
PR19 final methodology queries and answers 15 March 2018

A price review is when water companies and their customers create plans for the future that will deliver customers' wants and needs. Our role is to:

- set the framework and methodology;
- check and challenge the plans; and
- set out our decisions on the five-year price, service and incentive package for each company.

We have published our [final methodology for the 2019 price review](#) (PR19), setting out:

- our expectations and requirements for companies preparing their business plans to meet the needs of their customers from 2020 to 2025 and beyond;
- how these expectations form the basis for how we assess company business plans;
- the approach that we will use if we need to intervene in those plans to ensure that companies deliver the step change required by customers; and
- how our assessment will flow through into companies' price limits, service commitments and the wider incentive framework.

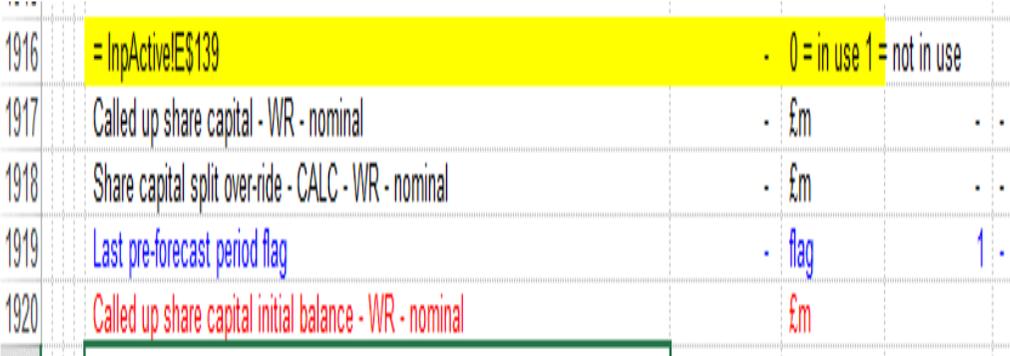
In the PR19 final methodology we stated that we will run a queries process for specific questions about the methodology. We stated that if a query was raised which we think is relevant to other stakeholders then we will publish the query and our response on our website. This document sets out our response to the fourth set of queries we have received on the PR19 final methodology. We will publish our response to further queries in due course. Stakeholders should direct any further queries for clarification, corrections or further explanation in relation to our methodology to PR19@ofwat.gsi.gov.uk.

Ref No.	Topic	Query	Response
13	Data tables	<p>Please clarify the contents of the rows on table App24 (in particular we are referring to the 'Labour' rows and 'Materials, plant and equipment' rows). As an example, we buy in third party services to carry out repairs on our water network - should all these third party costs all be allocated to 'other' or should we assess the split of costs and allocate the relevant share to labour and materials?</p> <p>Table WS2 (and, for wastewater, WWS2) has been amended with the addition of a block B to include enhancement opex by purpose. However, there is no similar block B in tables WS2a (or WWS2a) for cumulative enhancement opex. This seems to be contrary to the Ofwat response to issues 119 and 120 in the data tables issue log.</p>	<p>We suggest companies complete the RPEs as best they can by populating the individual lines for Labour and Materials. As stated in the table guidance, companies should exclude input costs related to contracted work where they do not have a reasonable level of confidence about the proportion of inputs. In their table commentaries, companies should explain what proportion of total expenditure these excluded costs represent.</p> <p>Unfortunately our responses to issues 119 and 120 on the BPDT Issues Log (Water) were aligned with an earlier version of the drafting of table WS2a (and Table WWS9a) which has since changed. These tables are intended to capture the cumulative expenditure on projects that are delivered/commissioned in a particular year. By definition, this expenditure will be entirely, or almost entirely be, capital expenditure. Therefore, we have not included a block for operating expenditure.</p>

17	Cost assessment	<p>In the PR19 Final Methodology, Ofwat has set out that companies will need to propose an appropriate cost adjustment mechanism to be applied in the event of discrepancies in scale between the assumed environmental programmes at the time of the Final Determination in December 2019 and the confirmed programme in 2021.</p> <p>The methodology states that companies will need to link expenditure against unconfirmed requirements to an outcome and a unit cost. Please can you confirm:</p> <ul style="list-style-type: none"> a) If the unit costs need to be linked to a specific performance commitment, or just linked at the overall outcome level. b) If the unit costs should be linked to only one outcome (or PC), or if they can be linked to multiple outcomes (or PCs). c) If 'unconfirmed' environmental requirements relate to the entire WINEP programme, or just those elements of it that are categorised as 'amber' in the WINEP3 release of agreed schemes. d) If the cost adjustment mechanism will be symmetrical i.e. will the unit cost adjustments be applied where there are both reductions and increases to the scope of the environmental obligations. 	<ul style="list-style-type: none"> a) Our expectation is that unit costs will be linked to a readily quantifiable measure, which may or may not be a specific performance commitment. For example, in the case of schemes with a phosphorus removal cost driver (e.g. WFD_IMPg, U_IMP2) a unit cost could be expressed in terms of £/kgP removed/day, £/km river improved, £/p.e. served by enhanced STW etc. b) There is no restriction on the number of outcomes or performance commitments a unit cost can be linked to. However, adjustments at the end of the price control period to account for differences between the scale of the assumed and confirmed environmental programmes will be based on a single application of the unit cost mechanism, i.e. there will be no double counting. c) Just the elements of WINEP3 categorised as 'amber'. d) The mechanism is intended to be symmetrical. However, our expectation is that the environmental programme finally confirmed will be a subset of the schemes categorised as 'green' or 'amber' in WINEP3 and therefore that changes from the scope of WINEP3 will tend to be reductions. e) Unit costs proposed by companies will be subject to challenge by Ofwat and tested against our expectations and assessments. The unit costs we intend to use will be published at draft and final determinations.
----	-----------------	---	--

Ref No.	Topic	Query	Response
		<p>e) If the cost adjustment will be made on the basis of the company's own proposed unit costs (as submitted in the September 2018 business plan), or another form of unit costs (i.e. from the totex models).</p>	
20	Data tables	<p>In relation to tables WS13/WWS13 - we believe that these lines should be aligned with the WRFIM model and table 2I of the APR.</p> <p>In relation to line 20 (forecast error) - this line calculates the over/under-recovery of revenue; however it does not take into consideration any in-period adjustment of allowed revenue for previous under/over-recovery as calculated in the WRFIM model. Should the total revenue to be compared to the allowed revenue also include third party revenue and grants and contributions?</p>	<p>We agree that the table should be fully aligned with the WRFIM model and table 2I of the APR.</p> <p>We have changed tables WS13 and WWS13 to:</p> <ul style="list-style-type: none"> • align with the revenue recovered lines in block E with APR table 2I so that it includes third party revenue and grants and contributions; and • remove the forecast error line from the table. <p>We have included these changes in the updated version of tables WS13 and WWS13 issued in March 2018.</p>

<p>29</p>	<p>Financial modelling</p>	<p>If you start from 'FinStat_Appointee' L24 this links to 'Appointee' L510 and I'm looking at the wholesale component.</p> <p>Cell L509 links back to 'FinStat_Wholesale' L27. To explain I'll just focus on the Water Resources component: 'FinStat_Water Resources' L27 traces back to 'Water Resources' L2048, which links back to the wholesale dividend in 'Water Resources' L2045, which in turn links to 'Wholesale' L54.</p> <p>I'm now considering the situation where we do not directly input the level of dividend (so L51 will be zero) and the value should therefore pick up what is in L53, which links to L49. Where I see the issue is that as this is not the last pre-forecast period (so L48 does not equal 1), the value in K47 will be zero and hence zero will be the result of the formula. K47 traces back to K43 and if I follow the WR component in K38 this links to 'Water Resources' K196 which, being the last pre-forecast period, refers to K1950 which links to K1924. The numerator in this formula is K1922, which links to K1920 and the formulae here says if the flag in F1916 is 1 (i.e. a WoC) then the value is zero.</p>	<p>Agree that there is a risk that the model might produce a zero dividend value for WoCs. The following changes are recommended to resolve the issue.</p> <p>1) New control switches to be added on the InpActive sheet as follows;</p> <p>1a) A new switch for the dummy control will need to be added to the model parameters section below line 68 with the options "In use" or "not in use". Below this the formula in cell F70 the formula, "= IF(F69 = "In use", 0, 1)" should be added.</p> <p>Please see screen shot below:</p>  <p>1b) For each of the four wholesale price controls new lines need to be added as shown below for water resources. The first should link to line 65 in to pull through the company type switch, below this (cell F139 in the example below) the formula "= IF(F\$138 = 0, 0, 0)" should be added.</p> <p>Please see screen shot below:</p> 
-----------	----------------------------	---	--

Re f No.	Topic	Query	Response
			<p>1c) This will need to be replicated for water network. For wastewater network and bio resources the formula "= IF(F\$xx = 0, 0, 1)" should be used.</p> <p>2) For each of the wholesale price control sheets (water resources, water network etc.) row 1916 should be updated from the company type switch (InpActive!E\$65) to the relevant "control in use" line on InpActive e.g. for water resources row 139 as shown in step 1b.</p> <p>Please see screen shot below:</p> 

Ref No.	Topic	Query	Response
33	Data tables	<p>These three tables have input cells for the three years from 2017-18 to 2019-20, for which we won't have actual data by the time we make our submission in May (e.g. blocks E, G and H in WWS13 and WS13; blocks C and D in R9).</p> <p>The guidance for these tables does not explicitly state that companies should provide forecasts where actual data is not yet available. Please could you advise whether forecast data should be provided for these three years where an input cell is indicated in the table?</p>	<p>Companies are required to submit their PR14 reconciliation tables by 15 July 2018. For this submission, we expect companies to include actuals up to and including 2017-18 and to provide their best forecasts for 2018-19 and 2019-20, clearly disclosing any qualifications around their forecasts in their commentaries to tables WS13, WWS13, R9 and / or their populated WRFIM model.</p> <p>Please note that we have made changes in the updated version of tables WS13 and WWS13 issued in March 2018, to ensure they both fully align with the WRFIM model and table 2I of the APR (please see query reference 20).</p>
35	Data tables	<p>In relation to table WWn1, can you check the units that you expect this table to be completed in? Currently it states £'000s to 3 decimal places which is the equivalent of pounds, other tables are £m to 3dp.</p>	<p>We confirm that the units in table WWn1 should be £000s to maintain consistency with table 10 of the Cost Assessment submission, but that values need only be reported to 0 decimal places. This is also the case for lines 11 to 15 of table WWn2.</p> <p>We have included these changes in the updated version of tables WWn1 and WWn2 issued in March 2018.</p>

