

December 2022

Creating tomorrow, together:  
Our final methodology for PR24

# Submission table guidance

## Section 2: Risk and return

## About this document

### Version control

Version	Date published	Description
V1	7/7/2022	Draft methodology
V2	13/12/2022	<p>Final methodology Changes from V1; Across all tables the dummy control has been renamed additional control 1, a further additional control 2 has been included in the tables. Line references have been updated accordingly.</p> <p><b>RR1</b></p> <p>Separate block for 2020-25 RCV run off rates have been removed. Pre 2020 and 2020-25 RCV run-off rates will be the same.</p> <p><b>RR2</b></p> <p><b>RR3</b></p> <p><b>RR4</b></p> <p><b>RR5</b></p> <p><b>RR6</b></p> <p><b>RR7</b></p> <p><b>RR8</b></p> <p><b>RR9</b></p> <p><b>RR10</b></p> <p>The blue calculation cells have been updated with the relevant formulae.</p> <p>The 'Units' and 'DP' columns have been updated for all lines in the table.</p> <p>The 'total' column header has been renamed to 2025-30 for the 'Allowed revenue by year' and 'Calculation of Allowed Revenue' by control sections.</p> <p>A prefix has been added to the respective lines to improve line descriptions and clarity</p>

	<p>Base Revenue and K factors by charging year (2022-23 prices) section split out into two separate sections with lines for water resources, water network plus, wastewater network plus, additional control 1 and 2. Base revenue by charging year (2022-23 prices) moved to Business plan table RR9.</p> <p>Lines renamed from:</p> <ul style="list-style-type: none"> <li>- 'Business plan incentive reward / penalty' to 'Quality and ambition assessment (QAA) reward / penalty'</li> <li>- 'Deduct other income (non-price control)' to 'Other income (non-price control)'</li> <li>- 'Total' to 'Appointee'</li> </ul> <p><b>RR11</b></p> <p>The blue calculation cells have been updated with the relevant formulae.</p> <p>The 'Units' and 'DP' columns have been updated for all lines in the table.</p> <p>Run off rates for Pre 2020 and 2020-25 RCV will be the same and have been grouped as Pre 2025 run off rates in the table.</p> <p>A prefix of 'RCV run off' added to each of the lines in the 'RCV run-off on the RCV (5 year) (£ million)' section.</p> <p>Section headers renamed from 'run-off rates' to 'RCV run-off rates' for each control.</p> <p>Lines renamed from:</p> <ul style="list-style-type: none"> <li>- 'Final determination PAYG rate (%)' to 'PAYG rate (%)'</li> <li>- 'Total pay as you (£m)' to '2025-30 pay as you go (£m)'</li> <li>- 'Total RCV Run-off' to '2025-30 RCV Run-off'</li> <li>- 'run-off rates' to 'RCV run-off rates'</li> <li>- 'Totex PAYG (£ million)' to 'Pay as you go totex (£m)'</li> <li>- 'Pre 2020 RCV' to 'Pre 2025 RCV'</li> <li>- 'Post 2025 investment' to 'Post 2025 investment RCV'</li> </ul> <p>Lines removed:</p> <ul style="list-style-type: none"> <li>- 'Other adjustments'</li> <li>- 'Post 2020 RCV'</li> <li>- 'Total run-off'</li> </ul> <p><b>RR12</b></p> <p>The blue calculation cells have been updated with the relevant formulae.</p> <p>The 'Units' and 'DP' columns have been updated for all lines in the table.</p> <p>The 'Closing RCV by wholesale control for each component of RCV, 31 March 2025 (£ million)' section is moved above the 'Opening RCV by wholesale control for each component of RCV, 1 April 2025 (£ million)' section.</p> <p>A prefix has been added to the respective lines to improve line descriptions and clarity</p>
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	<p>Lines renamed from:</p> <ul style="list-style-type: none"> <li>- 'Post 2020 RCV' to '2020-25 RCV'</li> <li>- 'Post 2025 investment' to 'Post 2025 investment RCV'</li> </ul> <p>Lines removed:</p> <ul style="list-style-type: none"> <li>- 'Other Adjustments'</li> <li>- 'Post 2025 investment' in the 'Closing RCV by wholesale control for each component of RCV, 31 March 2025 (£ million)' section.</li> </ul> <p><b>RR13</b></p> <p>The 'Units' and 'DP' columns have been updated for all lines in the table.</p> <p>The 'Additions to RCV' for pre 2020 RCV and 2020-25 RCV are greyed out for each control.</p> <p>Section headers and lines renamed from 'Post 2020 RCV' to '2020-25 RCV'.</p> <p>Section headers and lines renamed from 'Post 2025 investment' to 'Post 2025 investment RCV'.</p> <p>'Other Adjustments' section and lines removed from 'RCV balances' and 'Return on capital' for each control.</p> <p>A prefix has been added to the respective lines to improve line descriptions and clarity</p> <p><b>RR14</b></p> <p>Units amended from '£' to '£ / customer' for 'Bill profile for 2025-30 before inflation'.</p> <p>DPs amended from 3 to 2 decimal places.</p> <p>'Company's bill profile for different regions' section added with 2 new lines added to the table for 'Company's bill profile for 2025-30 before inflation (region A)' and 'Company's bill profile for 2025-30 before inflation (region B)'</p> <p><b>RR15</b></p> <p>No changes made.</p> <p><b>RR16</b></p> <p>A suffix of 'Notional capital structure' has been added to each of the lines in the 'Notional capital structure' section of the table.</p> <p>A suffix of 'Actual capital structure' has been added to each of the lines in the 'Actual capital structure' section of the table.</p>
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		<p>Added 'Dividend yield' line to the 'Notional capital structure' section of the table.</p> <p><b>RR17</b> No changes made.</p> <p><b>RR18-RR20</b> – columns removed, tables now show data for appointed activities only</p> <p><b>RR21-RR26</b> No changes made</p> <p><b>RR27</b> Residential:business split and Wastewater charges split moved to table RR27a</p> <p><b>RR30</b> Lines removed:  <ul style="list-style-type: none"> <li>- Items 1-4 High Case &amp; Total</li> <li>- Items 1-4 Low Case &amp; Total</li> <li>- Other Items RoRE – High Case &amp; Low Case</li> </ul>                     Lines added:  <ul style="list-style-type: none"> <li>- Uncertainty mechanisms – high case &amp; low case</li> <li>- RoRE post uncertainty mechanism – high case &amp; low case</li> </ul>                     Total RoRE post uncertainty mechanism – high case &amp; low case</p>
	RR1-RR6	RR1 Separate block for 2020-25 RCV run off rates have been removed. Pre 2020 and 2020-25 RCV run-off rates will be the same.
V3		

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## 1. Summary purpose of the data tables

### What data are we collecting?

1.1 In this section we collect data to inform Ofwat's decisions in relation to the allowed return, financial modelling and our assessment of risk and return, financeability and financial resilience. Some data matches data contained in APRs, while other data are requirements specific to PR24.

### Why are we collecting the data?

1.2 We are collecting the data to enable us to:

- Understand the financial ratios and other relevant information that underpins the Board's Assurance of financeability on the basis of the notional capital structure, and of financial resilience of the actual company over 2025–30 and beyond.
- Run the PR24 financial model and calculate allowed revenues and RCV balances – we require inputs into the PR24 to enable us to calculate allowed revenue, RCV balances, indicative average household bills and financial metrics. A number of the tables are designed to be able to be populated directly by copying and pasting output from the PR24 financial model.
- Analyse the debt on companies' balance sheets to help inform our decisions on the allowed return on capital.
- Gain insight into the balance of risk and return contained within companies' business plans.

### How is the data aligned with the annual performance report (APR)?

1.3 Where possible tables in this section are the same as the equivalent APR tables and, as such, we expect 2022–23 data to reflect companies' 2022–23 APRs. Some tables are not included within the APR as we only need this information at price reviews.

## 2. General guidance

- 2.1 We expect companies to submit a populated PR24 financial model on the basis of the notional capital structure alongside their data tables. The outputs in the submitted financial model should match the outputs included in the submitted data tables.
- 2.2 Tables RR1 to RR9 will be used to populate the PR24 financial model, we will publish a mapping tool to help companies populate the PR24 financial model with values from the business plan tables.
- 2.3 Tables RR10, RR11 and RR13 to RR15 are outputs from the PR24 financial model, the PR24 financial model includes copies of these tables to aid in the population of the business plan tables.
- 2.4 Tables RR12, RR16 and RR17 can be partly populated using inputs from the PR24 financial model and will be used alongside tables RR18 to RR30 will be used to help assess business plans, and selected data will be used to set the allowed return on capital.
- 2.5 We have removed the need to populate notional financial statements from the business plan tables and will instead use the PR24 financial model to review these. We will still collect financial statements based on the actual company structure.

### **Price base and Indexation**

The general expectation is that tables are presented in 2022-23 base year prices. CPIH is the general measure of indexation. Where tables require nominal data, we will highlight this in the guidance.

### 3. RR1 – Revenue recovery inputs

Line	Title	Definition	RAG 4.10 line reference
<b>RR1.1- RR1.6</b>	Wholesale WACC - based on assumed structure (nominal) - Equity - nominal	Nominal notional Cost of Equity for input into in financial model (input row for each wholesale control)	
<b>RR1.7 - RR1.12</b>	Wholesale WACC - based on assumed structure nominal - Cost of debt - nominal	Nominal notional Cost of Debt for input into in financial model (input row for each wholesale control)	
<b>RR1.13 RR1.18</b>	Wholesale WACC - based on assumed structure (nominal) - Gearing - nominal	Notional gearing level for input into financial model (input row for each wholesale control)	
<b>RR1.19- RR1.24</b>	PAYG Rate - Base PAYG rate	Base PAYG rate (input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.25- RR1.30</b>	PAYG Rate - Adjustment PAYG rate	Adjustments to base PAYG rate(input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.31- RR1.36</b>	PAYG Rate - Total PAYG rate	Sum of rows above (input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.37- RR1.42</b>	Pre 2025 RCV - Base run off rate	Base run off rate for pre 2025 RCV (input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.43- RR1.48</b>	Pre 2025 RCV - Adjustment to run off rate	Adjustment to base run off rate for pre 2025 RCV (input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.49- RR1.54</b>	Pre 2025 RCV - Total run off rate	Sum of rows above (input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.55- RR1.60</b>	Post 2025 investment RCV - Base run off rate	Base run off rate for post 2025 RCV (input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.61- RR1.66</b>	Post 2025 investment RCV - Adjustment to run off rate	Adjustment to base run off rate for post 2025 RCV (input row for each wholesale control) - see paragraph 3.1 below for further information on completing this section	
<b>RR1.67- RR1.72</b>	Post 2025 investment RCV - Total run off rate	Sum of rows above (input row for each wholesale control) - see paragraph 3.1	

		below for further information on completing this section	
<b>RR1.73</b>	Long term CPIH inflation rate	The assumed long term CPI(H) inflation rate	

## RR1 Additional guidance

3.1 For RR1.19 to RR1.72 companies should apply the following guidance:

- Base RCV run-off and Base PAYG – these should be stated before any adjustments have been applied, for example to address a financeability constraint on the notional capital structure or to reprofile revenue within the price control period or across periods. Companies should set out the basis for determining base RCV run-off and base PAYG in business plans, which should be in line with the guidance set out in chapter 9 of the final methodology.
- Adjustment to RCV run-off and PAYG – Companies should set out clearly the rationale for any adjustments to base RCV run-off and base PAYG rates, along with the basis of the calculation for these adjustments. Where companies propose to bring forward revenue in this way, the business plan should set out how the company intends to use the additional revenue.

