none"> • Infrastructure charges • Requisitions & self lay • s45 connection charges (These may be recognised in the accounts as income, netted off capital expenditure or capitalised.) <p>Electricity generation from appointed assets, income should be entered as a negative operating cost.</p>	<p>Management of protected land</p> <p>Recreational use of protected land eg</p> <ul style="list-style-type: none"> • Rambling • Forestry • Rental income from appointed assets eg <ul style="list-style-type: none"> ○ mobile telephone masts on water towers, ○ wind turbines and solar panels on land at treatment works. 		<p>Non water/ wastewater services eg;</p> <ul style="list-style-type: none"> • Billing commission • Garage services • Rental income from non-appointed properties • Property searches • Introducer revenue from plumbing and drainage insurance <p>Tankered waste;</p> <ul style="list-style-type: none"> • Haulage; • Reception; and, • Treatment.
Third party services		<p>Non-potable water (which are not a bulk supply)</p>	<p>Rechargeable works;</p> <ul style="list-style-type: none"> - Fluoridation - Fire hydrant maintenance - Fire hydrant installation - Charges for repair of damage to company assets by another party - Charges for building over company assets - Charges for installation of a meter on an unmeasured supply (non-household) - Fee for trade effluent consent revision - "Non-primary" charges to retailers under WSL regime - Provision of plan information of underground infrastructure - Charges for flow and pressure testing of a customer supply - Meter testing - Relocation of a household meter - Installation of a meter with a data logger to a previously unmeasured 	<p>Excluded charges;</p> <ul style="list-style-type: none"> - Bulk supplies - Stand pipes and water tanks - Water cleansing - Charges for reception and disposal of waste - Unmeasured cattle troughs - Unmeasured building water supplies - Unmeasured supplies by water tankers - Unmeasured farm taps - Reservoir operating agreements - Unmeasured supply hereditaments - Diversions¹ 	<p>Rechargeable work where the appointee is <u>not</u> a statutory supplier.</p> <p>Use of land for water supply beyond duties imposed by WIA91 eg</p> <ul style="list-style-type: none"> • Water skiing/sailing, • Fishing, • Bird watching permits, • Restaurants/ visitor centres.

¹ Income from diversions are not listed as an excluded charge under licence condition B, however for reporting purposes they should be treated as if they were excluded charges. This will not have an impact on revenues ultimately received by the companies under WRFIM since where companies did include this income in their business plans it should be offset by a corresponding cost, hence there will be no impact.

Appendix 2: Water resources boundary: further detail

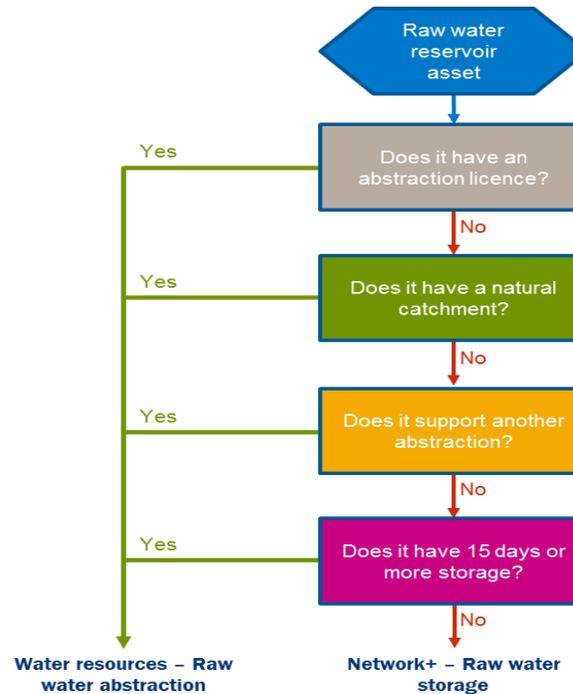
In this appendix we provide additional supporting information on the allocation of raw water reservoir assets and provide two stylised examples to illustrate the application of this guideline.