Ref No.	Topic	Query	Response
37	Financial modelling	<p>Please could you explain the logic underlying the calculation of RCV depreciation on additions when using the straight line method.</p> <p>If I take the calculation of Water Network RCV depreciation on additions ['Water Network' L1032] this comes from the calculation performed in cell L1012. The calculation takes the Total of Water Network Non PAYG Totex over the whole of AMP7 [F1009] (and also AMP8 if values are input) and applies the depreciation rate to this total.</p> <p>Our expectation would have been (rather like calculating accounting depreciation on fixed asset additions) that the rate input for depreciation would in year 1 of AMP7 only apply to the year 1 element of Non-PAYG Totex and not the whole of the AMP (and potentially the whole of AMP8 as well). We can obviously get round this by flexing our rate, but wanted to first understand the intention behind the calculation. I'd be grateful if you could come back to me on this so that we are using the calculation/inputs in the manner in which they are intended.</p>	<p>At PR14 companies had the option to choose either straight line or reducing balance depreciation of RCV balances.</p> <p>We have preserved these options, but have now moved to run-off rates that vary year-by-year. If run-off rates vary year-by-year then there becomes very little distinction between straight line and reducing balance depreciation. The model has been coded to try and preserve a distinction. Companies should consider which functionality in the financial model they wish to use for the depreciation of RCV (reducing balance or straight line).</p> <p>Regardless of which method they select companies are expected to provide commentary on the run-off rates they use in their business plan.</p>

Ref No.	Topic	Query	Response
38	Financial modelling	<p>If you start from 'FinStat_Appointee' L24 this links to 'Appointee' L510 and I'm looking at the wholesale component.</p> <p>Cell L509 links back to 'FinStat_Wholesale' L27. To explain I'll just focus on the Water Resources component: 'FinStat_Water Resources' L27 traces back to 'Water Resources' L2048, which links back to the wholesale dividend in 'Water Resources' L2045, which in turn links to 'Wholesale' L54.</p> <p>I'm now considering the situation where we do not directly input the level of dividend (so L51 will be zero) and the value should therefore pick up what is in L53, which links to L49. Where I see the issue is that as this is not the last pre-forecast period (so L48 does not equal 1), the value in K47 will be zero and hence zero will be the result of the formula. K47 traces back to K43 and if I follow the WR component in K38 this links to 'Water Resources' K196 which, being the last pre-forecast period, refers to K1950 which links to K1924. The numerator in this formula is K1922, which links to K1920 and the formulae here says if the flag in F1916 is 1 (i.e. a WoC) then the value is zero.</p>	Duplicate of query #29

39	Financial modelling	<p>My query is about the latest PR19 financial model – specifically run off rates to be applied to Network+ RCV.</p> <p>For Water Resources RCV, I can see we will be applying 3 kinds of run off rates as follows:</p> <p>CPIH linked pre2020 RCV => Row 179 in F inputs sheet RPI linked pre2020 RCV => Row 180 in F inputs sheet post 2020 investment => Row 435 in F inputs sheet.</p> <p>However, for Network+, 2 kinds of run off rates are to be set as follows:</p> <p>CPIH linked pre2020 RCV => Row 276 in F inputs sheet RPI linked pre2020 RCV => Row 277 in F inputs sheet.</p> <p>I believe Row 276 in F inputs sheet will be applied to post 2020 investment for Network+ as well, which is different from how it works for Water Resources. Do you expect us to input weighted average run off rate of pre 2020 and post 2020 for CPIH linked Network+ RCV? In addition, may I kindly ask you why we don't have dotted-line boxes for some items in F inputs sheet? (e.g. Row 235-266)</p>	<p>The model has been designed to reflect the structure of the business plan tables. The water network + and wastewater network + controls have a run-off rate that covers all CPIH based RCV (including post 2020 additions). The water resources, bio resources and dummy controls have separate run-off rates for post 2020 non-payg totex and opening CPIH indexed RCV.</p> <p>Companies are expected to use a weighted run-off rate for the CPIH linked network + RCV balances. Companies are expected to provide commentary on the run-off rates they use in their business plan.</p> <p>We are reviewing the formatting of the F input sheet and will be adding additional dotted line boxes to the this sheet.</p>
52	Cost assessment	<p>Are our proposed enhancement investments at two of our treatment works</p>	<p>If the investments you mentioned in your query are material and a typical, they may be suitable as cost adjustment claims. We provided guidance on the required evidence to support cost claims in Section 4.3 of appendix 11 to our PR19 methodology document</p>

Ref No.	Topic	Query	Response
		<p>best dealt with as enhancement spend or via a cost adjustment claim route?</p>	<p>(access here: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Appendix-11-Cost-efficiency-FM.pdf).</p> <p>In particular, you will have to demonstrate the need for these investments (possibly through customer support) and that your proposed solutions represent the best option for customers. If these investments do not qualify as cost adjustment claims (for example, they would not pass the materiality threshold) or if you consider that they do not require a special adjustment (e.g. if you have offset these costs through high efficiencies/re-prioritisation elsewhere), then we would still expect you to submit the evidence to justify the investments and the efficiency of the expenditure in September.</p>
64	Outcomes	<p>In relation to appendix 1 'assessing affordability' - the text makes reference to an expectation that "customers are supportive of social tariffs that go beyond revenue neutral levels of assistance...". Please clarify what is meant by "tariffs that go beyond revenue neutral levels of assistance".</p>	<p>By revenue neutral we mean that a company's revenue is not affected by it implementing a social tariff and customers will not need to provide a cross subsidy. For example, a "revenue positive" social tariff would be where a company lowered bills for eligible customers and that resulted in increased payments from those customers to a point where the company recovered more revenue than it lost by lowering bills for the eligible customers.</p> <p>If the company recovered exactly the same amount of revenue as it previously did by implementing the social tariff we term that "revenue neutral". What we are saying is that if a company implements a social tariff and it leads to a net loss in revenue (the increased payment rate of bills by eligible customers on social tariffs does not offset the revenue impact of lowering bills to the eligible customers) these "revenue negative" social tariffs will need customer support, unless they are funded by the company's shareholders.</p>

Ref No.	Topic	Query	Response
65	Outcomes	With regard to appendix 1 'assessing affordability' - affordability metrics 1 and 3 refer to percentages of a customer base. Please clarify what baseline customer number this percentage should relate to. Is this households served or population of area served?	The baseline customer number for the percentages for affordability metrics 1 and 3 is the percentage of customers surveyed.
66	Outcomes	With regard to appendix 1 'assessing affordability' - measure 4 says, "number of customers receiving support during a supply interruption". Please clarify if the customer numbers should be counted as a single customer with additional needs, or whether the entire household should be considered - e.g. would a family of four with a single vulnerable customer be counted as one or four customers in this case?	Companies should count each individual receiving support during a supply interruption. This means there could be more than one customer counted as receiving support in a property. We want this line to show how many people benefit from the support.
67	Outcomes	With regard to appendix 1 'assessing affordability' - measure 5 says, "Percentage of customers satisfied that the services provided by their company are easy to access". Please confirm that the customers referred to are those on the priority services register only, not customers as a whole?	This is the percentage of customers surveyed who are satisfied that the services provided by their company are easy to access. We intend this to relate to all customers, not just those on the SAR / PSR.

Ref No.	Topic	Query	Response
68	Retail	Do we have clarification on to how Retail NHH costs should be treated in AMP7 e.g. developer services, operational call centre, investigatory costs?	<p>Exited retailers are not required to populate this table. Non-exited retailers should allocate their costs to the appropriate row. For example, there is a row related to developer costs.</p> <p>We have updated our definition of miscellaneous costs to make it clearer what costs this includes. Further thinking related to the definition of miscellaneous costs can be found in Setting price controls for 2015-20 – guidance for companies on producing default tariffs April 2014. In accordance with our PR19 Methodology document, we also ask that MOSL fees are reported here. In their business plan commentary, companies should clearly set out i) their mandatory MOSL fees, ii) non-mandatory costs i.e. excluding additional services, fines etc. This will allow us to consider how we treat these costs, aligning our approach with the approach of the Retail Exit Code review as appropriate.</p> <p>We have included these changes in the updated version of tables R4 and R5 issued in March 2018.</p>
73	Financial modelling	The tax true up mechanism will take account of any changes to capital allowances rates in the period that are not known at the time the final determination is made. Can Ofwat confirm that this covers the situation where additional tax costs (transitional and ongoing) arise because capital allowances are replaced with tax relief for depreciation (the Office of Tax Simplification issued a consultation document on this subject in September 2017)?	If there was a fundamental change, such as the situation described here, we would need to consider fully and assess the impact before deciding if and how the tax true up mechanism should be operated.