3.2 The financial model separates RCV into pre 2020 RCV, 2020–2025 RCV and Post 2025 Investment RCV. Run off rates for Pre 2020 and 2020–25 RCV will be the same and have been grouped as Pre 2025 run off rates in the table. Companies should provide RCV run-off rates for each wholesale control within our narrow band guidance. We do not necessary expect companies to propose different rates for both categories of RCV. However, where companies do provide different rates, they should set out sufficient and convincing evidence in business plans to support each rate. We will provide guidance on the narrow bands for RCV run-off in our final methodology.

3.3 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 4. RR2 – Totex (cross referenced to cost assessment)

Line	Title	Definition	RAG 4.10 line reference
RR1.1- RR1.6	Gross capital expenditure - real - including g&c - Including cost sharing	Total gross capital expenditure by controls , this should align to the capex values in CW1.13 and CWW1.13	
RR1.7 - RR1.12	Total gross operational expenditure - real - including cost sharing	Total gross operating expenditure by controls , this should align to the opex values in CW1.6 and CWW1.6	
RR1.13 RR1.18	Equity issuance costs - real	Any operating costs associated with the issuance of equity (input row for each wholesale control). This value should also be included in Total gross operational expenditure.	
RR1.19- RR1.24	IRE totex adjustment for ACICR (Ofwat) - real	Infrastructure renewal expenditure that been categorised as capex but has been recovered through PAYG.	
RR1.25- RR1.30	Grants and contributions - capital expenditure - non price control - real	The total grants and contributions for capex not included in the price controls (input row for each wholesale control). Blocks RR1.25-31 and RR1.31-36 should align to the CW1.14 and CWW1.14	
RR1.31- RR1.36	Grants and contributions net of income offset - capital expenditure - price control - real	The total grants and contributions for capex included in the price controls (input row for each wholesale control). Blocks RR1.25-31 and RR1.31-36 should align to the CW1.14 and CWW1.14	
RR1.37- RR1.42	Grants and contributions - operational expenditure - non price control - real	The total grants and contributions for opex not included in the price controls (input row for each wholesale control). Blocks RR1.37-42 and RR1.43-48 should align to the CW1.7 and CWW1.7	
RR1.43- RR1.48	Grants and contributions net of income offset - operational expenditure - price control - real	The total grants and contributions for opex included in the price controls (input row for each wholesale control). Blocks RR1.37-42 and RR1.43-48 should align to the CW1.7 and CWW1.7	
RR1.49- RR1.54	Other taxable income - Amortisation on grants and contributions - control - nominal	Adjustments to taxable profits for amortisation on grants and contributions (input row for each wholesale control).	
RR1.55- RR1.60	Other taxable income - Grants and contributions taxable on receipt - control - nominal	Adjustments to taxable profits for grants and contributions taxable on receipt (input row for each wholesale control).	
RR1.61	Bioresources - TDS	The total TDS forecast for bioresources	

## RR2 Additional guidance

- 4.1 RR2 Additional guidance The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.
- 4.2 In the final data tables it will be linked to the cost assessment tables so no entering of inputs will be required from companies.

## 5. RR3 – RCV inputs

Line	Title	Definition	RAG 4.10 line reference
<b>RR3.1- RR3.6</b>	2025 RCV opening balance - Pre 2020	Opening RCV balance for the PR24 financial model for the wholesale controls for RCV existing Pre 2020 (input row for each wholesale control)	
<b>RR3.7- RR3.12</b>	2025 RCV opening balance - 2020-25	Opening RCV balance for the PR24 financial model for the wholesale controls for existing RCV that was added between 2020 and 2025 (input row for each wholesale control)	

### RR3 Additional guidance

- 5.1 This table provides opening RCV figures for the financial model, these values will be populated from the PR24 RCV feeder model.
- 5.2 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 6. RR4 – Financing inputs to financial model

Line	Title	Definition	RAG 4.10 line reference
RR4.1- RR4.6	Notional target gearing - control	Notional gearing level (input row for each wholesale control)	
RR4.7	% of ILD	Notional proportion of opening index linked debt	
RR4.8	Proportion of RPI ILD	The assumed notional percentage of RPI linked debt as a proportion of total index linked debt	
RR4.9	RPI ILD indexation rate	Indexation rate for RPI linked debt	
RR4.10	CPIH ILD indexation rate	Indexation rate for CPI(H) linked debt	
RR4.11- RR4.16	Opening index linked debt - nominal	Actual opening index linked debt balance apportioned by wholesale control	
RR4.17- RR4.22	Opening Fixed rate debt - nominal	Actual fixed rate linked debt balance apportioned by wholesale control	
RR4.23- RR4.28	Opening Floating rate debt - nominal	Actual opening floating rate debt balance apportioned by wholesale control	
RR4.29- RR4.34	Preference share capital opening balance - control - nominal - nominal	Actual opening preference share capital balance apportioned by wholesale control	
RR4.35- RR4.40	Interest rate on RPI linked debt	Notional interest rate for RPI linked debt	
RR4.41- RR4.46	Interest rate on CPI(H) linked debt	Notional interest rate for CPI(H) linked debt	
RR4.47- RR4.52	Interest rate on fixed rate debt	Notional interest rate for fixed rate debt	
RR4.53	Opening cash balance - Appointee - nominal	Actual opening cash balance of the appointee	
RR4.54- RR4.59	Cash and cash equivalents initial balance - control - nominal	Actual opening cash balance of the wholesale controls	
RR4.60- RR4.65	Cash interest rate	Notional cash interest rate	
RR4.66- RR4.71	Opening Called up share capital balance - control - nominal	Actual opening share capital balance apportioned by wholesale control	
RR4.72	<del>Equity dividends paid – Wholesale – nominal</del>	Line has been removed from the financial model this will be removed from v3 of the tables	
RR4.73	Cost allowance for equity issuance - nominal	Any operating costs associated with the issuance of equity – should equal the sum of RR2.13-RR2.18	
RR4.74	Ordinary shared issued - control - nominal (Wholesale)	Value of any shared issued in nominal terms – should equal sum of RR4.74-RR4.79	
RR4.75- RR4.80	Ordinary shared issued - control - nominal	Value of any shared issued in nominal terms (input row for each wholesale control)	

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Line	Title	Definition	RAG 4.10 line reference
<b>RR4.81- RR4.87</b>	Proceeds from share issues – control – nominal (Wholesale)	Line has been removed from the financial model this will be removed from v3 of the tables	
<b>RR4.88- RR4.93</b>	Opening Dividend creditors balance - control - nominal	Actual opening dividend creditors apportioned by wholesale control	
<b>RR4.94</b>	Ordinary dividend (overrides any other dividend approach) (post override) - nominal	To be used to override dividends calculated in the model, please provide rational if this line is used	
<b>RR4.95</b>	Real dividend growth	Assumed notional real dividend growth	
<b>RR4.96</b>	Dividend yield	Notional dividend yield	
<b>RR4.97- RR4.102</b>	Opening dividend cashflow balance - control - nominal	Actual opening balance for dividend cashflows	

### RR4 Additional guidance

- 6.1 This table contains financing inputs used by the PR24 financial model. The PR24 financial model is based on a notional financing perspective. However inputs in this table are used to calculate actual gearing and the subsequent adjustment to tax calculations, subsequently opening debt balances should align the companies actual debt balances.
- 6.2 Ofwat may decide to pre-populate some of these cells (for example notional gearing and proportion of index linked debt) in the final data tables.
- 6.3 Please see [Appendix 11 - Allowed return](#) for details on the calculations of the notional values to aid population of table RR4.
- 6.4 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 7. RR5 – Tax inputs

Line	Title	Definition	RAG 4.10 line reference
RR5.1- RR5.6	Opening current tax liabilities - control - nominal	Actual opening current tax liabilities (input row for each wholesale control)	
RR5.7- RR5.12	Opening tax loss balance - wholesale	Actual opening tax losses carried forward (input row for each wholesale control)	
RR5.13- RR5.18	Opening deferred tax balance - control - nominal	Actual opening deferred tax balance (input row for each wholesale control)	
RR5.19	Current tax liabilities - Appointee b/f - nominal	Actual opening current tax liabilities for the appointee	
RR5.20- RR5.25	Proportion of new capital expenditure qualifying for a full deduction - opening	Proportion of new capital expenditure forecast to qualify for a full deduction in the year of spend (input row for each wholesale control)	
RR5.26- RR5.31	Opening Capital allowance balance - 18% pool - new capital expenditure - control - nominal - Balance at 1/4/2025	Opening capital allowance balance for expenditure in the main rate (18%) capital allowance pool (input row for each wholesale control)	
RR5.32- RR5.37	Opening Capital allowance balance - 6% pool - new capital expenditure - control - nominal - Balance at 1/4/2025	Opening capital allowance balance for expenditure in the special rate (6%) capital allowance pool (input row for each wholesale control)	
RR5.38- RR5.43	Opening Capital allowance balance - 3% pool - new capital expenditure - control - nominal - Balance at 1/4/2025	Opening capital allowance balance for expenditure in the structures and buildings rate (3%) capital allowance pool (input row for each wholesale control)	
RR5.44	Capital expenditure writing down allowance main rate pool 1	Capital allowance rate for pool 1 - main rate pool (18%) capital allowance pool	
RR5.45	Capital expenditure writing down allowance special rate pool 2	Capital allowance rate for pool 2 - special rate pool (6%) capital allowance pool	
RR5.46	Capital expenditure writing down allowance structures and buildings rate pool 3	Capital allowance rate for pool 1 - structures and buildings rate (3%) capital allowance pool	
RR5.47- RR5.52	New capital expenditure - proportion of new capital expenditure qualifying for the main rate (18%) pool - control	Proportion of new capital expenditure forecast to qualify for deductions in the main rate capital allowance pool. (input row for each wholesale control)	
RR5.53- RR5.58	New capital expenditure - proportion of new capital expenditure qualifying for the special rate (6%) pool - control	Proportion of new capital expenditure forecast to qualify for deductions in the special rate capital allowance pool. (input row for each wholesale control)	
RR5.59- RR5.64	New capital expenditure - proportion of new capital expenditure qualifying for the structures and buildings (3%) pool - control	Proportion of new capital expenditure forecast to qualify for deductions in the structures and buildings capital allowance pool. (input row for each wholesale control)	