Allocation of raw water reservoir assets

In this guideline a distinction is made between balancing reservoirs and water resource storage reservoirs whereby:

- **Balancing reservoirs (Network+ - Raw water storage)** - the function of the reservoir is to support the raw water distribution network. Such balancing reservoirs that only have a small amount of storage in relation to the demands placed on them (generally a few days) and provide enough temporary storage to support a constant rate to and from the water treatment works. They may allow some resilience in storage for very short amounts of time for pump outages or pollution events.
- **Water resource storage reservoirs (Water resources – Raw water abstraction)** - these reservoirs are used to store the abstracted water for an average summer or even drought periods to provide storage to meet demand when the abstraction stops due to low river levels. In essence they are providing additional water resources by providing storage. These reservoirs may be large enough to supply very long periods of time (potentially years).

To assist in the allocation of raw water reservoir assets between Network+ - Raw water storage and Water resources – Raw water abstraction the following decision tree should be applied. The decision tree is sequential and if any of the conditions are met the raw water reservoir asset will fall into Water resources – Raw water abstraction.

Figure: Decision tree for raw water reservoirs

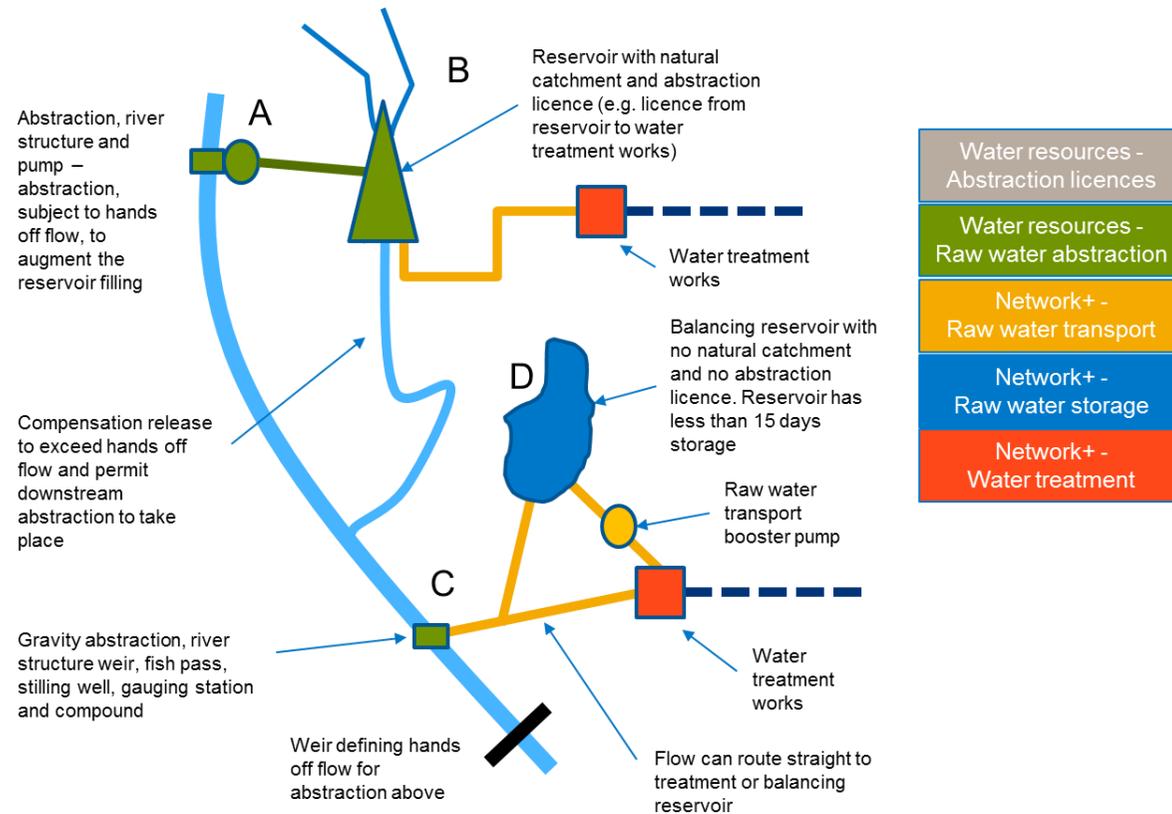
The calculation of storage is only required if the answer is no to the first three questions in the decision tree. In calculating storage the following guidelines should be followed:

- **Demand** – The number of days of storage should be based on measured (where available) average usage (MI/d) of the reservoir. The flow from the reservoir to the works may not be directly measured. In this case the average demand placed on that reservoir by the treatment works can be used (where the treatment works is supplied by one reservoir this can be the water into supply figure).