Ref No.	Topic	Query	Response
74	Financial modelling	<p>In the approach to capital allowances, Ofwat assume that companies “make full use” of all the capital allowances available to them in the period. Can Ofwat confirm that it is acceptable to disclaim capital allowances in order to prevent the creation and carry forward of tax losses in the Company, provided the Company can demonstrate that this is in customer’s interests?</p>	<p>Yes, but we would need to see strong and compelling evidence that any historical capital allowance disclaimers were in customer's interests. The financial model does not have the functionality to disclaim capital allowances rather than create tax losses.</p>

Ref No.	Topic	Query	Response
80	Past delivery	<p>My query relates to section 12.4 of the Final Methodology.</p> <p>Could Ofwat confirm which PR14 reconciliation models it expects to receive in July?</p> <p>Clearly the revenue adjustments feeder model and the RCV adjustments feeder model will be required, but do Ofwat also expect the models that feed into those models to be submitted?</p> <p>For example, the following:</p> <p>Totex menu reconciliation model, WRFIM reconciliation model, Household Retail reconciliation model, PR09 blind year adjustment model, CIS reconciliation model, water trading model.</p> <p>If so, could Ofwat provide website links to the current version of these models, as the link on page 212 is incomplete.</p>	<p>We do not expect companies to submit the PR09 legacy blind year spreadsheet since we have published these spreadsheets with the updated 2010-15 reconciliation. They are accessed from the updated 2010-15 reconciliation models link on page 212. We will pre-populate block A of business plan table App25 with these published values. However, should a company propose a change to any of these published values then we will require the company to submit an updated PR09 legacy blind year spreadsheet and updates of the associated 2010-15 reconciliation models.</p> <p>With regard to the PR14 reconciliations, we confirm the complete list of populated models we require companies to submit is provided below.</p> <p>In July:</p> <ul style="list-style-type: none"> • WRFIM PR14 reconciliation spreadsheet • Totex menu PR14 reconciliation spreadsheet • Household retail PR14 reconciliation spreadsheet <p>In September:</p> <ul style="list-style-type: none"> • Water trading reconciliation spreadsheet (if claiming a water trading incentive payment) <p>All four models are accessible from the link on page 212 of the final methodology.</p> <p>As explained in PR19 final guidance on business plan tables (in section 3.4 and section 7.3) we have replaced the outcome delivery incentives reconciliation spreadsheet with two tables in the business plan. Consequently we do not require companies to submit the outcome delivery incentives reconciliation spreadsheet.</p>

Ref No.	Topic	Query	Response
82	Financial modelling	<p>Our query is about "residential connected...". Given that this is used in the calculation of income, we assume that it should be a reference to average billed properties per annum?</p> <p>Please confirm this is correct, or not, and if correct could the language used to describe this line be aligned with the language used in the business plan data tables? We think that, at a total level, these lines should be the same as the sum of BN2110, BN2115, BN2100 (for a WOC)?</p>	<p>We will align the labelling in the mapping tool and financial model to the data tables. The labels will be changed to "Household connected" as used on table R1. The data used by the financial model for these areas comes from table R1 codes R3017, R3018, R3019, R3020, R3021 and R3022.</p>
83	Financial modelling	<p>Some references on a line will be zero for a WoC. Can the line that calculates an average bill apply to WoCs as well so that the dashboard provides useful information for us too?</p> <p>The same reference is used in Row 88 of the Exec Summary.</p>	<p>We will amend the average bill to be split into a WoC and a WaSC average bill on the summary calculation sheet. This change has been added to the dashboard.</p>

Ref No.	Topic	Query	Response
84	Financial modelling	We understand that as part of the process of transitioning to the new FAST standard model you populated the FAST standard model with each companies PR14 data. Is there any chance you could share the version populated with our PR14 data – it would help us in sense checking we are capturing all the required data in the correct places?	We've previously shared with companies a model version "PR14 18e.xlsm". This should allow you to carry out the sense check that you wish to perform. You will need to override the data in the F inputs sheet with data in the F inputs sheet of your PR14 final determination.
88	Financial modelling	If the WaSC/WoC switch in cell water resources F1916 is set to WoC ("1") this formula always returns a zero and the balance sheet is incorrect. WoCs have share capital too!	This is the same issue as query reference 84. The same solution applies.
89	Financial modelling	This query was a duplicate of queries 84 and 88.	This is the same issue as query reference 84 and 88. The same solution applies.
90	Financial modelling	There appears to be inconsistent input columns for opening data between debt types.	Error on InpOverride sheet, formula in InpOverride cell F905 should link to F_Inputs O130 and not F_Inputs N130.
91	Financial modelling	WR/Network floating rate debt issued uses % WR/Network totex to allocate. 2019-20 has no totex input so no %WR/Network totex and no drawdown is recognized.	We are only interested in drawdown during the period so using the % of totex as an apportionment method is justified. No formula change proposed.

Ref No.	Topic	Query	Response
92	Financial modelling	As above (ref.91) but for IL debt drawdown.	We are only interested in drawdown during the period so using the % of totex as an apportionment method is justified. No formula change proposed.
93	Financial modelling	WR indexation of IL debt is limited by forecast period flag so 2019-20 indexation is not accounted for.	No change is required, the IL debt links to the 20/21 opening balance. This can be seen in Wholesale global row label 'Index linked debt initial balance - Wholesale - nominal'.
94	Financial modelling	There is no facility for entering 'other income - revenue control' (which appears below the operating profit P&L line). This line only includes - non revenue control items. Any 'other income- revenue control items' will need to be included above the operating profit line in 'other operating income'. This is different to previous periodic review treatments and inconsistent with the regulatory accounts.	"Total other income (incl. 3rd party income) - WR - nominal" in the financial statements includes "Third party revenue ~ wholesale water resources" on F_Inputs. This is from the data tables WR3 "Wholesale water resources ~ other price control income". No change is required.
95	Financial modelling	This query is about the potential duplication of other debtors. R_R line 253 'Debtors other b/f nom' picks up the F_Inputs#1060 'Retail other trade receivables'. This same input also goes to wholesale trade debtors.	This has been resolved with additional inputs added to retail Wholesale creditor b/f.

Ref No.	Topic	Query	Response
96	Financial modelling	<p>Retail: - Wholesale creditor b/f - opening balance: The model currently calculates the opening wholesale creditor balance as exactly the same as the residential debtor balance - see extract below. This is incorrect and generates significant cash flow errors with the movement to the 2020-21 year:</p> <p>The 2020-21 year is calculated correctly based on the wholesale charge (retail residential portion) x 1.5(input)/12 months creditor months. An input value for the opening balance is required for the wholesale creditor balance for residential and business.</p>	<p>This mirrors the functionality of the PR14 financial model. The PR14 financial model was designed to deal with the creation of a new retail business unit, it was therefore appropriate for b/f trade debtors b/f wholesale creditors. This logic is no longer appropriate as the retail control is not new and additional inputs have been added.</p>

Ref No.	Topic	Query	Response
97	Financial modelling	<p>Wholesale trade debtors (from retail) - the opening balance is calculating incorrectly. This relates to the item above. See the extract below:</p> <p>The opening wholesale trade debtors is incorrectly being taken as the whole retail debtor from customers. Subsequent years are correctly calculated as 12.5% of wholesale revenue based on the 1.5/12 months debtor months. An input value for the opening balance is required for the wholesale creditor balance for residential and business - it can be the same input as used for the issue above.</p>	<p>A new input for 'Wholesale Trade debtors initial balance - nominal' will be added to the model to replace the calculation on Wholesale global.</p>
98	Financial modelling	<p>I do not understand the calculation being presented here. It would be much more representative of reality to simply have an opening balance input for this retail retained earnings b/f at Mar 20 figure.</p>	<p>A new input for 'Accumulated profit reserve b/f - nominal' will be added to the model in replacement of the current calculation block. The same approach will be taken for Business retail.</p>
99	Financial modelling	<p>Other liabilities balance sheet entry: entered as negative in InpOverride#574 then appears on wholesale b/s #104 as positive (correct) and on apt. b/s #102 as negative (incorrect).</p>	<p>Wholesale operates correctly with a NEG to POS sign change calculation block. This will be added to Appointee.</p>

103	Past delivery	<p>Please can you confirm precisely what is required to be submitted for the PR14 reconciliation submission on 15 July 2018?</p> <p>On page 253 of the Final Methodology is it stated alongside “by 15 July” that “companies submit...their populated PR14 reconciliation models”.</p> <p>In part 7 of the Final Guidance on business plan data tables at the top of page 69 it refers to “PR14 reconciliation information”.</p> <p>At page 72 of the same guidance it states “we expect companies to publish their populated PR14 reconciliation models, along with explanations by 15 July 2018”. Above this text is a list of all of the relevant data tables to PR14 reconciliations and overall past delivery. Do you require submission of these 13 tables and reconciliation models? For clarity I have listed below what we understand to be the PR14 reconciliation models and what the position is regarding submission:</p> <ul style="list-style-type: none"> • ODI’s: Ofwat have stated in the guidance that this isn’t a requirement to complete it; has been replaced with App5 and App6. • Totex: Required • WRFIM: Required • PR09 Reconciliation: We don’t believe this to be required as the figures come 	<p>As per response to issue 80.</p> <p>We do not expect companies to submit the PR09 legacy blind year spreadsheet since we have published these spreadsheets with the updated 2010-15 reconciliation. They are accessed from the updated 2010-15 reconciliation models link on page 212. We will pre-populate block A of business plan table App25 with these published values. However, should a company propose a change to any of these published values then we will require the company to submit an updated PR09 legacy blind year spreadsheet and updates of the associated 2010-15 reconciliation models.</p> <p>With regard to the PR14 reconciliations, we confirm the complete list of populated models we require companies to submit is provided below.</p> <p>In July:</p> <ul style="list-style-type: none"> • WRFIM PR14 reconciliation spreadsheet • Totex menu PR14 reconciliation spreadsheet • Household retail PR14 reconciliation spreadsheet <p>In September:</p> <ul style="list-style-type: none"> • Water trading reconciliation spreadsheet (if claiming a water trading incentive payment) <p>All four models are accessible from the link on page 212 of the final methodology.</p> <p>As explained in PR19 Final guidance on business plan tables (in section 3.4 and section 7.3) we have replaced the outcome delivery incentives reconciliation spreadsheet with two tables in the business plan. Consequently we do not require companies to submit the outcome delivery incentives reconciliation spreadsheet.</p>
-----	---------------	--	--

Ref No.	Topic	Query	Response
		from Ofwat and they only requested PR14 Reconciliation models. <ul style="list-style-type: none"> • Household Retail: Required • Water trading: Required 	
104	Past delivery	On page 253 of the Final Methodology it is stated alongside “by 15 July” - “companies submit...their populated PR14 reconciliation models”.	Covered in aggregated #103
105	Past delivery	In part 7 of the Final Guidance on business plan data tables at the top of page 69 it refers to “PR14 reconciliation information”.	Covered in aggregated #103

Ref No.	Topic	Query	Response
106	Past delivery	<p>At page 72 of the same guidance it states “we expect companies to publish their populated PR14 reconciliation models, along with explanations by 15 July 2018”. Above this text is a list of all of the relevant data tables to PR14 reconciliations and overall past delivery. Do you require submission of these 13 tables and reconciliation models? For clarity I have listed below what we understand to be the PR14 reconciliation models and what the position is regarding submission:</p> <ul style="list-style-type: none"> • ODI’s: Ofwat have stated in the guidance that this isn’t a requirement to complete it, has been replaced with App5 and App6. • Totex: Required • WRFIM: Required • PR09 Reconciliation: We don’t believe this to be required as the figures come from Ofwat and they only requested PR14 Reconciliation models. • Household Retail: Required • Water trading: Required 	Covered in aggregated #103
107	Past delivery	How do we request a two week extension to the 15 July 2018 date for the PR14 reconciliation submission?	Please send a formal request for the extension stating the backstop date you are proposing to PR19@ofwat.gsi.gov.uk.