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<b>RR5.65- RR5.70</b>	New capital expenditure - proportion of new capital expenditure not qualifying for capital allowance deductions	Proportion of new capital expenditure forecast to not qualify for any capital allowance deduction. (input row for each wholesale control)	
<b>RR5.71- RR5.76</b>	P&L expenditure not allowable as a deduction from taxable trading profits - control - nominal	P&L expenditure not allowable as a deduction from taxable trading profits (not including renewals expenditure, change in general provisions and adjustments for defined benefit pension schemes which are dealt with separately) (input row for each wholesale control)	
<b>RR5.77- RR5.82</b>	Other adjustments - control - active - nominal	Other negative adjustments to taxable profits (input row for each wholesale control)	
<b>RR5.83- RR5.88</b>	Other taxable income - Other adjustments to taxable profits - control	Other income adjustments to taxable profits (input row for each wholesale control)	
<b>RR5.89- RR5.94</b>	Disallowable expenditure - Change in general provisions - control	Change in general provisions (difference between opening and closing balances on any provision treated as general for tax purposes. An increase in general provision should be entered as a positive item. (input row for each wholesale control)	
<b>RR5.95- RR5.100</b>	Finance lease depreciation - control - nominal	Finance lease depreciation - charge on assets held under finance leases. This line should also include any allowable expenditure relating to leases that were previously accounted for as an operating lease. (input row for each wholesale control)	
<b>RR5.101- RR5.106</b>	P&L expenditure relating to renewals not allowable as a deduction from taxable trading profits - control - nominal	P&L expenditure relating to renewals not allowable as a deduction from taxable trading profits (We expect this line to be zero as the tax calculation will reflect what is expensed in the P&L but a minority of companies have different arrangements with HMRC) (input row for each wholesale control)	
<b>RR5.107- RR5.112</b>	Tax cashflow initial balance	Actual opening tax cashflow balance	
<b>RR5.113</b>	Company - proportion of taxable profits available for tax loss utilisation	Proportion of taxable losses allowable for tax loss utilisation	
<b>RR5.114</b>	Statutory Corporation tax rate	Statutory Corporation tax rate	
<b>RR5.115- RR5.120</b>	Adjustment to tax payment	Manual adjustments to tax payment	
<b>RR5.120- RR5.126</b>	Charge for DB schemes - residential retail - charge for DB schemes		

## RR5 Additional guidance

- 7.1 This table contains corporation tax inputs used by the PR24 financial model.
- 7.2 Where required companies should use an appropriate method of apportioning input values between wholesale controls.
- 7.3 We received queries on how the business plan tables and financial model will capture the closing balances of super deductions pool. Additions to the 18% pool will get a deduction of 130% and will be used up by 2025 so no adjustment is required. Additions to the 6% pool, receive a deduction was 50% so some residual balance will remain in at PR24. These will receive 6% WDA's going forward, the balance can therefore be added to the existing opening balance for the 6% pool.
- 7.4 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 8. RR6 – Post financeability inputs

Line	Title	Definition	RAG 4.10 line reference
<b>RR6.1- RR6.6</b>	Post financeability adjustments eligible for tax uplift - real	Post financeability adjustments that are eligible for a tax uplift (input row for each wholesale control)	
<b>RR6.7- RR6.12</b>	Post financeability adjustments not eligible for tax uplift - real	Post financeability adjustments that are eligible for a tax uplift (input row for each wholesale control)	
<b>RR6.13- RR6.18</b>	Innovation funding - real	Innovation funding available during the PR24 period (input row for each wholesale control)	
<b>RR6.19</b>	Residential retail revenue adjustment - real	Post financeability adjustments for residential retail	
<b>RR6.20</b>	Business retail revenue adjustment - real	Post financeability adjustments for business retail (Welsh companies only)	

### RR6 Additional guidance

- 8.1 This table contains post financeability inputs used by the PR24 financial model. These values will be populated from the PR24 revenue feeder model and should align to PD12
- 8.2 Companies should set out the supporting evidence for any post financeability adjustments in their business plans.
- 8.3 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 9. RR7 – Residential retail inputs

Line	Title	Definition	RAG 4.10 line reference
RR7.1	Wholesale and retail line item split ~ actual company structure - Retained profits ~ residential retail	Opening retained profited for residential retail in nominal terms	
RR7.2	Cost to serve per unmetered water customers – real	Cost to serve per customer, for unmetered water customers	
RR7.3	Cost to serve unmetered sewerage customers - real	Cost to serve per customer, for unmetered sewerage customers	
RR7.4	Cost to serve unmetered dual customers - real	Cost to serve per customer, for unmetered dual customers	
RR7.5	Cost to serve metered water customers - real	Cost to serve per customer, for metered water customers	
RR7.6	Cost to serve metered sewage customers - real	Cost to serve per customer, for metered sewerage customers	
RR7.7	Cost to serve metered dual customers - real	Cost to serve per customer, for metered dual customers	
RR7.8	Households connected for water only - unmetered	Number of unmetered households connected for water only	
RR7.9	Households connected for sewerage only - unmetered	Number of unmetered households connected for sewerage only	
RR7.10	Households connected for water only - metered	Number of metered households connected for water only	
RR7.11	Households connected for sewerage only - metered	Number of metered households connected for sewerage only	
RR7.12	Households connected for water and sewerage - unmetered	Number of unmetered houses connected for water and sewerage	
RR7.13	Households connected for water and sewerage - metered	Number of metered houses connected for water and sewerage	
RR7.14	HH unmeasured trade debtors	Unmetered households trade debtors	
RR7.15	HH measured trade debtors	Metered households trade debtors	
RR7.16	HH Advance receipts creditor days unmeasured	Unmetered households' advance receipts creditor days	
RR7.17	HH Advance receipts creditor days measured	Metered households' advance receipts creditor days	
RR7.18	HH Measured income accrual rate	Measured income accrual rate for households	
RR7.19	HH Measured income accrual	Measured income accrual for households	
RR7.20	Capital expenditure on assets principally used by residential retail - real	Capital expenditure on assets principally used by residential retail	
RR7.21	Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential unmeasured - Water only	Total residential retail costs for unmetered households connected for water only	

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<b>RR7.22</b>	Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential unmeasured - Wastewater only	Total residential retail costs for unmetered households connected for sewerage only	
<b>RR7.23</b>	Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential measured - Water only	Total residential retail costs for metered households connected for water only	
<b>RR7.24</b>	Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential measured - Wastewater only	Total residential retail costs for metered households connected for sewerage only	
<b>RR7.25</b>	Expenditure - Total residential retail costs - Residential unmeasured - Water and Wastewater	Total residential retail costs for unmetered households connected for water and sewerage	
<b>RR7.26</b>	Expenditure - Total residential retail costs - Residential measured - Water and Wastewater	Total residential retail costs for metered households connected for water and sewerage	
<b>RR7.27</b>	Dividend creditors wholesale retail split - Dividend creditors ~ residential retail	Dividend creditors wholesale retail split	
<b>RR7.28</b>	Trade and other payables - Wholesale creditors ~ residential retail	Wholesale creditors for trade and other payables	
<b>RR7.29</b>	Trade and other payables - Retail other payables - nominal	Other payables for trade and other payables	
<b>RR7.30</b>	Trade and other payables - Retail trade payables - nominal	Trade payables for trade and other payables	
<b>RR7.31</b>	Retail - Corporation tax creditor b/f	Corporation tax creditor brought forward to opening balance	
<b>RR7.32</b>	Retail - Residential unmeasured trade receivables - net - nominal	Trade receivables for unmetered households	
<b>RR7.33</b>	Retail - Residential measured trade receivables - net - nominal	Trade receivables for metered households	
<b>RR7.34</b>	Retail - Retail creditor months: Payment terms ~ Residential retail pays wholesaler in arrears (advance)	Retail - Retail creditor months: Payment terms - Residential retail pays wholesaler in arrears (advance)	
<b>RR7.35</b>	Opening retained cash balance - Residential	Opening balance for retained cash	
<b>RR7.36</b>	Opening Retained earnings balance - Retail	Opening balance for retained earnings	
<b>RR7.37</b>	Residential net margin for company	Residential net margin for company	
<b>RR7.38-7.43</b>	Measured charge - residential - real	Metered households charge percentage (input row for each wholesale control)	
<b>RR7.44-7.49</b>	Unmeasured charge - residential - real	Unmetered households charge percentage (input row for each wholesale control)	
<b>RR7.50</b>	Household unmeasured advance receipts	Unmetered households advance receipts	
<b>RR7.51</b>	Household measured advance receipts	Metered households advance receipts	
<b>RR7.52</b>	Residential Retail allowed depreciation (post efficiency challenge and adjustments) - real	Residential retail allowed depreciation	

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<b>RR7.53</b>	Wholesale and retail line item split ~ actual company structure - Cash and cash equivalents ~ residential retail	Opening retained cash for residential retail in nominal terms	
<b>RR7.54</b>	Pension contributions - Retail	Pension contributions	
<b>RR7.55</b>	Wholesale and retail line item split - capex creditors - residential retail	Capex creditors wholesale and retail line item split	
<b>RR7.56</b>	Percentage distributed as dividends at retail level	Percentage of available earnings distributed as dividends	
<b>RR7.57</b>	interest rate - residential	Residential retail interest rate	
<b>RR7.58</b>	Fixed asset net book value at 31 March ~ residential retail	Fixed asset net book value on 31st March 2025	

### RR7 Additional guidance

- 9.1 This table contains residential retail inputs used by the PR24 financial model.
- 9.2 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 10. RR8 – Business retail inputs

