

Purpose of this document

This document is intended to list out the various documents that come together to fully illustrate our Final Determination for Northumbrian Water. It lists out each layer of detail to show where we have calculated the price control from relevant assumptions in the Disputing Company's business plan, and where we have intervened where customers' interests need to be protected and to meet our statutory duties in the round. For the purposes of clarity, we consider the company's business plan to be the revised business plan submitted in April 2019.

At the highest level, our interventions in Northumbrian Water's business plan are set out in our **final determination, and illustrated in the financial model**.

Table 1: Northumbrian Water's final determinations and financial model

Document	Description
PR19 final determinations: Northumbrian Water final determination	Set out the outcomes for Northumbrian Water to deliver, the allowed revenue that Northumbrian Water can recover from its customers, and how we have determined allowed revenues based on our calculation of efficient costs and the allowed return of capital.
Financial model – Northumbrian Water	Used to set price control limits for Northumbrian Water and to allow company financeability to be tested.

Alongside the final determinations, there are a number of **technical appendices** that provide detail on the policies we applied in reaching our decisions.

Table 2: Technical appendices

Document
PR19: final determinations: Delivering outcomes for customers policy appendix
PR19: final determinations: Aligning risk and return technical appendix
PR19: final determinations: Securing cost efficiency technical appendix
PR19: final determinations: Allowed return on capital technical appendix
PR19 final determinations: Our methodology for the classification of bioresources costs and revenues
PR19 final determinations: Targeted controls, markets and innovation final decisions
PR19 final determinations: Strategic regional water resource solutions appendix
PR19 final determinations: Havant Thicket appendix
PR19 final determinations: Delivering customer value in large projects
PR19 final determinations: Our approach to regulating developer services
PR19 final determinations: Accounting for past delivery technical appendix

Document
PR19 final determinations: Significant scrutiny companies – Application of lower cost sharing rates and outcome delivery incentive cap
PR19 final determinations: Securing long term resilience
PR19 final determinations: Customer measure of experience (C-Mex) and developer services measure of experience (D-Mex) policy appendix

At the level below this, the following **thematic documents** provide further clarity on **our interventions for Northumbrian Water**.

Table 3: Thematic documents for Northumbrian Water

Document	Description
Outcomes	
PR19 final determinations: Northumbrian Water – Delivering outcomes for customers final decisions	This document sets out the decisions we made for the final determination in response to representations received on our draft determinations on the outcomes regime, as well as any other changes for the final determination.
PR19 final determinations: Northumbrian Water – Outcomes performance commitment appendix	This document sets out in detail the performance commitments and outcome delivery incentives we put in place for Northumbrian Water for the period 2020-2025.
Past delivery	
PR19 final determinations: Northumbrian Water – Accounting for past delivery final decisions	This document sets out the decisions on accounting for past delivery we made for the final determination. Our decisions and interventions set out here are relative to the company’s 15 July 2019 past delivery submission (the ‘15 July 2019 submission’), which included actual data for the year 2018-19 and updated forecasts for 2019-20. Our decisions took into account the representations made on all our draft determinations, responses from companies to our queries and additional information provided following further engagement with companies and other stakeholders as part of the final determination process.

<p>PR19 final determinations: Northumbrian Water – Accounting for past delivery appendix</p>	<p>This document sets out the adjustments we made to the Regulatory Capital Value (the ‘midnight adjustment’) and revenue for the 2020-25 period for the PR14 reconciliations.</p>
<p>Risk and return</p>	
<p>PR19 final determinations: Northumbrian Water – Aligning risk and return final decisions</p>	<p>This document sets out the decisions we made for the final determination in response to representations received from companies on our draft determinations, as well as changes for the final determination that did not result from representations received.</p>
<p>PR19 final determinations: Northumbrian Water – Allowed revenue appendix</p>	<p>This document provides supporting information on the calculation of allowed revenue for Northumbrian Water for each year and for each price control.</p>
<p>Costs</p>	
<p>PR19 final determinations: Northumbrian Water – Cost efficiency final determination appendix</p>	<p>This document provides further details of the company specific issues related to cost allowances as follows:</p> <ul style="list-style-type: none"> - Section 1 provides a summary of our decisions on the company’s cost adjustment claims; - Section 2 provides a summary of our decisions on the company’s enhancement proposals, by enhancement area; - Section 3 provides our decision on costs proposed by the company under the transition programme; - Section 4 provides our decision on unit cost adjustments related to the WINEP uncertainty mechanism.

Certain **cost models** provide **more granular detail of our specific interventions**. The feeder models listed below are those which contain our final cost allowances for each company, with further detail [published on our website](#). We also provide the enhancement aggregator model which provides additional information on the inputs of the feeder models.

Table 4: Cost models

Document	Description
Feeder model 4: Wholesale water – Water resources and water N+ cost allowances	Used to calculate the forecasted modelled costs, apply the efficiency challenge and calculate the final cost allowances for the water resources and water network plus controls.
Feeder model 4: Wholesale wastewater – Bioresources and wastewater N+ cost allowances	Used to calculate the forecasted modelled costs, apply the efficiency challenge and calculate the final cost allowances for the wastewater network plus and the bioresources controls.
Feeder model 4: Retail cost allowances	Used to calculate the forecasted modelled costs, apply the efficiency challenge and calculate the final cost allowances for retail.
Enhancement aggregator model	Used to aggregate, at wholesale level, our allowance decisions for totex enhancement submitted by companies in their PR19 business plan submission.