Ref No.	Topic	Query	Response
108	Outcomes	<p>Data Table App 4</p> <p>At line 14 the data requested is: “Customers on Special Assistance/ Priority Service Register (SAR/PSR) - the number of customers registered on the priority service support scheme on 31st March of each year, as a percentage of all customers”.</p> <p>Please can we have some clarity on 'all customers'? How do you want this figure to be derived - e.g. all connected properties; all currently billed customers?</p>	<p>We mean as a percentage of the population in the company's area. There could be more than one person in a connected property registered on the SAR / PSR (dependant on the company's policy on who can register).</p>
112	Past delivery	<p>APP5 - In column 4 (PR19 price control), the selection list only allows for one price control to be selected. We have various performance commitments which will apply to more than one control. Additionally we have Performance commitments which will no longer apply. Can the validation list be updated to allow for this? We suggest a column for each control and input as a % or n/a (blank) to enable this. Alternatively remove column 4 as this is covered by App27 table.</p>	<p>Table App5 (PR14 reconciliation - performance commitments) has been amended to replicate the PR19 price control allocation columns that are in table App1 (PR19 PCs and ODIs).</p> <p>A percentage allocation for each applicable price control can be entered (as a percentage, to 1 decimal place).</p> <p>The price control allocation total is calculated and is highlighted in red if the total does not equal 100%</p> <p>We have included these changes in the updated version of table App5 issued in March 2018.</p>

Re f No.	Topic	Query	Response
113	Past delivery	With regard to App 5 - it would be helpful, if input sheets are to be locked (final versions), that all columns are wide enough to show the full data. For example, where an ODI is in the deadband, the cell doesn't show the word 'deadband' so appears to show a penalty or reward is due (columns 15, 17, 21 and 23).	<p>The columns were designed to display the longest text string ('Underperformance penalty deadband') when the worksheet is viewed at 100%. The four columns have been increased in width to allow this text string to be viewed when the worksheet is viewed at less than 100%. Note: in the amended table this query refers to columns 23, 25, 29 and 31.</p> <p>We have included these changes in the updated version of table App5 issued in March 2018.</p>
114	Past delivery	With regard to App 5 - for columns 17, 18, 23 and 24 we think the definition should refer to end of period ODIs rather than in period ODIs, in line with table 3A in the APR.	<p>We have corrected the wording in the guidance for columns 17, 18, 23 and 24. Note: in the amended table this query refers to columns 25, 26, 31 and 32.</p> <p>We have included these changes in the updated version of table App5 issued in March 2018.</p>
115	Past delivery	With regard to App 5 - for monetary values the definition should clarify that penalties should be entered as negative values (to align to APR approach).	<p>We have included a 'general note' in the App5 guidance to explain that negative values, including underperformance penalties, should be input using the minus sign.</p> <p>We have included this note in the updated version of table App5 issued in March 2018.</p>
116	Past delivery	With regard to App 5 - the guidance states that SIM reward/penalty £m values are not required in this table. It would be useful if Ofwat could remove the yellow input cells for SIM PC in the table, as with non-financial PCs. In addition, it would be useful if Ofwat did the same for in-period or end of period columns for each PC as these are either/or.	<p>We have added additional conditional formatting to table App5 (PR14 reconciliation - performance commitments) to:</p> <ul style="list-style-type: none"> • remove the yellow (input cell) shading if columns 23, 25, 29 or 31 are set to "(SIM)" – this value has been added to the drop down list in these columns. • remove the yellow (input cell) shading for in-period ODIs in the end-of-AMP columns, and vice versa. <p>We have included this change in the updated version of table App5 issued in March 2018.</p>

Ref No.	Topic	Query	Response
117	Past delivery	With regard to App 5 - where we have reached the ODI cap, we assume that we should include the uncapped value in the table (£m). Please can Ofwat confirm that this is correct?	<p>1. For individual performance commitments that have an underperformance penalty collar or outperformance payment cap, the collared or capped ODI value should be entered if the performance level has breached the collar or cap.</p> <p>2. For ODIs without an underperformance penalty collar or outperformance payment cap, where companies are expecting to breach the aggregate cap and collar of $\pm 2\%$ of the return on regulated equity (RoRE), companies should include the ODI value uncapped. For further details on the aggregate cap and collar see 'PR14 final price control determination notice - policy chapter A2 - outcomes' (section A2.5 aggregate cap and collar, pages 89-95, https://www.ofwat.gov.uk/wp-content/uploads/2015/10/det_pr20141212outcomes.pdf)</p>
118	Cost assessment	Our query is about tables WS9, WWS9, R2 and R6. We are unclear as to which costs we should include in this historical data on this table (same query also applies to WWS9, R2 and R6) in relation to the SCF claims. For example, supply demand balance we had capex in AMP6 in relation to AMP7 deficit, and in AMP7 we will have further spending in relation to additional supply deficit for AMP7 and beyond. Should the historical costs in this table include this past spend (related to the same category, but not the same output schemes) or solely relate to any spend specific to the additional requirement?	We expect companies to include all relevant historical spend relating to a claim. Companies should include in their commentary further details on what the historical spend relates to or reference their cost adjustment claims submission. The requirements for the cost adjustment claims submissions were set out in Information Notice 18/02 published on 1 March 2018.

Ref No.	Topic	Query	Response
119	Cost assessment	Regarding tables WS9, WWS9, R2, R6 - as the SCF tables are water, waste, residential and business retail tables, how do Ofwat want us to represent items which span one or more price controls? For example if we were to be doing resilience in AMP7, part would be water resources and part water network plus.	We will be including tables for each price control. For items that span price controls companies will need to assess how much relates to each price control, submitting a separate claim for each control. Companies can provide any other supporting information in their commentaries or refer to their cost adjustment claims submission evidence. The requirements for the cost adjustment claims submissions were set out in Information Notice 18/02 published on 1 March 2018.
123	Cost assessment	In table WS3, Ofwat has asked for company area (Km). This data is not requested for sewerage. We would suggest that this should be added to the WWS3 data table.	This data was requested for sewerage in the 2016 Cost Assessment submission. The data returned confirmed that sewerage companies' operating areas have remained static over the period since 2011-12.

Ref No.	Topic	Query	Response
124	Cost assessment	<p>In table WS1 - the definition for line 20 states that: "Grants and contributions as reported in Table 4D/4E of RAG4 input as a positive number. This will be equal to table App 28 line 13 for years 2015-2025".</p> <p>However, we believe these two lines should have different values. This is because we will include IRE in line 5 of WS1. In line with the RAG definitions (no additional guidance is provided on this table), line 5 is reported NET of related G&C. Therefore Line 20 will exclude the G&C relating to IRE. As Line 20 will not include the IRE G&C, it will be less than the value on App28 which includes these IRE related items (e.g. Diversions).</p> <p>Please can Ofwat either clarify the definition of Line 5 such that this is the GROSS cost (in which case it will not agree to the APR definition), OR remove the calculation rule which requires App28 line 13 to agree to WS1 Line20.</p>	<p>We believe that the two lines should be equal. Renewals expensed in the year should be reported gross of grants and contributions. The definition for grants and contributions in RAG4.07 for tables 4D/E line 20 states that this includes ALL grants and contributions.</p>

Ref No.	Topic	Query	Response
125	Cost assessment	In tables WS2 and WWS2 Ofwat ask for enhancement capex and opex by purpose. We would like to understand what costs Ofwat believe we should include for opex. For example, should this include the additional operating costs to run new assets? Ofwat used to refer to this as REOC - and indeed should this include costs to operate assets built in AMP6 enhancement schemes or should this just include opex where the solution is opex based (such as catchment management)? If both REOC and specific enhancement opex additional costs are to be included, do we need to differentiate the two types of cost?	See response to Query No. 206
126	Cost assessment	In table Wr2 we believe that there is a small error in the units for block B which asks for £ to 2dp (i.e. £ and pence). Should this be £m to 2dp?	<p>We believe these numbers could be quite small and as such we would like them reported in £, as per EA Abstraction Charges Scheme 17/18, however we don't need them reported to the penny so we will change this to 0dp.</p> <p>We have included these changes in the updated version of table Wr2 issued in March 2018.</p>

Ref No.	Topic	Query	Response
128	Data tables	In tables WS18 and WWS18 block F asks for the "change in average bill over the period" (which suggests an AMP total change), but the input requires an annual figure. Please clarify whether this line is intended to show the average annual bill change or should this be a single value for AMP6 and AMP7 showing the total change over each period?	<p>We have reviewed these lines and confirm that we require the change in the average residential customer water / wastewater bill over the period between 2024-25 and 2019-20 rather than annual bill changes. We have revised the definitions for these lines and have amended tables WS18 and WWS18 accordingly.</p> <p>We have included these changes in the updated version of tables WS18 and WWS18 issued in March 2018.</p>
129	Data tables	In tables WWS18 block G requires the total number of performance commitments for wastewater, but the equivalent data is not required on WS18 for water. Either this line should be removed or an additional line is required in WS18 for consistency. There is no equivalent table for retail (as retail data is included on WS18 and WWS18 in blocks A and C). Should number of retail performance commitments also be included?	<p>We have decided to remove these lines from tables WS18 and WWS18. We have done this because the lines in these tables are not compatible with the reporting by price control captured in App1. For our external communications, we can calculate the total number of performance commitments (PCs) by aggregating the number of PCs by price control from App1.</p> <p>We have included these changes in the updated version of tables WS18 and WWS18 issued in March 2018.</p>
130	Data tables	In tables WS9 and WWS9 the special cost factor table only asks for information to 2025. Some of our proposals are multi-AMP programmes, therefore it may be useful to extend the range on this table to at least 2030.	These tables are consistent with those used at PR14 regarding the length of time we are asking for information on. If companies have multi-AMP proposals, further information and costs extending beyond AMP7 should be included in their commentaries. As part of the cost adjustment claims submissions, companies will be asked to fill in a summary sheet which includes reporting on remaining capex required after 2025 to complete construction. The requirements for the cost adjustment claims submissions were set out in Information Notice 18/02 published on 1 March 2018.