Line	Title	Definition	RAG 4.10 line reference
RR8.11	Business retail; non-residential advance receipts creditor days unmeasured	Number of creditor days for non-residential advance receipts, for unmeasured customers	
RR8.12	Business retail; non-residential advance receipts creditor days measured	Number of creditor days for non-residential advance receipts, for measured customers	
RR8.12	Business retail; opening business debtors unmeasured - nominal - Balance at 1/4/2025	Unmeasured business debtors for opening balance on 1/4/2025	
RR8.13	Business retail; opening business debtors measured - nominal - Balance at 1/4/2025	Measured business debtors for opening balance on 1/4/2025	
RR8.14	Opening Measured income accrual balance - Business - nominal - Balance at 1/4/2025	Opening balance for accrual measured income on 1/4/2025	
RR8.15	Opening Fixed asset balance - Business - nominal - Balance at 1/4/2025	Opening balance for fixed assets on 1/4/2025	
RR8.16	Opening retained earnings balance - Business - Balance at 1/4/2025	Opening balance for retained earnings on 1/4/2025	
RR8.17	Business retail; weighted average debtor days	Weighted average of debtor days for business retail	
RR8.18	Business retail; creditor months: Payment terms ~ Business retail pays wholesaler in arrears (advance)	Business retail; creditor months	
RR8.20	Business retail; Number of customers - Tariff Band (1)	Number of customers on Tariff Band 1	
RR8.21	Business retail; Number of customers - Tariff Band (2)	Number of customers on Tariff Band 2	
RR8.22	Business retail; Number of customers - Tariff Band (3)	Number of customers on Tariff Band 3	
RR8.30	Business retail; Forecast allocated wholesale charge - nominal - Tariff Band (1)	Forecast allocated wholesale charge for Tariff Band 1	
RR8.31	Business retail; Forecast allocated wholesale charge - nominal - Tariff Band (2)	Forecast allocated wholesale charge for Tariff Band 2	
RR8.32	Business retail; Forecast allocated wholesale charge - nominal - Tariff Band (3)	Forecast allocated wholesale charge for Tariff Band 3	
RR8.40	Business retail; Net margin percentage - Tariff Band (1)	Net margin percentage for Tariff Band 1	
RR8.41	Business retail; Net margin percentage - Tariff Band (2)	Net margin percentage for Tariff Band 2	
RR8.42	Business retail; Net margin percentage - Tariff Band (3)	Net margin percentage for Tariff Band 3	
RR8.40	Business retail; Retail average cost per customer - Tariff Band (1)	Retail average cost per customer for Tariff Band 1	

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RR8.41	Business retail; Retail average cost per customer - Tariff Band (2)	Retail average cost per customer for Tariff Band 2	
RR8.42	Business retail; Retail average cost per customer - Tariff Band (3)	Retail average cost per customer for Tariff Band 3	
RR8.62-8.66	Business retail; Unmeasured charge - real	Unmeasured charge percentage for business retail (input row for each wholesale control)	
RR8.67-8.71	Business retail; Measured charge - real	Measured charge percentage for business retail (input row for each wholesale control)	
RR8.72	Business retail; Measured advance receipts	Advanced receipts for measured customers	
RR8.75	Business retail; Unmeasured advance receipts	Advanced receipts for unmeasured customers	
RR8.76	Business retail; Advance Receipts Weighting - Unmeasured	Advanced receipt weighting for unmeasured customers	
RR8.77	Business retail; Dividend creditors wholesale retail split	Dividend creditors wholesale retail split for business retail	
RR8.78	Business retail; Dividends due - nominal	Business retail dividends due	
RR8.83	Business retail; Interest rate - Active	Interest rate on debt	
RR8.84	Business retail; Movement in trade debtor - nominal	Increase/decrease in trade debtor	
RR8.85	Business retail; Trade and other payables - Wholesale creditors	Trade and other payables for wholesale creditors	
RR8.86	Business retail; Wholesale and retail line item split - Capex creditor	Capex creditor wholesale and retail line item split	
RR8.87	Business retail; Measured income accrual rate	Measured income accrual rate	
RR8.90	Business retail revenue override - nominal	Business retail revenue override	
RR8.91	Business retail margin - Override	Business retail override margin percentage	
RR8.93	Business retail total allowed depreciation - real	Total allowed depreciation	
RR8.94	Capital expenditure on assets principally used by business retail - real	Capital expenditure on assets principally used by business retail	
RR8.95	Wholesale and retail line item split ~ actual company structure - Cash and cash equivalents ~ business retail	Opening retained cash for residential retail in nominal terms	

## RR8 Additional guidance

- 10.1 This table contains business retail inputs used by the PR24 financial model.
- 10.2 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 11. RR9 – Miscellaneous financial model inputs

Line	Title	Definition	RAG 4.10 line reference
RR9.1-9.6	Opening retirement benefit asset balance-control	Opening balance for retirement benefit assets (input row for each wholesale control)	
RR9.7-9.12	Opening retirement benefit obligations balance	Opening balance for retirement benefit obligations (input row for each wholesale control)	
RR9.13-9.18	Reprofiling revenue - real	Reprofiling revenue (input row for each wholesale control)	
RR9.19-9.24	Discount rate for reprofiling allowed revenue	Discount rate for reprofiling allowed revenue (input row for each wholesale control)	
RR9.25-9.30	Opening intangible asset and investments balance - control - nominal	Opening balance for intangible assets and investments (input row for each wholesale control)	
RR9.31-9.36	Opening Provisions balance - control	Opening balance for provisions (input row for each wholesale control)	
RR9.37-9.42	Opening Other liabilities balance - control	Opening balance for other liabilities (input row for each wholesale control)	
RR9.43-9.48	Opening Non-distributable reserves balance - control	Opening balance for non-distributable reserves (input row for each wholesale control)	
RR9.49-9.54	Opening retained earnings balance - control - nominal	Opening balance for retained earnings (input row for each wholesale control)	
RR9.55	Debtors other b/f - nominal	Other debtors brought forward	
RR9.56-9.61	Opening Capex creditors balance - control - nominal	Opening balance for capex creditors (input row for each wholesale control)	
RR9.62-9.67	Inventories balance - control	Inventories balance (input row for each wholesale control)	
RR9.68-9.73	Wholesale - Trade creditor days	Number of wholesale trade creditor days (input row for each wholesale control)	
RR9.74	Wholesale - Trade creditor days - control	Number of wholesale trade creditor days	
RR9.75	Capex creditor days	Number of capex creditor days	
RR9.76-9.81	Other creditors target balance - control - nominal	Target balance for other creditors (input row for each wholesale control)	
RR9.82-9.87	Other debtors target balance - control - nominal	Target balance for other debtors (input row for each wholesale control)	
RR9.88-9.93	Opening Trade debtors balance - control - nominal	Opening balance for trade debtors (input row for each wholesale control)	
RR9.94-9.99	Opening Other debtors balance - control - nominal	Opening balance for other debtors (input row for each wholesale control)	

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<b>RR9.100-9.105</b>	Opening trade creditors balance - control - nominal	Opening balance for trade creditors (input row for each wholesale control)	
<b>RR9.106-9.111</b>	Opening Other creditors balance - control - nominal	Opening balance for other creditors (input row for each wholesale control)	
<b>RR9.112-9.117</b>	Accounting charge included in regulatory accounts for Defined Contribution schemes - charge for DC schemes - control	Accounting charge included in regulatory accounts for defined contribution schemes (input row for each wholesale control)	
<b>RR9.118-9.123</b>	Cash contributions (DB schemes, ongoing) ~ actual and forecast - control - real	Actual and forecast cash contributions for defined benefit schemes (input row for each wholesale control)	
<b>RR9.124-9.129</b>	Defined benefit pension deficit recovery per IN13/17 real - real	Defined benefit pension deficit recovery as detailed in Information Notice 13/17 (input row for each wholesale control)	
<b>RR9.130-9.135</b>	Wholesale DB pension cash excess over charge - real - control	Wholesale defined benefit pension cash excess over charge (input row for each wholesale control)	
<b>RR9.136-9.141</b>	Total direct procurement from customers - infrastructure cost 1 - real	Total direct procurement from customers for infrastructure cost 1 (input row for each wholesale control)	
<b>RR9.142-9.147</b>	Total direct procurement from customers - infrastructure cost 2 - real	Total direct procurement from customers for infrastructure cost 2 (input row for each wholesale control)	
<b>RR9.148-9.153</b>	Total direct procurement from customers - infrastructure cost 3 - real	Total direct procurement from customers for infrastructure cost 3 (input row for each wholesale control)	
<b>RR9.154-9.159</b>	Adjustment to Wholesale revenue requirement - real	Wholesale revenue requirement adjustment (input row for each wholesale control)	
<b>RR9.160-9.165</b>	Non-price control income - third party services - other non-price control third party services	Other non-price control income from third party services (input row for each wholesale control)	
<b>RR9.166-9.171</b>	Non-price control income - third party services - Bulk supplies - contract not qualifying for water trading incentives - signed before 1 April 2020	Non-price controlled income from bulk supplies with a contract not qualifying for water trading incentives signed prior to 1st April 2020 (input row for each wholesale control)	
<b>RR9.172-9.177</b>	Non-price control income - third party services - Bulk supplies - contract qualifying for water trading incentives - on or after 1 April 2020	Non-price controlled income from bulk supplies with a contract qualifying for water trading incentives signed on or after 1st April 2020 (input row for each wholesale control)	
<b>RR9.178-9.183</b>	Non-price control income - third party services - Rechargeable works	Non-price controlled income from rechargeable works (input row for each wholesale control)	
<b>RR9.184-9.189</b>	Non-price control income - principle services	Non-price controlled income from principle services (input row for each wholesale control)	
<b>RR9.190-9.195</b>	Non-price control income - third party services - Bulk supplies - General	Non-price controlled income from general bulk supplies (input row for each wholesale control)	

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<b>RR9.196-9.201</b>	Other price control income - Third party revenue	Other price-controlled income from third party revenue (input row for each wholesale control)	
<b>RR9.202-9.207</b>	Other operating income - real	Other operating income (input row for each wholesale control)	
<b>RR9.208</b>	Inventories b/f	Inventories brought forward to opening balance	
<b>RR9.209-9.214</b>	Intangible asset and investments balance - control	Opening balance for intangible assets and investments (input row for each wholesale control)	
<b>RR9.215-9.220</b>	Fixed assets b/f - control - active - nominal	Fixed assets brought forward to opening balance (input row for each wholesale control)	
<b>RR9.221-9.226</b>	Depreciation b/f - control - active - nominal	Depreciation brought forward to opening balance (input row for each wholesale control)	
<b>RR9.227-9.232</b>	Wholesale fixed asset life (post override) - control	Wholesale fixed asset life (input row for each wholesale control)	
<b>RR9.233-9.238</b>	Allowable depreciation on capitalised revenue - control	Allowable depreciation on capitalised revenue (input row for each wholesale control)	
<b>RR9.239-9.244</b>	Movement in other liabilities - control	Increase/decrease in other liabilities (input row for each wholesale control)	
<b>RR9.245-9.250</b>	Movement in Pensions (+ve = increase in provision) - control - nominal	Increase/decrease in pensions (input row for each wholesale control)	
<b>RR9.251-9.256</b>	Movement in provisions - control - nominal	Increase/decrease in provisions (input row for each wholesale control)	
<b>RR9.257-RR9.262</b>	Base Revenue by charging year	Base revenue for 2024-25 for calculation of year 1 k value (input row for each wholesale control)	

## RR9 Additional guidance

11.1 The table has been developed in parallel to the development of the PR24 financial model. There may be some alignment issues between the table and the financial model. Any alignment issues will be resolved in the v3 business plan tables to be published in February 2023.