- **Usable Storage** – Only the usable storage of the reservoir should be compared against the calculated 15 day storage. It is up to companies to determine this usable quantity (e.g. excluding storage below the lowest draw-off valve or where water quality inhibits its usage).
- **Multiple Sources** – Where more than one reservoir supplies a treatment works (in series or parallel) and the individual demand placed on each reservoir is not measured, it is reasonable to assess the reservoirs as a group. The total usable reservoir storage across all contributing reservoirs should be used together with the treatment works total average demand.

Examples of applying the guidelines

Example 1



In this example there are four key points:

- **Point A** – Raw water is abstracted from the river via pumping assets. Any operating costs for assets supporting abstraction are included within this activity.

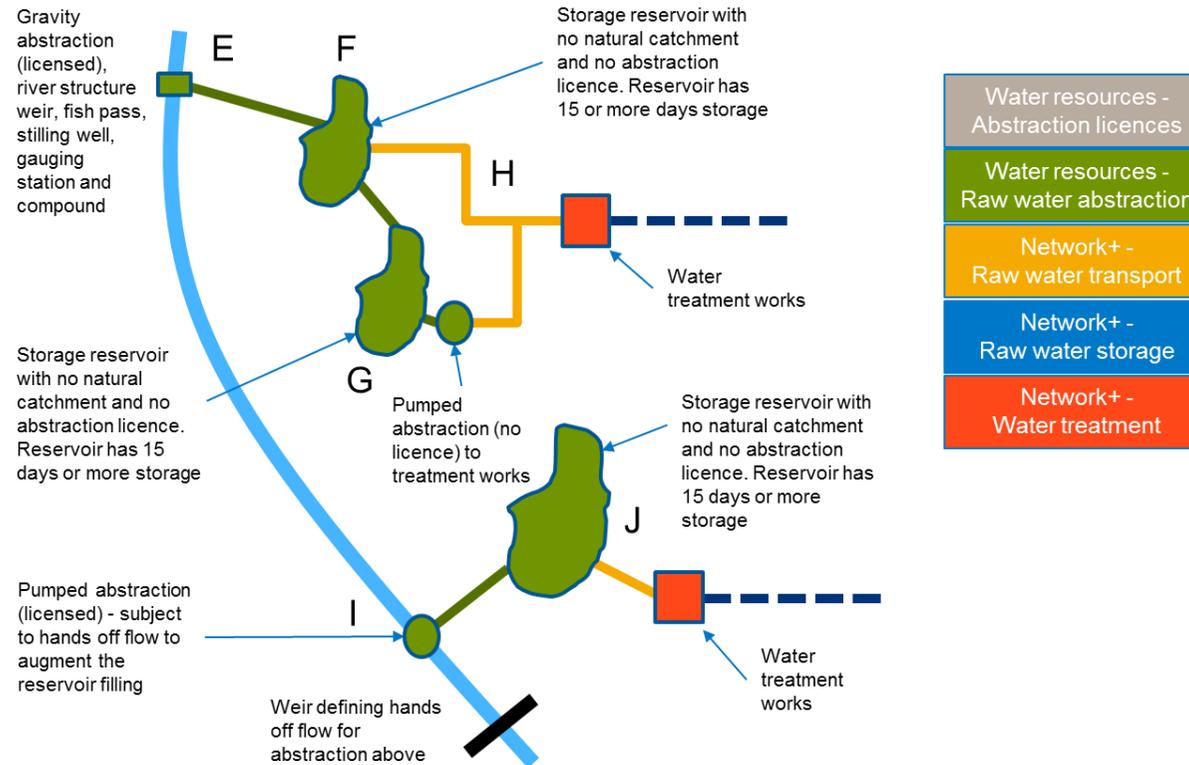
- **Point B** – A reservoir is supplied by its own natural catchment as well as the cross-catchment pumped abstraction via a pipeline. It releases water back to the river in order to maintain flow conditions measured downstream. The reservoir also has an abstraction licence.
- **Point C** – There is a gravity abstraction from the river. Any operating costs for assets supporting abstraction are included within this activity.
- **Point D** – There is a reservoir, with no natural catchment, with no licence but filled via the licensed river abstraction. The reservoir itself has no abstraction licence. The reservoir has less than 15 days usable storage based on the average demand of the treatment works. The reservoir is a balancing asset that is used to maintain continuation of supply to the treatment works (acting as a buffer against short term low river flow or poor river quality).