Ref No.	Topic	Query	Response
131	Cost assessment	<p>In tables WS1, WWS1, R1, R4 and R5 the pension deficit recovery payments line is defined (in wholesale) as actual costs. For the AMP7 forecast period, should this equal the actual spend forecast, or should this be the allowed cost as per Ofwat's Information Notice? The definition on the retail table is different to the definition on the wholesale table. We suggest that the definition is clarified and applied consistently across all controls</p>	<p>For the AMP7 forecast spend this should equal actual spend forecast rather than the allowed cost as per Ofwat's Information Notice. We have changed the definitions in the retail tables to match those in the wholesale table.</p> <p>We have included these changes in the updated version of tables R1, R4 and R5 issued in March 2018.</p>
132	Cost assessment	<p>In APP22 - the pensions table, block D refers on some lines to DC. We believe this block relates to DB schemes and as such the reference to DC should be amended.</p>	<p>We agree and have now corrected these references in response to the same query 19 above.</p>
133	Financial modelling	<p>In App24a - Ofwat has linked long term CPIH forecast from App23 to table App24a. We wanted to confirm whether this should be annual CPIH forecast to link to this table referencing App23 line 36.</p>	<p>We agree that that table App24a should be linked to the annual CPIH forecast referenced in App23 line 36.</p> <p>We have included these changes in the updated version of table App24a issued in March 2018.</p>

Ref No.	Topic	Query	Response
134	Data tables	<p>In table Wr7 - the new Water Resources capacity table has space for 3 options for each WRZ; we believe that as many as 12 options are required for a single WRZ.</p>	<p>Based on feedback from several companies we have decided to increase the number of options that can be entered per WRZ to 12 for the first 3 WRZ (the remaining zones will have space for 3 options each). Options only need to be completed for a WRZ where it has water resource options which will begin (i.e. costs will be incurred) during 2020-25 and will increase water resources capacity, in line with the table guidance.</p> <p>We have included this change in the updated version of table Wr7 issued in March 2018.</p>
136	Cost assessment	<p>In table WS4 line 1 - the reference made to the regulations in the line definition requires updating. The last sentence of the current definition reads:</p> <p>“Include all lead communication pipes which are replaced at customers' request under Regulation 30(4)(b) of the Water Supply (Water Quality) Regulations 2000.”.</p> <p>However, the wording should be amended to:</p> <p>“Include all lead communication pipes which are replaced at customers' request under Regulation 30(1) of the Water Supply (Water Quality) Regulations 2016”.</p>	<p>Agreed. We also acknowledge that the penultimate sentence in the definition needs to be deleted. The revised definition therefore becomes:</p> <p>“The total number of lead communication pipes replaced for quality reasons (as a result of the lead quality programme to deal with the revised Drinking Water Regulations). All replacement activity under quality must have been confirmed by DWI in the schedule of works attached to a legally binding instrument of works. Include all lead communication pipes which are replaced at customers' request under Regulation 30(1) of the Water Supply (Water Quality) Regulations 2016.”</p> <p>We have included these changes in the updated version of table WS4 issued in March 2018.</p>

Ref No.	Topic	Query	Response
137	Cost assessment	In table WS4 line 9 - what is this going to be used for? Can you provide further clarification on how the forecast should be derived? The definition is also different to the Cost Assessment. Which definition should we use?	<p>The definition in line 9 is the same as the Cost Assessment definition. This is the definition that should continue to be used:</p> <p>"Peaking factor is the ratio of maximum to average consumption. Average consumption needs to be representative and need not be confined to the average in the year. The duration over which maximum daily consumption is measured will be the highest 7 day rolling average. This shall be assessed for each region individually then summated and divided by total DI to get peak percentage."</p> <p>We will delete the text in the additional guidance box that states: "We will change the definition as follows: Peaking factor is the ratio of maximum to average consumption. Average consumption need to be representative and need not be confined to the average in the year. The duration over which maximum daily consumption is measured will be at least one week and unlikely to be more than a month".</p> <p>The definition in RAG4.07 will be changed to the cost assessment definition. We are minded to remove this line from the business tables and future APRs.</p> <p>We have removed this line and associated guidance from the updated version of table WS4 issued in March 2018.</p>
138	Cost assessment	In table WS4 line 12 - this measure is based on events that occur each year, which is difficult to predict. Is there any further guidance on how we should forecast this?	Companies need to develop their own forecasts based on their predicted challenges and likely failure scenarios and number of events.

Ref No.	Topic	Query	Response
139	Data tables	<p>In table WS18 line 3 - the current line definition reads: "The actual and forecast number of catchment management schemes."</p> <p>Catchment management is a very broad term and could potentially cover a wide range of schemes. Please can the line definition be amended to specifically state which types of scheme should be included to avoid any inconsistencies in reporting between companies. We suggest that amendments should take account of the information requirements relating to catchment activities in tables WS2, WS2a and WS10.</p>	<p>We have provided further detail in the line definition on the type of catchment management schemes companies should report in this table.</p> <p>We have included this change in the updated version of table WS18 issued in March 2018.</p>
140	Data tables	<p>In table WS18 line 6 - what is meant by water traded? Is it just import/exports?</p> <p>The definition is not clear. Are we talking about potable water? Is it traded in the greatest sense (between water companies only) or does this include inset agreements? This could be extended to be anything; we are a wholesaler for all of the commercial market as well. Is C17 included as traded water? Please clarify what is included / excluded as "traded".</p>	<p>The volume of water traded should include the total volume of potable, non-potable, raw and partially treated water that is imported and exported between incumbent water and sewerage and water only companies.</p> <p>We have included this change in the updated version of table WS18 issued in March 2018.</p>

Ref No.	Topic	Query	Response
141	Data tables	In table WS18 line 7 - which Environment Agency PR19 environmental guidance are you referring to? Please specify the specific guidance.	<p>The document we are referring to is “Completing the WINEP spreadsheet supplementary guidance: Environmental outcomes”, published 8 November 2017.</p> <p>We have specified this guidance in the updated version of table WS18 issued in March 2018.</p>
142	Data tables	In table WS18 line 11 - there is not a line number 33 in table WS1. Please advise what line this data comes from.	<p>Line 11 of WS18 is calculated and copied from line 31 of table WS1 as per the formulae. We have corrected the calculation references in both the validation column and definition.</p> <p>We have included these changes in the updated version of table WS18 issued in March 2018.</p>
143	Data tables	In table WWS18 line 7 - which Environment Agency PR19 environmental guidance are you referring to? Please specify the specific guidance.	<p>The document we are referring to is “Completing the WINEP spreadsheet supplementary guidance: Environmental outcomes”, published 8 November 2017.</p> <p>We have specified this guidance in the updated version of table WWS18 issued in March 2018.</p>
144	Data tables	In table WWS18 line 12 - this line requires data from 2015-16 to 2024-25. Should this be consistent with table WS18 L10 and only require data for AMP7?	<p>Yes that is correct. Information is only required from 2020-21 onwards and we have amended the table accordingly (please also see our response to query 24).</p> <p>We have included these changes in the updated version of table WWS18 issued in March 2018.</p>

Re f No.	Topic	Query	Response
145	Data tables	In table WR1 lines 17 & 19 - please clarify the differences between “Intakes & Source PS” and “raw water transfer stations” – is there any guidance as to what should fall into each category?	<p>Raw water transfer stations are those sites (nr of) that transfer water under 'Network+, Raw water transport', RAG 4.07 Appendix 2, e.g. where raw water is being boosted from say a reservoir to a treatment works, also see RAG 2.07, Appendix 1, Example 2.</p> <p>Intakes and Source PS refer to all surface water and groundwater sites (nr of), again see above RAG references.</p>
148	Data tables	In table Wr7 Section B - we need more than 3 options for WRZ. Please advise where we can record them?	<p>Based on feedback from several companies we have decided to increase the number of options that can be entered per WRZ to 12 for the first 3 WRZ (the remaining zones will have space for 3 options each). Options only need to be completed for a WRZ where it has water resource options which will begin (i.e. costs will be incurred) during 2020-25 and will increase water resources capacity, in line with the table guidance.</p> <p>We have included this change in the updated version of table Wr7 issued in March 2018.</p>
149	Data tables	Regarding table Wn2 lines 17 & 18 - please can we request consistency of the terminology; either Household/Non-household or Residential/Commercial?	<p>The business plan definitions for these lines are consistent with those included in the RAGs, albeit they do recognise a change in terminology that we have implemented for the PR19 final methodology, when referring to residential (households) and business (non-household) properties.</p>
150	Data tables	In table WWn2 All - for clarity, what is the definition of a 'Large' STW (is that anything with >1500kg/d BOD load treated – i.e. 25,000 Population Equivalent)?	<p>For the purposes of Table WWn2 large STWs are defined as those which receive an average loading in excess of 1,500kg BOD5/day (including effluent from both domestic and trade sources, but excluding any allowance for non-resident population) i.e. 25,000 population equivalent. This is consistent with the definition of large STWs adopted in previous information submissions including June Returns, business plans and the 2016 and 2017 Cost Assessment submissions.</p> <p>We have included additional guidance in the updated version of table WWn2 issued in March 2018.</p>