## 12. RR10 – Allowed Revenue

Line	Title	Definition	RAG 4.10 line reference
<b>RR10.1</b>	Allowed revenue 2025-30	Allowed revenue 2025-30 for each wholesale and retail control.	n/a
<b>RR10.2</b>	Pay as you go	Pay as you go by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.3</b>	RCV run-off	RCV run-off by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.4</b>	Return on capital	Return on capital by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.5</b>	Revenue adjustments for PR19 reconciliations	Revenue adjustments for PR19 reconciliations by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.6</b>	Quality and ambition assessment (QAA) reward / penalty	Quality and ambition assessment (QAA) reward / penalty by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.7</b>	Tax	Tax by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.8</b>	Grants and contributions (price control)	Grants and contributions (price control) by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.9</b>	Other income (non-price control)	Other income (non-price control) by wholesale control for the calculation of allowed revenue 2025-30. Input as a negative number.	n/a
<b>RR10.10</b>	Innovation fund	Innovation fund by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.11</b>	Revenue re-profiling	Revenue re-profiling by wholesale control for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.12</b>	Final allowed revenues	Final allowed revenues by wholesale control for the calculation of allowed revenue 2025-30. Sum of lines RR10.2 to RR10.11.	n/a
<b>RR10.13 – RR10.20</b>	Allowed revenue (annual)	Allowed revenue on an annual basis for each wholesale and retail control.	n/a
<b>RR10.21</b>	Allowed revenue (annual); Appointee	Allowed revenue on an annual basis at the appointee level. Sum of lines RR10.13 to RR10.20.	n/a
<b>RR10.22 – RR10.26</b>	K factors by charging year	K factors by wholesale control.	n/a

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<b>RR10.27</b>	Allowed revenue calculation; WR - Pay as you go	Wholesale water resources pay as you go for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.28</b>	Allowed revenue calculation; WR - RCV run-off	Wholesale water resources RCV run-off for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.29</b>	Allowed revenue calculation; WR - Return on capital	Wholesale water resources return on capital for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.30</b>	Allowed revenue calculation; WR - Revenue adjustments for PR19 reconciliations	Wholesale water resources revenue adjustments for PR19 reconciliations for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.31</b>	Allowed revenue calculation; WR - Quality and ambition assessment (QAA) reward / penalty	Wholesale water resources quality and ambition assessment (QAA) reward / penalty for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.32</b>	Allowed revenue calculation; WR - Tax	Wholesale water resources tax for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.33</b>	Allowed revenue calculation; WR - Grants and contributions (price control)	Wholesale water resources grants and contributions (price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.34</b>	Allowed revenue calculation; WR - Other income (non-price control)	Wholesale water resources other income (non-price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.35</b>	Allowed revenue calculation; WR - Innovation fund	Wholesale water resources innovation fund for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.36</b>	Allowed revenue calculation; WR - Revenue re-profiling	Wholesale water resources revenue re-profiling for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.37</b>	Allowed revenue calculation; WR - Final allowed revenues	Wholesale water resources final allowed revenues for the calculation of allowed revenue 2025-30. Sum of lines RR10.27 to RR10.36.	n/a
<b>RR10.38</b>	Allowed revenue calculation; WN - Pay as you go	Wholesale water network plus pay as you go for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.39</b>	Allowed revenue calculation; WN - RCV run-off	Wholesale water network plus RCV run-off for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.40</b>	Allowed revenue calculation; WN - Return on capital	Wholesale water network plus return on capital for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.41</b>	Allowed revenue calculation; WN - Revenue adjustments for PR19 reconciliations	Wholesale water network plus revenue adjustments for PR19 reconciliations for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.42</b>	Allowed revenue calculation; WN - Quality and ambition assessment (QAA) reward / penalty	Wholesale water network plus quality and ambition assessment (QAA) reward / penalty for the calculation of allowed revenue 2025-30.	n/a

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<b>RR10.43</b>	Allowed revenue calculation; WN - Tax	Wholesale water network plus tax for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.44</b>	Allowed revenue calculation; WN - Grants and contributions (price control)	Wholesale water network plus grants and contributions (price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.45</b>	Allowed revenue calculation; WN - Other income (non-price control)	Wholesale water network plus other income (non-price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.46</b>	Allowed revenue calculation; WN - Innovation fund	Wholesale water network plus innovation fund for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.47</b>	Allowed revenue calculation; WN - Revenue re-profiling	Wholesale water network plus revenue re-profiling for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.48</b>	Allowed revenue calculation; WN - Final allowed revenues	Wholesale water network plus final allowed revenues for the calculation of allowed revenue 2025-30. Sum of lines RR10.38 to RR10.47.	n/a
<b>RR10.49</b>	Allowed revenue calculation; WWN - Pay as you go	Wholesale wastewater network plus pay as you go for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.50</b>	Allowed revenue calculation; WWN - RCV run-off	Wholesale wastewater network plus RCV run-off for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.51</b>	Allowed revenue calculation; WWN - Return on capital	Wholesale wastewater network plus return on capital for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.52</b>	Allowed revenue calculation; WWN - Revenue adjustments for PR19 reconciliations	Wholesale wastewater network plus revenue adjustments for PR19 reconciliations for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.53</b>	Allowed revenue calculation; WWN - Quality and ambition assessment (QAA) reward / penalty	Wholesale wastewater network plus quality and ambition assessment (QAA) reward / penalty for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.54</b>	Allowed revenue calculation; WWN - Tax	Wholesale wastewater network plus tax for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.55</b>	Allowed revenue calculation; WWN - Grants and contributions (price control)	Wholesale wastewater network plus grants and contributions (price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.56</b>	Allowed revenue calculation; WWN - Other income (non-price control)	Wholesale wastewater network plus other income (non-price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.57</b>	Allowed revenue calculation; WWN - Innovation fund	Wholesale wastewater network plus innovation fund for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.58</b>	Allowed revenue calculation; WWN - Revenue re-profiling	Wholesale wastewater network plus revenue re-profiling for the calculation of allowed revenue 2025-30.	n/a

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<b>RR10.59</b>	Allowed revenue calculation; WWN - Final allowed revenues	Wholesale wastewater network plus final allowed revenues for the calculation of allowed revenue 2025-30. Sum of lines RR10.49 to RR10.58.	n/a
<b>RR10.60</b>	Allowed revenue calculation; BR - Pay as you go	Wholesale bioresources pay as you go for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.61</b>	Allowed revenue calculation; BR - RCV run-off	Wholesale bioresources RCV run-off for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.62</b>	Allowed revenue calculation; BR - Return on capital	Wholesale bioresources return on capital for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.63</b>	Allowed revenue calculation; BR - Revenue adjustments for PR19 reconciliations	Wholesale bioresources revenue adjustments for PR19 reconciliations for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.64</b>	Allowed revenue calculation; BR - Quality and ambition assessment (QAA) reward / penalty	Wholesale bioresources quality and ambition assessment (QAA) reward / penalty for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.65</b>	Allowed revenue calculation; BR - Tax	Wholesale bioresources tax for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.66</b>	Allowed revenue calculation; BR - Grants and contributions (price control)	Wholesale bioresources grants and contributions (price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.67</b>	Allowed revenue calculation; BR - Other income (non-price control)	Wholesale bioresources other income (non-price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.68</b>	Allowed revenue calculation; BR - Innovation fund	Wholesale bioresources innovation fund for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.69</b>	Allowed revenue calculation; BR - Revenue re-profiling	Wholesale bioresources revenue re-profiling for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.70</b>	Allowed revenue calculation; BR - Final allowed revenues	Wholesale bioresources final allowed revenues for the calculation of allowed revenue 2025-30. Sum of lines RR10.60 to RR10.69.	n/a
<b>RR10.71</b>	Allowed revenue calculation; ADDN1 - Pay as you go	Wholesale additional control 1 pay as you go for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.72</b>	Allowed revenue calculation; ADDN1 - RCV run-off	Wholesale additional control 1 RCV run-off for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.73</b>	Allowed revenue calculation; ADDN1 - Return on capital	Wholesale additional control 1 return on capital for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.74</b>	Allowed revenue calculation; ADDN1 - Revenue adjustments for PR19 reconciliations	Wholesale additional control 1 revenue adjustments for PR19 reconciliations for the calculation of allowed revenue 2025-30.	n/a

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<b>RR10.75</b>	Allowed revenue calculation; ADDN1 - Quality and ambition assessment (QAA) reward / penalty	Wholesale additional control 1 quality and ambition assessment (QAA) reward / penalty for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.76</b>	Allowed revenue calculation; ADDN1 - Tax	Wholesale additional control 1 tax for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.77</b>	Allowed revenue calculation; ADDN1 - Grants and contributions (price control)	Wholesale additional control 1 grants and contributions (price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.78</b>	Allowed revenue calculation; ADDN1 - Other income (non-price control)	Wholesale additional control 1 other income (non-price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.79</b>	Allowed revenue calculation; ADDN1 - Innovation fund	Wholesale additional control 1 innovation fund for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.80</b>	Allowed revenue calculation; ADDN1 - Revenue re-profiling	Wholesale additional control 1 revenue re-profiling for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.81</b>	Allowed revenue calculation; ADDN1 - Final allowed revenues	Wholesale additional control 1 final allowed revenues for the calculation of allowed revenue 2025-30. Sum of lines RR10.71 to RR10.80.	n/a
<b>RR10.82</b>	Allowed revenue calculation; ADDN2 - Pay as you go	Wholesale additional control 2 pay as you go for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.83</b>	Allowed revenue calculation; ADDN2 - RCV run-off	Wholesale additional control 2 RCV run-off for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.84</b>	Allowed revenue calculation; ADDN2 - Return on capital	Wholesale additional control 2 return on capital for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.85</b>	Allowed revenue calculation; ADDN2 - Revenue adjustments for PR19 reconciliations	Wholesale additional control 2 revenue adjustments for PR19 reconciliations for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.86</b>	Allowed revenue calculation; ADDN2 - Quality and ambition assessment (QAA) reward / penalty	Wholesale additional control 2 quality and ambition assessment (QAA) reward / penalty for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.87</b>	Allowed revenue calculation; ADDN2 - Tax	Wholesale additional control 2 tax for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.88</b>	Allowed revenue calculation; ADDN2 - Grants and contributions (price control)	Wholesale additional control 2 grants and contributions (price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.89</b>	Allowed revenue calculation; ADDN2 - Other income (non-price control)	Wholesale additional control 2 other income (non-price control) for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.90</b>	Allowed revenue calculation; ADDN2 - Innovation fund	Wholesale additional control 2 innovation fund for the calculation of allowed revenue 2025-30.	n/a