These points can be interpreted as follows:

- **Points A** and **B** are Water resources – Raw water abstraction activities. **Point A** contains river abstraction assets which are defined in the RAGs as being Water resources. This also includes the pipe transferring raw water from **Point A** to the reservoir at **Point B** (both being Water resources – Raw water abstraction). As the reservoir at **Point B** has an abstraction licence and natural catchment (see decision tree above) it is considered a Water resources – Raw water abstraction asset.
- For **Point C** only the assets supporting the abstraction process are classified Water resources – Raw water abstraction (in this case the weir, fish pass, stilling well, gauging station and compound).
- The Reservoir at **Point D** has no natural catchment or abstraction licence and does not support abstraction downstream. Its function is to support the raw water distribution network and the treatment process by balancing demands. It also has less than 15 days usable storage based on the average demands of the treatment works. It is therefore classified as Network+ - Raw water storage.
- The pipe connecting the abstraction assets (**Point C**) to the raw water storage (**Point D**) is classified as Network+ - Raw water transport. Only pipework transferring water between Water resources assets, or where Water resources and Water treatment assets are located on the same site are classified as Water resources – Raw water abstraction.

- Across the four points any activities related to negotiating with third parties to obtain abstraction rights and to agree charges, as well as the annual cost of the licence itself should be captured under Water resources – Abstraction licences.

Example 2



In this example there are six key points:

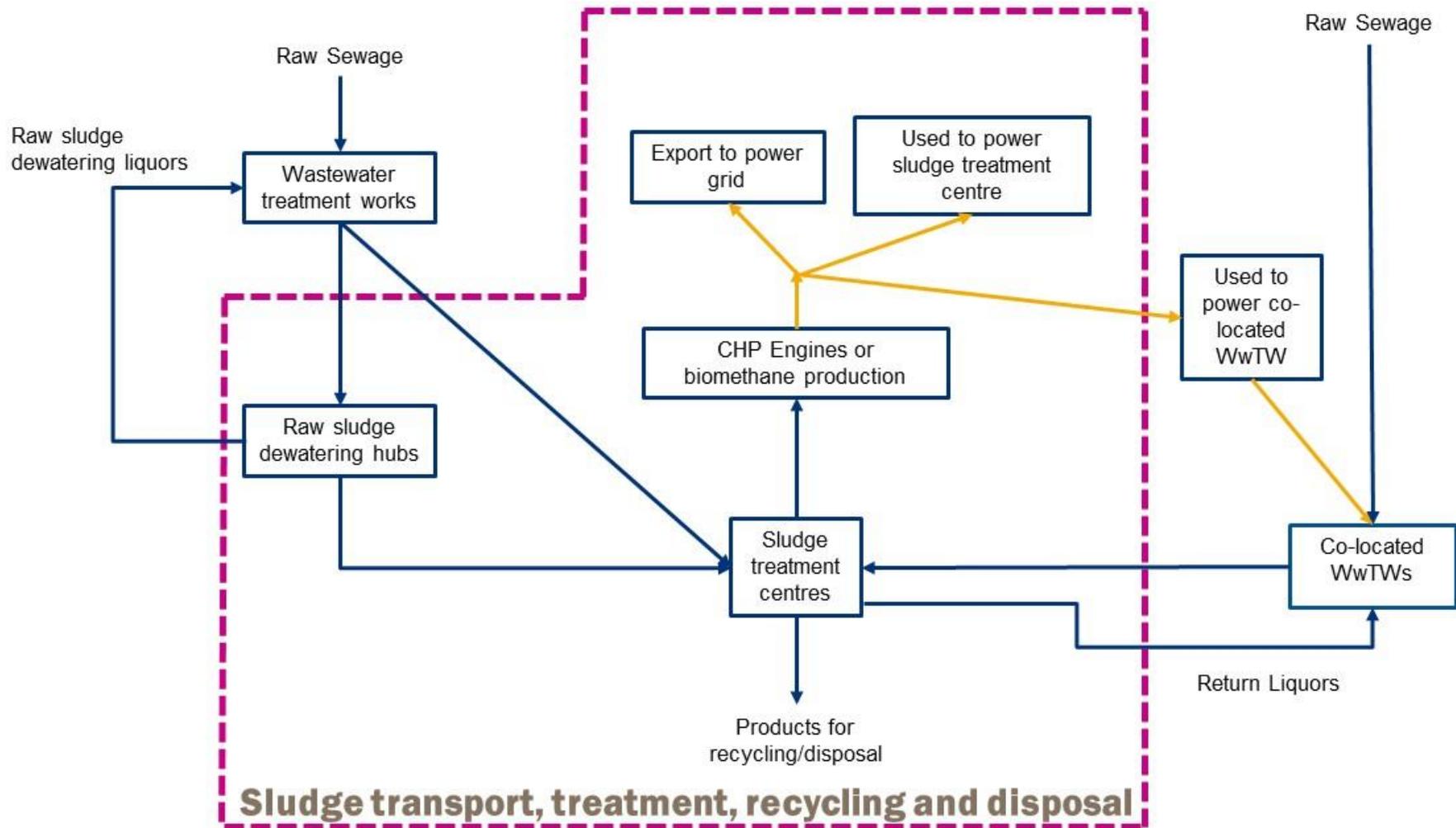
- **Point E** – Raw water is abstracted from the river via gravity. Any operating costs for assets supporting abstraction are included within the Water resources activity.
- **Point F** – The upper reservoir is supplied from the river abstraction. The reservoir does not have its own catchment or abstraction licence. It does have 15 days or more usable storage (based on the average supply sent to the treatment works measured on the gravity pipeline).
- **Point G** - The lower reservoir in the cascade receives some water from the upstream reservoir. It also supplies the treatment works via a pump and pipeline. The lower reservoir also doesn't have natural catchment or an abstraction licence but does have 15 days or more usable storage (based on the average supply sent to the treatment works measured on the pumped pipeline). If the individual contribution from each reservoir to the treatment works were not directly measured, the total usable storage (of the two) could be combined, and compared with the treatment works average demand to calculate the number of storage for the reservoir system. The reservoir assets would be classified in the same category depending on the result of the calculation.
- **Point H** – There is a gravity pipeline to the treatment works from the upper reservoir and a pumped pipeline from the lower reservoir. They are not on the same site.
- **Point I** – There is a pumped abstraction from the river – with a pipeline to the reservoir.
- **Point J** – The reservoir is supplied from the pumped river abstraction. The reservoir does not have its own catchment or abstraction licence. It does have 15 days or more usable storage.

These six points can be interpreted as follows:

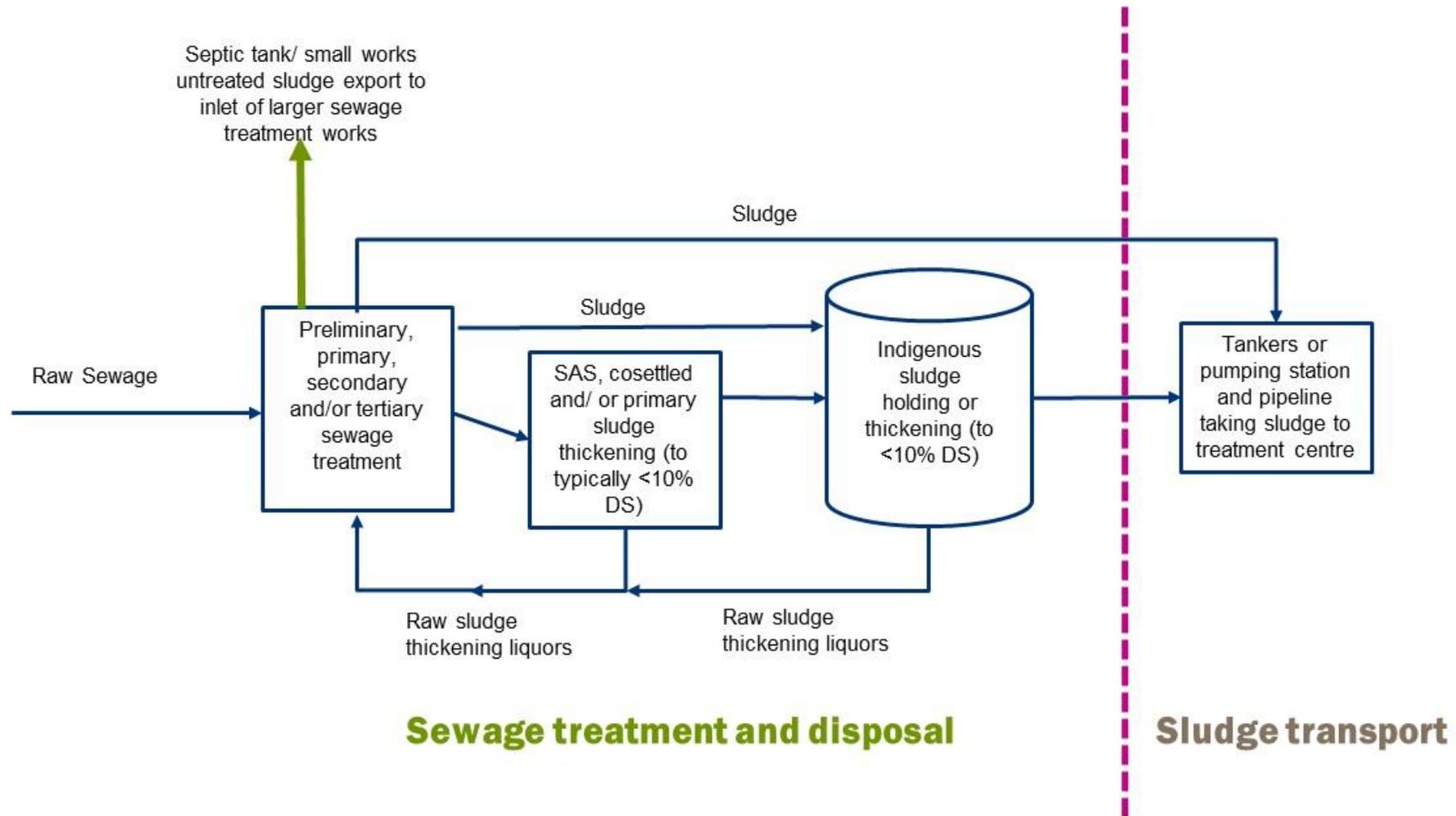
- **Points E, F and G** - are Water resource – Raw water abstraction activities. Both sets of reservoirs require the 15 day storage test (as they do not have abstraction licences a natural catchment or support downstream abstraction). Based on the calculation they do have 15 days or more storage and all assets from the abstraction from the river down to the pumped abstraction from the lower reservoir are considered Water resources – Raw water abstraction assets. This is because essentially all assets are working in combination to provide a yield availability at the last Water resource asset in the chain to enter raw water distribution/treatment.

- For **Point H** all pipework assets from **Point F** (the upper reservoir) and after the abstraction pump at **Point G** (the lower reservoir) are Network+ - Raw water transport assets.
- The reservoir at **Point J** is supplied from the pumped river abstraction **Point I**. The reservoir does not have its own catchment or abstraction licence. It does have 15 days or more usable storage. It is therefore a Water resource – Raw water abstraction asset, as is the pipeline from the river abstraction. The pipe connecting the reservoir to treatment works is a Network+ - Raw water transport asset.
- Across the six points any activities related to negotiating with third parties to obtain abstraction rights and to agree charges, as well as the annual cost of the licence itself should be captured under Water resources – Abstraction licences.

Appendix 3: General sludge boundary



Appendix 4: Sludge boundary detail (wastewater treatment sites without STCs)



Appendix 5: Sludge boundary detail (co-located site detail) showing main transfers across the boundary