Ref No.	Topic	Query	Response
151	Data tables	In table WWn2 line 2 - what are the 'Classification of treatment works' categories/definitions?	<p>Guidance on the classification of treatment works including the codes to use when populating Table WWn2 may be found in the line definitions below the table. The classification codes are themselves defined in the guidance to Table WWn4.</p> <p>The definitions for the various treatment classifications are intended to agree (where they overlap) with those used in the Urban Waste Water Treatment Directive, e.g. primary treatment requires the removal of at least 50% of suspended solids from the sewage entering the works and a reduction of at least 20% in BOD. Innovative processes e.g. Nereda, are to be classified according to equivalence of effluent quality.</p>
152	Data tables	None of the calculation cells in the tables have been protected. This could easily lead to errors. In the past, calculation cells have been protected.	We will include protection for calculated cells in the excel templates we issue to companies in May 2018.
153	Data tables	None of the copied cells in the tables are protected. This could easily led to changes been made to this data.	We will include protection for calculated cells in the excel templates we issue to companies in May 2018.
154	Data tables	Pre-populated data for 15-16 and 16-17 is missing.	We will include prepopulated data in the excel templates we issue to companies in May 2018.
155	Data tables	App2 - Should this be the mean or median point?	We are not specifying whether the central point of the SELL should be based on the mean or the median consistent with the Water Resources Management Plans (WRMPs) guidance. The central point should reflect a company's best estimate of its SELL and should be consistent with its SELL value in its WRMP. We expect companies to explain any differences between the SELL they use in their business plans and in their WRMPs

Ref No.	Topic	Query	Response
156	Outcomes	In App4, line 12: "Customers aware of the non-financial vulnerability assistance measures offered". Could Ofwat please provide additional clarification of what they expect to see reported in this line? Is this an end of year figure, or perhaps an average over the reporting year?	Our general notes for App4 say: 7. Unless otherwise stated, we have not been prescriptive around the timing of the measurement for the affordability and vulnerability metrics within each year. Companies should explain in their business plan commentary when and how they are measured (for example, whether they have used the number of customers on 31st March of each year, or the average number of customers in each year).
157	Outcomes	In relation to App4, Line 13 - please note that line 13 will not be equal to the sum of lines 15 to 19. This is because some customers will be receiving multiple services.	Noted. We agree that line 13 will not be equal to the sum of lines 15 to 19.
158	Outcomes	In App4, line 20: - "Customers satisfied that these services are easy to access". Please clarify if this relates to the number of customers who have used the services, or the number of customers who know that the services are available, but may not have used them?	This is the percentage of customers surveyed who are satisfied that the services provided by their company are easy to access. We intend this to relate to all customers, not just those on the SAR / PSR.

Ref No.	Topic	Query	Response
159	Financial modelling	<p>We have an observation on the average bill calculation (dashboard – row 51). This will only show an average bill for WaSCs – will not show an average bill for WoCs – is this intended?</p> <p>Also in the calculation of allowed revenue per customer (e.g. 'summary calc' row 1131 – for water network) this does not appear to take account of “total non-price control income (third party services)” (Water Network – row 44) – should this amount not be included to reduce the allowed revenue per customer?</p>	<p>We're amending the next iteration of the model to include the average bill for WoCs on the dashboard and exec summary.</p> <p>The non-price control income is not included in the revenue requirement calculation for average bills; as such it is not required to be removed. A change is required to the model for the retail allowed revenue as this currently includes the non-price control income. This will be removed from the “Third party revenues (other income) - Wholesale – nominal” calculation block (Wholesale global row 34) in the model published 13th December 2017.</p>

160	Outcomes	<p>Our queries relate to APP4:</p> <p>Line 8 “Costs of applying affordability assistance measures”. Please could you confirm whether we should just include Opex costs or revenue foregone and Opex costs.</p> <p>Line 10 and 11 Please could you clarify the definition you would like us to use for customers in debt in RAG 2.07 table 2.6.1 debt management is referred to as debt outstanding for more than 30 days. Are we correct to assume that a customer in debt for these lines should be classed as in RAG 2.07 or should we also include current debt i.e. debt outstanding between 1 and 30 days?</p> <p>Please provide further clarification over how we should define a customer on a payment plan as ‘continuing to pay’. Is there any direct guidance on the tolerance for any missed or incomplete payments? For example do customers who pay regularly but at a lower amount than specified on their payment plan, count as ‘continuing to pay’?</p> <p>Line 12-20 We can report on the levels of customer awareness and number of customer on SAR/PSR for the current year. For future years should we report a ‘best guess’ or a company target, on how these numbers</p>	<p>Line 8 - companies should use revenue foregone and opex costs.</p> <p>Lines 10 and 11 - companies should use the RAG 2.07 table 2.6.1 definition where debt management is referred to as debt outstanding for more than 30 days.</p> <p>‘Continue to pay’ means the customer making regular payments, even where it is a lower amount.</p> <p>Lines 12 - 20 - for future years we would prefer companies to report the numbers that they are aiming for.</p>
-----	----------	--	---

Ref No.	Topic	Query	Response
		will change, otherwise please could you confirm what information we should use to complete these cells.	
164	Cost assessment	Regarding APR tables 4J & 4K Atypical expenditure by business unit - in line with the queries over the latest submission of the cost assessment tables, can you please confirm whether rebates should be classified as atypical?	Yes, if they are unusual outside of normal activities. Specifically, EUIC rebates to be included as atypical.
165	Cost assessment	Regarding APR table 4J Atypical expenditure by business unit for the 12 months ended 31 March 20xx - wholesale water; the description box is cropped so some of the text cannot be seen. Is the description for this line item the same as for 4D.2? If not can the description for this line item be provided in full.	The description is the same and is a formatting error only.
166	Cost assessment	Regarding APR table 4J Atypical expenditure by business unit for the 12 months ended 31 March 20xx - wholesale water; as this is expected to agree to a cell in another table could it be copied from that cell to avoid error?	We will look to update this in the next version of the RAGs.

Ref No.	Topic	Query	Response
167	Cost assessment	Regarding APR table 4N operating expenditure - sewage treatment for the 12 months to 31 March xx; this was previously calculated as the sum of lines 1-8. With the addition of the new line 11 we believe that the calculation should be the sum of lines 1-8 plus line 11. Please confirm that this is the case.	Lines 9-11 are already included in line 7 therefore the calculation should be sum of lines 1 to 8 as before. We will update in the next version of the RAGs.
168	Cost assessment	Regarding APR table 4P Non-financial data for WR, WT and WD for the 12 months ended 31st March 20xx - wholesale water; the definition for this line is the same as for line 4P.21. Please confirm that this definition should refer to "raw water distribution" rather than "resources".	Yes, the definition for this line should read raw water transport. However 'resources' line 21, should now be referenced as ' Raw Water Abstraction', as per RA2.07. This will be updated in the next version of the RAGs.
169	Cost assessment	Regarding APR table 4P Non-financial data for WR, WT and WD for the 12 months ended 31st March 20xx - wholesale water; please clarify the differences between "Intakes & Source PS" (lines 16 & 18) and "raw water transfer stations" (lines 17 & 19) – is there any guidance as to what should fall into each category?	Raw water transfer stations are those sites (nr of) that transfer water under 'Network+, Raw water transport', RAG 4.07 Appendix 2, e.g. where raw water is being boosted from say a reservoir to a treatment works, also see RAG 2.07, Appendix 1, Example 2. Intakes and Source PS refer to all surface water and groundwater sites (nr of), again see above RAG references.

Ref No.	Topic	Query	Response
170	Cost assessment	Regarding APR table 4P Non-financial data for WR, WT and WD for the 12 months ended 31st March 20xx - wholesale water; the original description specifically notes the exclusion of inter-stage pumping – is there a need to retain this in the new description – for the avoidance of doubt?	Exclusion point only refers to when part of Treatment stage. Existing comment 'Include pumping stations immediately upstream of a water treatment works the sole function of which is to lift flows to the first treatment process stage.' We will consider updating in the next version of the RAGs to something like add to 'The total number of intake, raw water transport and source pumping stations associated with potable, non-potable and raw water systems.'
171	Cost assessment	Regarding APR table 4P non-financial data for WR, WT and WD for the 12 months ended 31st March 20xx - wholesale water; the “design/constructed” wording doesn't add any value – could it say “the installed capacity.....”. Maybe if it said “the installed capacity of operational....” It would remove the need to say “exclude decommissioned assets” at the end.	No change recommended. The point was that if you use 'installed capacity' this can change with works modifications to say overflows heights, or sedimentation build up in raw water reservoirs. This would then be an added complexity for companies to assess. Using the design/constructed term reflects the generic capital size of the assets.
172	Cost assessment	Regarding APR table 4Q non-financial data - properties, population and other for the 12 months ended 31st March 20xx - wholesale water; non-household' is now referred to as 'business' but there is no change from 'household' to 'residential'. Please update the definition to reflect the change for both customer types.	We appreciate that there is a level of inconsistency but as per RAG4 chapter 3 references to household/non-household have the same meaning as residential/business.