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<b>RR10.91</b>	Allowed revenue calculation; ADDN2 - Revenue re-profiling	Wholesale additional control 2 revenue re-profiling for the calculation of allowed revenue 2025-30.	n/a
<b>RR10.92</b>	Allowed revenue calculation; ADDN2 - Final allowed revenues	Wholesale additional control 2 final allowed revenues for the calculation of allowed revenue 2025-30. Sum of lines RR10.82 to RR10.91.	n/a

### RR10 Additional guidance

- 12.1 All lines in this table are financial model outputs and can be populated from the PR24 financial model. The financial model has tables with the same layout as this business plan table. We expect users to populate the tables by copying and pasting results from the financial model.
- 12.2 Note that the bioresources table assumes that activity volumes are in line with forecasts.
- 12.3 Companies should submit a populated financial model with their business plan that reconciles with this table.

## 13. RR11 – PAYG and run-off outputs

Line	Title	Definition	RAG 4.10 line reference
RR11.1	Totex allowance (£m)	Total expenditure allowance by wholesale control.	n/a
RR11.2	PAYG rate (%)	The pay as you go rate expressed as a percentage of the total expenditure allowance by wholesale control.	n/a
RR11.3	Pay as you go totex (£m)	Pay as you go total expenditure allowance by wholesale control. This equals line RR11.1 multiplied by RR11.2.	n/a
RR11.4	Pension deficit recovery cost (£m)	Pension deficit recovery cost by wholesale control.	n/a
RR11.5	2025-30 pay as you go (£m)	Five year pay as you go allowances by wholesale control. Sum of lines RR11.3 and RR11.4.	n/a
RR11.6	PAYG rates for each wholesale control (5 year)	The pay as you go rate expressed as a percentage by wholesale control	n/a
RR11.7	RCV run off; Pre 2025 RCV	RCV run off on the RCV existing pre 2025 by wholesale control.	n/a
RR11.8	RCV run off; Post 2025 investment RCV	RCV run off on post 2025 investment RCV by wholesale control.	n/a
RR11.9	2025-30 RCV Run-off	RCV run off on the 2025-30 RCV by wholesale control. Sum of lines RR11.7 and RR11.8.	n/a
RR11.10	RCV run off rates for each wholesale control (5 year)	RCV run off rates by wholesale control.	n/a
RR11.11	WR - Totex allowance (£m)	Total expenditure allowance for wholesale water resources.	n/a
RR11.12	WR - PAYG rate (%)	The pay as you go rate expressed as a percentage of the total expenditure allowance for wholesale water resources.	n/a
RR11.13	WR - Pay as you go totex (£m)	Pay as you go total expenditure allowance for wholesale water resources. This equals line RR11.11 multiplied by RR11.12.	n/a
RR11.14	WR - Pension deficit repair costs (£m)	Pension deficit recovery cost for wholesale water resources.	n/a
RR11.15	WR - 2025-30 pay as you go (£m)	Five year pay as you go allowances for wholesale water resources. Sum of lines RR11.13 and RR11.14.	n/a
RR11.16	WN - Totex allowance (£m)	Total expenditure allowance for wholesale water network plus.	n/a
RR11.17	WN - PAYG rate (%)	The pay as you go rate expressed as a percentage of the total expenditure allowance for wholesale water network plus.	n/a

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<b>RR11.18</b>	WN - Pay as you go totex (£m)	Pay as you go total expenditure allowance for wholesale water network plus. This equals line RR11.16 multiplied by RR11.17.	n/a
<b>RR11.19</b>	WN - Pension deficit repair costs (£m)	Pension deficit recovery cost for wholesale water network plus.	n/a
<b>RR11.20</b>	WN - 2025-30 pay as you go (£m)	Five year pay as you go allowances for wholesale water network plus. Sum of lines RR11.16 to RR11.19.	n/a
<b>RR11.21</b>	WWN - Totex allowance (£m)	Total expenditure allowance for wholesale wastewater network plus.	n/a
<b>RR11.22</b>	WWN - PAYG rate (%)	The pay as you go rate expressed as a percentage of the total expenditure allowance for wholesale wastewater network plus.	n/a
<b>RR11.23</b>	WWN - Pay as you go totex (£m)	Pay as you go total expenditure allowance for wholesale wastewater network plus. This equals line RR11.21 multiplied by RR11.22.	n/a
<b>RR11.24</b>	WWN - Pension deficit repair costs (£m)	Pension deficit recovery cost for wholesale wastewater network plus.	n/a
<b>RR11.25</b>	WWN - 2025-30 pay as you go (£m)	Five year pay as you go allowances for wholesale wastewater network plus. Sum of lines RR11.23 and RR11.24.	n/a
<b>RR11.26</b>	BR - Totex allowance (£m)	Total expenditure allowance for wholesale bioresources.	n/a
<b>RR11.27</b>	BR - PAYG rate (%)	The pay as you go rate expressed as a percentage of the total expenditure allowance for wholesale bioresources.	n/a
<b>RR11.28</b>	BR - Pay as you go totex (£m)	Pay as you go total expenditure allowance for wholesale bioresources. This equals line RR11.26 multiplied by RR11.27.	n/a
<b>RR11.29</b>	BR - Pension deficit repair costs (£m)	Pension deficit recovery cost for wholesale bioresources.	n/a
<b>RR11.30</b>	BR - 2025-30 pay as you go (£m)	Five year pay as you go allowances for wholesale bioresources. Sum of lines RR11.28 and RR11.29.	n/a
<b>RR11.31</b>	ADDN1 - Totex allowance (£m)	Total expenditure allowance for additional control 1.	n/a
<b>RR11.32</b>	ADDN1 - PAYG rate (%)	The pay as you go rate expressed as a percentage of the total expenditure allowance for additional control 1.	n/a
<b>RR11.33</b>	ADDN1 - Pay as you go totex (£m)	Pay as you go total expenditure allowance for additional control 1. This equals line RR11.31 multiplied by RR11.32.	n/a
<b>RR11.34</b>	ADDN1 - Pension deficit repair costs (£m)	Pension deficit recovery cost for additional control 1.	n/a
<b>RR11.35</b>	ADDN1 - 2025-30 pay as you go (£m)	Five year pay as you go allowances for additional control 1. Sum of lines RR11.33 and RR11.34.	n/a
<b>RR11.36</b>	ADDN2 - Totex allowance (£m)	Total expenditure allowance for additional control 2.	n/a

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<b>RR11.37</b>	ADDN2 - PAYG rate (%)	The pay as you go rate expressed as a percentage of the total expenditure allowance for additional control 2.	n/a
<b>RR11.38</b>	ADDN2 - Pay as you go totex (£m)	Pay as you go total expenditure allowance for additional control 2. This equals line RR11.36 multiplied by RR11.37.	n/a
<b>RR11.39</b>	ADDN2 - Pension deficit repair costs (£m)	Pension deficit recovery cost for additional control 2.	n/a
<b>RR11.40</b>	ADDN2 - 2025-30 pay as you go (£m)	Five year pay as you go allowances for additional control 2. Sum of lines RR11.38 and RR11.39.	n/a
<b>RR11.41</b>	WR run-off - Pre 2025 RCV	Water resources RCV run off rates on RCV existing pre 2025.	n/a
<b>RR11.42</b>	WR run-off - Post 2025 investment RCV	Water resources RCV run off rates on post 2025 investment RCV.	n/a
<b>RR11.43</b>	WR - 2025-30 RCV run-off rate	Water resources RCV run off rates on the 2025-30 RCV.	n/a
<b>RR11.44</b>	WN run-off - Pre 2025 RCV	Water network plus RCV run off rates on RCV existing pre 2025.	n/a
<b>RR11.45</b>	WN run-off - Post 2025 investment RCV	Water network plus RCV run off rates on post 2025 investment RCV.	n/a
<b>RR11.46</b>	WN - 2025-30 RCV run-off rate	Water network plus RCV run off rates on the 2025-30 RCV.	n/a
<b>RR11.47</b>	WWN run-off - Pre 2025 RCV	Wastewater network plus RCV run off rates on RCV existing pre 2025.	n/a
<b>RR11.48</b>	WWN run-off - Post 2025 investment RCV	Wastewater network plus RCV run off rates on post 2025 investment RCV.	n/a
<b>RR11.49</b>	WWN - 2025-30 RCV run-off rate	Wastewater network plus RCV run off rates on the 2025-30 RCV.	n/a
<b>RR11.50</b>	BR run-off - Pre 2025 RCV	Bioresources RCV run off rates on RCV existing pre 2025.	n/a
<b>RR11.51</b>	BR run-off - Post 2025 investment RCV	Bioresources RCV run off rates on post 2025 investment RCV.	n/a
<b>RR11.52</b>	BR - 2025-30 RCV run-off rate	Bioresources RCV run off rates on the 2025-30 RCV.	n/a
<b>RR11.53</b>	ADDN1 run-off - Pre 2025 RCV	Additional control 1 RCV run off rates on RCV existing pre 2025.	n/a
<b>RR11.54</b>	ADDN1 run-off - Post 2025 investment RCV	Additional control 1 RCV run off rates on post 2025 investment RCV.	n/a
<b>RR11.55</b>	ADDN1 - 2025-30 RCV run-off rate	Additional control 1 RCV run off rates on the 2025-30 RCV.	n/a
<b>RR11.56</b>	ADDN2 run-off - Pre 2025 RCV	Additional control 2 RCV run off rates on RCV existing pre 2025.	n/a
<b>RR11.57</b>	ADDN2 run-off - Post 2025 investment RCV	Additional control 2 RCV run off rates on post 2025 investment RCV.	n/a
<b>RR11.58</b>	ADDN2 - 2025-30 RCV run-off rate	Additional control 2 RCV run off rates on the 2025-30 RCV.	n/a

## **RR11 Additional guidance**

- 13.1 All lines in this table are financial model outputs and can be populated from the PR24 financial model. The financial model has tables with the same layout as this business plan table. We expect users to populate the table by copying and pasting results from the financial model.
- 13.2 Companies should submit a populated financial model with their business plan that reconciles with this table.

## 14. RR12 – RCV by control

Line	Title	Definition	RAG 4.10 line reference
RR12.1	Closing RCV; Pre 2020 RCV	Closing RCV balance as at 31 March 2025 for pre 2020 RCV by wholesale control.	n/a
RR12.2	Closing RCV; 2020-25 RCV	Closing RCV balance as at 31 March 2025 for 2020-25 RCV by wholesale control.	n/a
RR12.3	Total Closing RCV	Total closing RCV balance as at 31 March 2025 by wholesale control. Sum of lines RR12.1 and RR12.2.	n/a
RR12.4	Opening RCV; Pre 2020 RCV	Opening RCV balance as at 1 April 2025 for pre 2020 RCV by wholesale control.	n/a
RR12.5	Opening RCV; 2020-25 RCV	Closing RCV balance as at 1 April 2025 for 2020-25 RCV by wholesale control.	n/a
RR12.6	Total Opening RCV	Total closing RCV balance as at 1 April 2025 by wholesale control. Sum of lines RR12.4 and RR12.5.	n/a
RR12.7	Return on RCV; Pre 2020 RCV	Return on capital for pre 2020 RCV by wholesale control.	n/a
RR12.8	Return on RCV; 2020-25 RCV	Return on capital for 2020-25 RCV by wholesale control.	n/a
RR12.9	Return on RCV; Post 2025 investment RCV	Return on capital for post 2025 investment RCV by wholesale control.	n/a
RR12.10	Total Return on RCV	Total return on capital by wholesale control. Sum of lines RR12.7 and RR12.9.	n/a

### RR12 Additional guidance

- 14.1 RR12.4 to RR12.10 are financial model outputs and can be populated from the PR24 financial model. The financial model has tables with the same layout as this business plan table. We expect users to populate the table by copying and pasting results from the financial model.
- 14.2 Companies should submit a populated financial model with their business plan that reconciles with this table.

## 15. RR13 – Annual RCV

Line	Title	Definition	RAG 4.10 line reference
RR13.1	Water resources pre 2020 RCV; Opening RCV	Opening RCV balance for water resources for RCV existing pre 2020.	n/a
RR13.2	Water resources pre 2020 RCV; Indexation of RCV	Indexation of RCV for water resources for RCV existing pre 2020.	n/a
RR13.3	Water resources pre 2020 RCV; Additions to RCV	Additions to RCV for water resources for RCV existing pre 2020.	n/a
RR13.4	Water resources pre 2020 RCV; Less Run-off	n/a	n/a
RR13.5	Water resources pre 2020 RCV; Closing RCV	Closing RCV balance for water resources for RCV existing pre 2020.	n/a
RR13.6	Water resources 2020–25 RCV; Opening RCV	Opening RCV balance for water resources for existing RCV that was added between 2020 and 2025.	n/a
RR13.7	Water resources 2020–25 RCV; Indexation of RCV	Indexation of RCV for water resources for existing RCV that was added between 2020 and 2025.	n/a
RR13.8	Water resources 2020–25 RCV; Additions to RCV	n/a	n/a
RR13.9	Water resources 2020–25 RCV; Less Run-off	RCV run-off for water resources for existing RCV that was added between 2020 and 2025.	n/a
RR13.10	Water resources 2020–25 RCV; Closing RCV	Closing RCV balance for water resources for existing RCV that was added between 2020 and 2025.	n/a
RR13.11	Water resources post 2025 investment RCV; Opening RCV	Opening RCV balance for water resources post 2025 investment RCV.	n/a
RR13.12	Water resources post 2025 investment RCV; Indexation of RCV	Indexation of RCV for water resources post 2025 investment RCV.	n/a
RR13.13	Water resources post 2025 investment RCV; Additions to RCV	Additions to RCV for water resources post 2025 investment RCV.	n/a
RR13.14	Water resources post 2025 investment RCV; Less Run-off	RCV run-off for water resources post 2025 investment RCV.	n/a
RR13.15	Water resources post 2025 investment RCV; Closing RCV	Closing RCV balance for water resources post 2025 investment RCV.	n/a
RR13.16	Water network plus pre 2020 RCV; Opening RCV	Opening RCV balance for water network plus for RCV existing pre 2020.	n/a
RR13.17	Water network plus pre 2020 RCV; Indexation of RCV	Indexation of RCV for water network plus for RCV existing pre 2020.	n/a
RR13.18	Water network plus pre 2020 RCV; Additions to RCV	n/a	n/a
RR13.19	Water network plus pre 2020 RCV; Less Run-off	RCV run-off for water network plus for RCV existing pre 2020.	n/a

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<b>RR13.20</b>	Water network plus pre 2020 RCV; Closing RCV	Closing RCV balance for water network plus for RCV existing pre 2020.	n/a
<b>RR13.21</b>	Water network plus 2020-25 RCV; Opening RCV	Opening RCV balance for water network plus 2020-25 RCV.	n/a
<b>RR13.22</b>	Water network plus 2020-25 RCV; Indexation of RCV	Indexation of RCV for water network plus 2020-25 RCV.	n/a
<b>RR13.23</b>	Water network plus 2020-25 RCV; Additions to RCV	n/a	n/a
<b>RR13.24</b>	Water network plus 2020-25 RCV; Less Run-off	RCV run-off for water network plus for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.25</b>	Water network plus 2020-25 RCV; Closing RCV	Closing RCV balance for water network plus for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.26</b>	Water network plus post 2025 investment RCV; Opening RCV	Opening RCV balance for water network plus post 2025 investment RCV.	n/a
<b>RR13.27</b>	Water network plus post 2025 investment RCV; Indexation of RCV	Indexation of RCV for water network plus post 2025 investment RCV.	n/a
<b>RR13.28</b>	Water network plus post 2025 investment RCV; Additions to RCV	Additions to RCV for water network plus post 2025 investment RCV.	n/a
<b>RR13.29</b>	Water network plus post 2025 investment RCV; Less Run-off	RCV run-off for water network plus post 2025 investment RCV.	n/a
<b>RR13.30</b>	Water network plus post 2025 investment RCV; Closing RCV	Closing RCV balance for water network plus post 2025 investment RCV.	n/a
<b>RR13.31</b>	Wastewater network plus pre 2020 RCV; Opening RCV	Opening RCV balance for wastewater network plus for RCV existing pre 2020.	n/a
<b>RR13.32</b>	Wastewater network plus pre 2020 RCV; Indexation of RCV	Indexation of RCV for wastewater network plus for RCV existing pre 2020.	n/a
<b>RR13.33</b>	Wastewater network plus pre 2020 RCV; Additions to RCV	n/a	n/a
<b>RR13.34</b>	Wastewater network plus pre 2020 RCV; Less Run-off	RCV run-off for wastewater network plus for RCV existing pre 2020.	n/a
<b>RR13.35</b>	Wastewater network plus pre 2020 RCV; Closing RCV	Closing RCV balance for wastewater network plus for RCV existing pre 2020.	n/a
<b>RR13.36</b>	Wastewater network plus 2020-25 RCV; Opening RCV	Opening RCV balance for wastewater network plus for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.37</b>	Wastewater network plus 2020-25 RCV; Indexation of RCV	Indexation of RCV for wastewater network plus for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.38</b>	Wastewater network plus 2020-25 RCV; Additions to RCV	n/a	n/a
<b>RR13.39</b>	Wastewater network plus 2020-25 RCV; Less Run-off	RCV run-off for wastewater network plus for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.40</b>	Wastewater network plus 2020-25 RCV; Closing RCV	Closing RCV balance for wastewater network plus for existing RCV that was added between 2020 and 2025.	n/a

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<b>RR13.41</b>	Wastewater network plus post 2025 investment RCV; Opening RCV	Opening RCV balance for wastewater network plus post 2025 investment RCV.	n/a
<b>RR13.42</b>	Wastewater network plus post 2025 investment RCV; Indexation of RCV	Indexation of RCV for wastewater network plus post 2025 investment RCV.	n/a
<b>RR13.43</b>	Wastewater network plus post 2025 investment RCV; Additions to RCV	Additions to RCV for wastewater network plus post 2025 investment RCV.	n/a
<b>RR13.44</b>	Wastewater network plus post 2025 investment RCV; Less Run-off	RCV run-off for wastewater network plus post 2025 investment RCV.	n/a
<b>RR13.45</b>	Wastewater network plus post 2025 investment RCV; Closing RCV	Closing RCV balance for wastewater network plus post 2025 investment RCV.	n/a
<b>RR13.46</b>	Bioresources pre 2020 RCV; Opening RCV	Opening RCV balance for bioresources for RCV existing pre 2020.	n/a
<b>RR13.47</b>	Bioresources pre 2020 RCV; Indexation of RCV	Indexation of RCV for bioresources for RCV existing pre 2020.	n/a
<b>RR13.48</b>	Bioresources pre 2020 RCV; Additions to RCV	n/a	n/a
<b>RR13.49</b>	Bioresources pre 2020 RCV; Less Run-off	RCV run-off for bioresources for RCV existing pre 2020.	n/a
<b>RR13.50</b>	Bioresources pre 2020 RCV; Closing RCV	Closing RCV balance for bioresources for RCV existing pre 2020.	n/a
<b>RR13.51</b>	Bioresources 2020-25 RCV; Opening RCV	Opening RCV balance for bioresources for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.52</b>	Bioresources 2020-25 RCV; Indexation of RCV	Indexation of RCV for bioresources for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.53</b>	Bioresources 2020-25 RCV; Additions to RCV	n/a	n/a
<b>RR13.54</b>	Bioresources 2020-25 RCV; Less Run-off	RCV run-off for bioresources for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.55</b>	Bioresources 2020-25 RCV; Closing RCV	Closing RCV balance for bioresources for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.56</b>	Bioresources post 2025 investment RCV; Opening RCV	Opening RCV balance for bioresources post 2025 investment RCV.	n/a
<b>RR13.57</b>	Bioresources post 2025 investment RCV; Indexation of RCV	Indexation of RCV for bioresources post 2025 investment RCV.	n/a
<b>RR13.58</b>	Bioresources post 2025 investment RCV; Additions to RCV	Additions to RCV for bioresources post 2025 investment RCV.	n/a
<b>RR13.59</b>	Bioresources post 2025 investment RCV; Less Run-off	RCV run-off for bioresources post 2025 investment RCV.	n/a
<b>RR13.60</b>	Bioresources post 2025 investment RCV; Closing RCV	Closing RCV balance for bioresources post 2025 investment RCV.	n/a
<b>RR13.61</b>	Additional control 1 pre 2020 RCV; Opening RCV	Opening RCV balance for additional control 1 for RCV existing pre 2020.	n/a
<b>RR13.62</b>	Additional control 1 pre 2020 RCV; Indexation of RCV	Indexation of RCV for additional control 1 for RCV existing pre 2020.	n/a