Ref No.	Topic	Query	Response
173	Cost assessment	<p>Regarding APR table 4Q non-financial data - properties, population and other for the 12 months ended 31st March 20xx - wholesale water:</p> <p>The inclusion of void properties was queried for CA17 and the following response was given: "These two lines inform estimates of the costs of maintaining meters. On the assumption that companies do not need to maintain (or replace) meters either at void properties or on the supply pipes to properties that are charged on an unmeasured basis, our answers are: 1) Please disregard the instruction in the line definition to include void properties, and 2) Please exclude meters at properties that are charged on an unmeasured basis."</p> <p>Please confirm that this is still the case and update the definitions accordingly.</p>	<p>Yes, the response given to the CA17 query still stands. The line definition will be corrected in the next version of the RAGs.</p>

Ref No.	Topic	Query	Response
174	Cost assessment	<p>With regard to APR table 4U non-financial data - properties, population and other for the 12 months ended 31st March 20xx - wholesale wastewater:</p> <p>This definition was queried for CA17 and the following response given: "Total volume of network storage should include the volume enclosed by the length of pipework reported in Table 13 Lines 21 and 22 plus the usable volume of on-line and off-line storage tanks below the level of overflow weirs. The volume of manholes should be excluded."</p> <p>Please confirm that this is still the case.</p>	<p>Yes (except for the cross-reference to lines in the 2017 Cost Assessment submission).</p> <p>Thus the definition should be interpreted as: "Total volume of network storage should include the volume enclosed by the length of pipework reported in Table 4R Lines 21 and 22 plus the usable volume of on-line and off-line storage tanks below the level of overflow weirs. The volume of manholes should be excluded."</p>
175	Cost assessment	<p>Regarding APR table 4W operating cost analysis for the 12 months ended 31 March 2018 – sludge treatment:</p> <p>As this line is part of the sludge treatment table we assume that the reference to water should be corrected to read wastewater (as for line 17). Please confirm that this is the case</p>	<p>We agree, this will be corrected in the next version of the RAGs.</p>

Ref No.	Topic	Query	Response
176	Cost assessment	In APR table 4V operating cost analysis for the 12 months ended 31 March 2018 – water resources; can you please confirm whether the total of these three lines should reconcile to 4.D3	Yes, lines 14-16 of table 4V should equal table 4D line 3 and table 4J line 3.
177	Cost assessment	In APR table 4W operating cost analysis for the 12 months ended 31 March 2018 – sludge treatment; can you please confirm whether the total of these three lines should reconcile to 4E.3	Yes, lines 23-25 should equal table 4E line 3 and table 4K line 3.
178	Cost assessment	There are a number of new lines across various tables. How many historic years is Ofwat expecting companies to include in the table?	We only expect companies to report against what is specified in the pro formas.
179	Cost assessment	<p>For APR table 4P Non-financial data - properties, population and other for the 12 months ended 31st March 20xx - wholesale water:</p> <p>Where the content of partially treated water mains does not enter the clean water treatment process, i.e. grey water, it is not clear if this should be included in this line or not. Please can you clarify?</p>	This should not be included. As the example implies it is a waste line (not entering clean water treatment process) and these lengths are not required to be reported.

Ref No.	Topic	Query	Response
181	Financial modelling	<p>The average reported for the required gearing for tax adjustment does not calculate correctly. It includes WWN,BR,DUMMY in the calculation which are all zeros.</p>	<p>This is amended in the latest iteration of the model to be published so that the average will be calculated so that the average will be calculated only on controls that are in use.</p>
182	Financial modelling	<p>The table Water Network #135 'Revenue requirement excl tax charge' does not include other income (incl 3rd party revenue) in the formulae.</p> <p>Only 'other operating income' is deducted. However, the exec summary #177 'wholesale allowed revenue breakdown post....' for WR and WN does include deducting 'third party revenues'.</p> <p>As a result the exec summary #214 'revenue solving adjustment' returns a balance equal to the other income (incl third party services). This is because the summary calc #463 which it links to is picking up the WN #135 revenue requirement figure.</p>	<p>This is amended in the latest iteration of the model to be published. Third party revenue will be included in the formula.</p>

Ref No.	Topic	Query	Response
183	Financial modelling	<p>In InpOverride #1086 the wrong heading appears to have been used. It repeats the 'water network CPIH linked' instead of 'water network new additions'.</p> <p>InpOverride #1086 also picks up the same runoff rate as the CPI linked assets from the F_Inputs sheet #276. There is no input for runoff rate for new water network assets. This should be added to the input sheet and linked in to InpOverride #1086. Water Resources correctly has separate inputs for all three categories.</p>	<p>For the new water resources and bioresources controls, we will distinguish between the 'post 2020 RCV' and the RCV in place as of 31 March 2020 ('pre 2020 RCV'). Different RCV run-off rates may therefore apply to pre 2020 RCV and post 2020 RCV for water resources and bioresources. For water network and wastewater network there is no distinction between pre and post 2020 RCV as such they feed from the same input on F_Inputs. As such the model will not be amended.</p>
184	Financial modelling	<p>No WDV depreciation for new additions occurs in the first year as the opening balance is zero.</p>	<p>The calculation for WDV first year depreciation will be amended to include depreciation for first year additions.</p>
185	Financial modelling	<p>To avoid the WDV zero balance in the first year, SL depreciation could be used instead (when the SEW-15 item is corrected!). However the SL depreciation calculation for new additions is not the same calculation as used at PR14 (and most prior reviews) where 50% of additions are depreciated in the first year.</p>	<p>The amendment to the WDV will resolve the requirement to use SL depreciation for the first year. At PR14 companies had the option to choose either straight line or reducing balance depreciation of RCV balances.</p> <p>We have preserved these options, but have now moved to run-off rates that can vary year-by-year. Companies should consider which functionality in the financial model they wish to use for the depreciation of RCV (reducing balance or straight line) and explain the rationale in the business plan.</p>

Ref No.	Topic	Query	Response
187	Outcomes	Can CCG chairs share their plans with us, to give us confidence that they meet our requirements?	<p>We are not formally requiring a CCG to submit anything to us other than a report on their company's business plan for PR19. We consider that the Customer Engagement Policy Statement and Expectations (May 2016) and the aide memoire should provide sufficient guidance to the CCGs on the content of their report.</p> <p>You do not refer to sharing draft CCG reports with us, but just to be clear we could not review draft CCG reports because that would effectively provide us with evidence on companies' business plans early, ahead of the IAP starting. This would create a number of difficulties for us, including us seeing evidence on companies' business plans when they are not complete and us seeing different information from different CCGs at different times.</p> <p>In terms of CCG chairs sharing their plans for their work with us, we consider the best forum to do this would be the CCG chairs meetings, which are happening every two months up to August 2018. As the PR19 methodology was completed in December 2017 we will have no, or very little, new policy to present to CCG chairs in 2018 so this would enable us to spend more time at the CCG chairs meetings discussing issues such as CCG chairs' plans for their work.</p>
188	Outcomes	Is there an expectation that CCG chairs will attend the company presentations of their business plans to Ofwat in September 2018?	<p>Whilst it is ultimately for companies to decide, we think it could be useful for the CCG Chair to attend the company presentation of its business plan to us in September 2018. Page 251 of the PR19 final methodology makes it clear that we expect at least one company Non-Executive Director to be present as well.</p>
189	Cost assessment	Our TTT price control is a bespoke price control – which results in a bit of ambiguity as to whether or not it is one big special factor. I assume you wouldn't class it as a special factor that we need to provide as an outline on 3 May 2018. Is that correct?	<p>The Tideway was a separate price control for Thames in PR14. However it only lasts for five years, i.e. until 2020. We are seeking a licence modification to extend the separate price control for a further five years. If we get agreement, then these costs will not form part of the wastewater network plus control and the question of special cost factors is irrelevant. Otherwise the costs of the TTT will form part of the network plus control and presumably we would need to assess them as a special cost factor, and an outline on 3 May would be appropriate.</p>

Ref No.	Topic	Query	Response
201	Bioresources	<p>Wholesale tables Wr5, Wn5, WWn7 and Bio6 all require an analysis of the Wholesale WACC by component. However, Table 10.2 of the PR19 methodology shows the WACC components for the Appointee, but then deducts 0.1% for the retail margin to arrive at the Wholesale WACC.</p> <p>If a company wishes to use the Ofwat methodology WACC for its business plan, how should it complete the components of the wholesale WACC component in the tables? We suggest that a reduction in the nominal cost of equity from 7.13% to 6.88% should generate a nominal wholesale cost of capital of 5.37%.</p> <p>Would this be accepted by Ofwat as being in line with the methodology?</p>	<p>We have not published an early view of what WACC components for a purely wholesale WACC would be. In our PR19 final methodology publication, we nonetheless set out our view for 2020-25 that the cost of capital will be consistent across the wholesale controls. Companies should complete tables Wr5, Wn5 Wwn7 and Bio6 based on their best assessment of the appropriate WACC components which apply to each control, having heed to this consideration, and providing evidence where their views differ.</p> <p>In the March 2018 iteration of the business plan tables we have tried to simplify submission of this data. This has involved providing an extra table to enter Appointee WACC components under notional and actual structures, and simplifying the wholesale tables by providing calculations and feed-through (from the Appointee table) of those WACC components which should be consistent across all controls (e.g. Total Market Return).</p>

Ref No.	Topic	Query	Response
203	Cost assessment	Please could you confirm the reference WWS2 lines referred to in the WWn4 table definition should be amended?	<p>We agree, the line definitions will be updated:</p> <p>Reference in definition for line 17 to WWS2 Line 17 should be to WWS2 Line 22.</p> <p>Reference in definition for line 18 to WWS2 Line 14 should be to WWS2 Line 19.</p> <p>Reference in definition for line 19 to WWS2 Line 13 should be to WWS2 Line 18.</p> <p>Reference in definition for line 20 to WWS2 Line 10 should be to WWS2 Line 15.</p> <p>Reference in definition for line 21 to WWS2 Line 18 should be to WWS2 Line 23.</p> <p>Reference in definition for line 22 to WWS2 Line 12 should be to WWS2 Line 17.</p> <p>Reference in definition for line 23 to WWS2 Line 15 should be to WWS2 Line 20.</p> <p>Reference in definition for line 24 to WWS2 Line 16 should be to WWS2 Line 21.</p> <p>We have included these changes in the updated version of table WWn4 issued in March 2018.</p>

Ref No.	Topic	Query	Response
205	Financial modelling	<p>Line Ref: App13 Block C and D.</p> <p>Can you confirm that the calculations in Block D of App13 should be amended so that the IF statement is checking for zeros (0) rather than blank cells ("") given that Block C now contains calculated values as the table will throw up '#DIV/0!' errors if components of Block C are zero?</p>	<p>The IF formulas in block D have been amended to check for zeros in block C rather than blank cells.</p> <p>We have included these changes in the updated version of table App13 issued in March 2018.</p>
206	Cost assessment	<p>Line Ref: WS2 AMP6 Capex Enhancement schemes started/completed in 15/16 or 16/17, and that have on-going opex costs in future years – do we need to report this opex, or is it only opex from Capital Enhancement schemes that started/finished in 17/18 onwards?</p> <p>Then, related questions:</p> <ul style="list-style-type: none"> - does any on-going opex from AMP6 Capex Enhancement schemes need to be included in the AMP7 forecasts? - does any on-going opex from AMP5 Capex Enhancement schemes need to be included in the AMP6 and AMP7 forecasts? 	<p>The opex to be reported in Block B of Table WS2 (and Table WWS2) is the net additional opex associated with all AMP6 Enhancement schemes, including those for which no capex is reported in Block A -(because the scheme was completed in either 2015-16 or 2016-17 or (as is possible for some transition schemes) 2014-15). The (net additional) opex associated with opex-based solutions (i.e. where there is no capital scheme) should also be included. The requirement to report “net additional opex” means that any opex savings resulting from enhancement investment should be entered as a negative figure.</p> <p>Ongoing (net additional) opex from AMP6 Enhancement schemes should be included in the AMP7 forecasts.</p> <p>Ongoing (net additional) opex from AMP5 Enhancement schemes should not be included in the AMP6 and AMP7 forecasts.</p>

Ref No.	Topic	Query	Response
207	Financial modelling	Table: WR3 / Line A1 / PAYG - wholesale water resources. The formula needs to be adjusted to only look at WR totex not water totex.	We agree that this is currently incorrect and the formula has been amended to look at water resource totex only. We have included these changes in the updated version of table Wr3 issued in March 2018.
208	Financial modelling	Table: WN3 / Line A1 / PAYG - wholesale water network plus. The formula needs to be adjusted to only look at WN totex not water totex.	We agree that this is currently incorrect and the formula has been amended to look at water network plus totex only. We have included these changes in the updated version of table Wn3 issued in March 2018.
209	Financial modelling	Table: WWN5 / Line A1 / PAYG - wastewater network plus. The formula needs to be adjusted to only look at WWN totex not wastewater totex.	We agree that this is currently incorrect and the formula has been amended to look at wastewater network plus totex only. We have included these changes in the updated version of table WWn5 issued in March 2018.
210	Financial modelling	Table: BIO4 / Line A1 / PAYG – the formula needs to be adjusted to only look at BIO totex not wastewater totex.	We agree that this is currently incorrect and the formula has been amended to look at bioresources totex only. We have included these changes in the updated version of table Bio4 issued in March 2018.

Ref No.	Topic	Query	Response
211	Financial modelling	<p>Table: App7 / Line: E26 / Average retail residential component – water. The formula does not take into account total household customers.</p> <p>This needs to be changed to be all water and wastewater customers to give a £/cust number if an equal charge per customer is to be assumed - or the retail revenue on table R7 line 15 needs to be split into a water and wastewater line.</p>	We agree that this is currently incorrect and the formula has been amended. We have included these changes in the updated version of table App7 issued in March 2018.
211	Financial modelling	<p>Table: PR19/YKY/006 / App7 / Line: E27 / Average retail residential component – wastewater:</p> <p>The formula does not take into account total household customers – this needs to be changed to be all water and wastewater customers to give a £/cust number if an equal charge per customer is to be assumed - or the retail revenue on table R7 line 15 needs to be split into a water and wastewater line.</p>	We agree that this is currently incorrect and the formula has been amended. We have included these changes in the updated version of table R7 issued in March 2018.
213	Financial modelling	Table: PR19/YKY/008 / App7 / B6-10. These line need to be linked to line 45 (g26) of the relevant price control sheets.	We agree that the formula should link to line 45 of the relevant price control tables Wr3, Wn3, WWn5, Bio4 and Dmmy7. We have included these changes in the updated version of table App7 issued in March 2018.

Ref No.	Topic	Query	Response
214	Financial modelling	<p>Queries regarding table: PR19/YKY/008 / App7 / B6-10:</p> <ul style="list-style-type: none"> • Wholesale water resources revenue - with PR14 reconciliation adjustments included • Wholesale water network plus revenue - with PR14 reconciliation adjustments included • Wholesale wastewater network plus revenue - with PR14 reconciliation adjustments • Wholesale bioresources revenue - with PR14 reconciliation adjustments • Wholesale dummy control revenue - with PR14 reconciliation adjustments <p>These lines need to be linked to line 45 (g26) of the relevant price control sheets.</p>	<p>We agree that the formula should link to line 45 of the relevant price control tables Wr3, Wn3, WWn5, Bio4 and Dmmy7. We have included these changes in the updated version of table App7 issued in March 2018.</p>

Ref No.	Topic	Query	Response
220	Financial modelling	Table: App17 / Line: H27 / Total revenue control – retail. Brackets have not been included, therefore only NHH retail is deflated to 2017-18 CPIH price base.	We agree that this is currently incorrect, the formula has been amended. We have included these changes in the updated version of table App17 issued in March 2018.
221	Financial modelling	<p>Queries regarding table: App17 / Line: C13-16:</p> <p>Wholesale unmeasured charge – residential:</p> <p>Wholesale unmeasured charge – business</p> <p>Wholesale measured charge – residential</p> <p>Wholesale measured charge - business</p> <p>For each of these the unit is incorrectly stated as £m instead of %.</p>	We agree that this is currently incorrect and the label and formatting has been amended. We have included these changes in the updated version of table App17 issued in March 2018.
222	Financial modelling	Table: App17 / Line: C17 / Total wholesale charges - should equal 'sum of lines 17 in tables Wr3, Wn3, WWn5 and Bio4'.	We agree that this is currently incorrect and has been amended. We have included these changes in the updated version of table App17 issued in March 2018.

Ref No.	Topic	Query	Response
254	Outcomes	<p>Please provide guidance on adding worksheets to the ODI tables that form part of the PR14 reconciliation: https://www.ofwat.gov.uk/publications/the-pr14-reconciliation-rulebook/ (Outcome delivery incentives (ODIs)).</p> <p>The use of name manager has complicated the direct copy of the current tabs available, and it is difficult to get the data to then flow through the calculated and consolidated tabs correctly.</p>	<p>Please see our response to query number 36 published here: https://www.ofwat.gov.uk/wp-content/uploads/2018/02/PR19-final-methodology-queries-and-answers-23-February-2018.pdf</p>
255	Outcomes	<p>One issue we have been considering is whether we could share our WTP and valuations with other companies to test any extreme ranges. We currently have anonymised PR14 valuations but we recognise companies are doing much more work to understand the value customers place on services – which could prompt more variations. Sharing this specific element would give us an opportunity to explore variations and produce a higher quality submission.</p> <p>However we recognise that sharing could be seen to undermine the competitive element of the IAP process. There is a balance to be struck hence the query.</p>	<p>We have no objections to companies sharing their WTP and valuations with other companies to test any extreme ranges.</p>

Ref No.	Topic	Query	Response
260	Outcomes	For the PR19 business plan tables – will Ofwat re-issue us with a pre-populated version of the early submission values in table App1 (PCs and ODIs) at some point after May and before September – if so, when might this be please? The reason for asking this is that it affects how we write out method statements as part of our assurance process.	<p>We will not be issuing a pre-populated version of PR19 table App1 (PCs and ODIs).</p> <p>We have designed the PR19 performance commitment table that companies must submit by 3 May (published on 1 March 2018: https://www.ofwat.gov.uk/publication/pr19-performance-commitment-table-may-2018/) so that a company can easily cut and paste the input data into PR19 table App1, for submission by 3 September.</p> <p>The only data that should not be cut and pasted are the price control allocations; in the May early submission table price allocation cells are set to 'Yes' or left blank; in the September App1 table the price control allocations should be input as percentages.</p>
261	Outcomes	When will the template to complete for the performance commitment early submission due on 3rd May will be available? Ofwat guidance says early in the new year and it would be useful to have it now as we are keen to start completing it ready for audit.	<p>We issued Information Notice 18/02 on 1 March 2018:</p> <p>IN 18/02: Price review early submissions on 3 May 2018 for performance commitment definitions and cost adjustment claims: https://www.ofwat.gov.uk/publication/18-02-price-review-early-submissions-3-may-2018-performance-commitment-definitions-cost-adjustment-claims/</p> <p>PR19 performance commitment pro forma - May 2018: https://www.ofwat.gov.uk/publication/pr19-performance-commitment-pro-forma-may-2018/</p> <p>PR19 performance commitment table - May 2018: https://www.ofwat.gov.uk/publication/pr19-performance-commitment-table-may-2018/</p>

Ref No.	Topic	Query	Response
263	Outcomes	<p>Regarding App4 Lines 10 and 11:</p> <p>Please confirm line 10 should include currently billed customers only and should exclude customers on 'payment schemes' that are set at a level to collect outstanding balances and future charges at a rate we estimate will result in a zero balance at their next annual reassessment.</p> <p>We have assumed we should include currently billed customers with affordability issues who are on DWP Third Party Deductions, Active Instalment Plans, Active Court Plans and on active repayment plans managed by our suppliers, such as Debt Collection Agencies. We cancel repayment plans when a customer defaults and assume these customers should be excluded.</p> <p>Please clarify the difference between line 10 and 11.</p>	<p>We agree that for line 10:</p> <ul style="list-style-type: none"> • "Customers who are in debt" should include currently billed customers with affordability issues who are on DWP Third Party Deductions, Active Instalment Plans, Active Court Plans and on active repayment plans managed by suppliers, such as Debt Collection Agencies; and • "Repayment plans" should include repayment plans which have been created by the company, as part of its affordability assistance measures, for the customer to address affordability issues. <p>We agree "customers who are in debt" does not include customers who are on 'payment schemes' that are set at a level to collect outstanding balances and future charges at a rate that will result in a zero balance at their next annual reassessment. For example, a customer on a direct debit whose water use has increased and resulted in a 'debt' which will be routinely covered by the company increasing the direct debit payments to restore the account to balance within the next 12 months.</p> <p>Line 10 is measuring the percentage of customers in debt that the company is helping through their affordability assistance measures, while line 11 is measuring the effectiveness of the affordability assistance measures.</p>