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<b>RR13.63</b>	Additional control 1 pre 2020 RCV; Additions to RCV	n/a	n/a
<b>RR13.64</b>	Additional control 1 pre 2020 RCV; Less Run-off	RCV run-off for additional control 1 for RCV existing pre 2020.	n/a
<b>RR13.65</b>	Additional control 1 pre 2020 RCV; Closing RCV	Closing RCV balance for additional control 1 for RCV existing pre 2020.	n/a
<b>RR13.66</b>	Additional control 1 2020-25 RCV; Opening RCV	Opening RCV balance for additional control 1 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.67</b>	Additional control 1 2020-25 RCV; Indexation of RCV	Indexation of RCV for additional control 1 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.68</b>	Additional control 1 2020-25 RCV; Additions to RCV	n/a	n/a
<b>RR13.69</b>	Additional control 1 2020-25 RCV; Less Run-off	RCV run-off for additional control 1 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.70</b>	Additional control 1 2020-25 RCV; Closing RCV	Closing RCV balance for additional control 1 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.71</b>	Additional control 1 post 2025 investment RCV; Opening RCV	Opening RCV balance for additional control 1 post 2025 investment RCV.	n/a
<b>RR13.72</b>	Additional control 1 post 2025 investment RCV; Indexation of RCV	Indexation of RCV for additional control 1 post 2025 investment RCV.	n/a
<b>RR13.73</b>	Additional control 1 post 2025 investment RCV; Additions to RCV	Additions to RCV for additional control 1 post 2025 investment RCV.	n/a
<b>RR13.74</b>	Additional control 1 post 2025 investment RCV; Less Run-off	RCV run-off for additional control 1 post 2025 investment RCV.	n/a
<b>RR13.75</b>	Additional control 1 post 2025 investment RCV; Closing RCV	Closing RCV balance for additional control 1 post 2025 investment RCV.	n/a
<b>RR13.76</b>	Additional control 2 pre 2020 RCV; Opening RCV	Opening RCV balance for additional control 2 for RCV existing pre 2020.	n/a
<b>RR13.77</b>	Additional control 2 pre 2020 RCV; Indexation of RCV	Indexation of RCV for additional control 2 for RCV existing pre 2020.	n/a
<b>RR13.78</b>	Additional control 2 pre 2020 RCV; Additions to RCV	n/a	n/a
<b>RR13.79</b>	Additional control 2 pre 2020 RCV; Less Run-off	RCV run-off for additional control 2 for RCV existing pre 2020.	n/a
<b>RR13.80</b>	Additional control 2 pre 2020 RCV; Closing RCV	Closing RCV balance for additional control 2 for RCV existing pre 2020.	n/a
<b>RR13.81</b>	Additional control 2 2020-25 RCV; Opening RCV	Opening RCV balance for additional control 2 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.82</b>	Additional control 2 2020-25 RCV; Indexation of RCV	Indexation of RCV for additional control 2 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.83</b>	Additional control 2 2020-25 RCV; Additions to RCV	n/a	n/a

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<b>RR13.84</b>	Additional control 2 2020-25 RCV; Less Run-off	RCV run-off for additional control 2 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.85</b>	Additional control 2 2020-25 RCV; Closing RCV	Closing RCV balance for additional control 2 for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.86</b>	Additional control 2 post 2025 investment RCV; Opening RCV	Opening RCV balance for additional control 2 post 2025 investment RCV.	n/a
<b>RR13.87</b>	Additional control 2 post 2025 investment RCV; Indexation of RCV	Indexation of RCV for additional control 2 post 2025 investment RCV.	n/a
<b>RR13.88</b>	Additional control 2 post 2025 investment RCV; Additions to RCV	Additions to RCV for additional control 2 post 2025 investment RCV.	n/a
<b>RR13.89</b>	Additional control 2 post 2025 investment RCV; Less Run-off	RCV run-off for additional control 2 post 2025 investment RCV.	n/a
<b>RR13.90</b>	Additional control 2 post 2025 investment RCV; Closing RCV	Closing RCV balance for additional control 2 post 2025 investment RCV.	n/a
<b>RR13.91</b>	Water resources return on capital; Pre 2020 RCV	Wholesale water resources return on capital for RCV existing pre 2020.	n/a
<b>RR13.92</b>	Water resources return on capital; 2020-25 RCV	Wholesale water resources return on capital for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.93</b>	Water resources return on capital; Post 2025 investment RCV	Wholesale water resources return on capital for post 2025 investment RCV.	n/a
<b>RR13.94</b>	Water resources return on capital; Return on RCV	Wholesale water resources return on capital for pre 2020, 2020-25 and post 2025 investment RCV.	n/a
<b>RR13.95</b>	Water network plus return on capital; Pre 2020 RCV	Wholesale water network plus return on capital for RCV existing pre 2020.	n/a
<b>RR13.96</b>	Water network plus return on capital; 2020-25 RCV	Wholesale water network plus return on capital for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.97</b>	Water network plus return on capital; Post 2025 investment RCV	Wholesale water network plus return on capital for post 2025 investment RCV.	n/a
<b>RR13.98</b>	Water network plus return on capital; Return on RCV	Wholesale water network plus return on capital for pre 2020, 2020-25 and post 2025 investment RCV.	n/a
<b>RR13.99</b>	Wastewater network plus return on capital; Pre 2020 RCV	Wholesale wastewater network plus return on capital for RCV existing pre 2020.	n/a
<b>RR13.100</b>	Wastewater network plus return on capital; 2020-25 RCV	Wholesale wastewater network plus return on capital for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.101</b>	Wastewater network plus return on capital; Post 2025 investment RCV	Wholesale wastewater network plus return on capital for post 2025 investment RCV.	n/a
<b>RR13.102</b>	Wastewater network plus return on capital; Return on RCV	Wholesale wastewater network plus return on capital for pre 2020, 2020-25 and post 2025 investment RCV.	n/a
<b>RR13.103</b>	Bioresources return on capital; Pre 2020 RCV	Wholesale bioresources return on capital for RCV existing pre 2020.	n/a

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<b>RR13.104</b>	Bioresources return on capital; 2020-25 RCV	Wholesale bioresources return on capital for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.105</b>	Bioresources return on capital; Post 2025 investment RCV	Wholesale bioresources return on capital for post 2025 investment RCV.	n/a
<b>RR13.106</b>	Bioresources return on capital; Return on RCV	Wholesale bioresources return on capital for pre 2020, 2020-25 and post 2025 investment RCV.	n/a
<b>RR13.107</b>	Additional control 1 return on capital; Pre 2020 RCV	Wholesale additional control 1 return on capital for RCV existing pre 2020.	n/a
<b>RR13.108</b>	Additional control 1 return on capital; 2020-25 RCV	Wholesale additional control 1 return on capital for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.109</b>	Additional control 1 return on capital; Post 2025 investment RCV	Wholesale additional control 1 return on capital for post 2025 investment RCV.	n/a
<b>RR13.110</b>	Additional control 1 return on capital; Return on RCV	Wholesale additional control 1 return on capital for pre 2020, 2020-25 and post 2025 investment RCV.	n/a
<b>RR13.111</b>	Additional control 2 return on capital; Pre 2020 RCV	Wholesale additional control 2 return on capital for RCV existing pre 2020.	n/a
<b>RR13.112</b>	Additional control 2 return on capital; 2020-25 RCV	Wholesale additional control 2 return on capital for existing RCV that was added between 2020 and 2025.	n/a
<b>RR13.113</b>	Additional control 2 return on capital; Post 2025 investment RCV	Wholesale additional control 2 return on capital for post 2025 investment RCV.	n/a
<b>RR13.114</b>	Additional control 2 return on capital; Return on RCV	Wholesale additional control 2 return on capital for pre 2020, 2020-25 and post 2025 investment RCV.	n/a

### RR13 Additional guidance

- 15.1 All lines in this table are financial model outputs and can be populated from the PR24 financial model. The financial model has tables with the same layout as this business plan table. We expect users to be able to populate the table by copying and pasting results from the financial model.
- 15.2 Companies should submit a populated financial model with their business plan that reconciles with this table.

## 16. RR14 – Bill profile

Line	Title	Definition	RAG 4.10 line reference
<b>RR14.1</b>	Bill profile for 2025-30 before inflation	The bill profile for average household bills in real terms. This will be a financial model output apart from years 2023-24 and 2024-25 which are optional input years for a company to provide.	n/a
<b>RR14.2</b>	Company's bill profile for 2025-30 before inflation (region A)	The company's bill profile for average household bills in real terms. This is an optional input line available for a company to provide its bill profile for their different regions.	n/a
<b>RR14.3</b>	Company's bill profile for 2025-30 before inflation (region B)	The company's bill profile for average household bills in real terms. This is an optional input line available for a company to provide its bill profile for their different regions.	n/a

### RR14 Additional guidance

- 16.1 Companies should submit a populated financial model with their business plan that reconciles with this table.
- 16.2 RR14.2 and RR14.3 are not mandatory lines, companies can populate them if it will aid in improving the understanding of customer bills in different regions. These lines can also be used to demonstrate alternative bill profiles, companies should provide commentary if these lines are populated.

## 17. RR15 – Retail margins

Line	Title	Definition	RAG 4.10 line reference
RR15.1	Total wholesale revenue - nominal (£m)	Total wholesale revenue in nominal prices.	n/a
RR15.2	Proportion of wholesale revenue allocated to residential (%)	The proportion of wholesale allowed revenue allocated to residential customers.	n/a
RR15.3	Residential retail costs (£m)	Residential retail costs.	n/a
RR15.4	DPC pass-through costs (£m)	DPC pass-through costs.	n/a
RR15.5	Total retail costs (£m)	Total retail costs.	n/a
RR15.6	Residential retail net margin (%)	Residential retail net margin percentage.	n/a
RR15.7	Residential retail net margin (£m)	Residential retail net margin amount.	n/a
RR15.8	Residential retail adjustments (£m)	Residential retail adjustments.	n/a
RR15.9	Residential retail revenue (£m)	Residential retail revenue	n/a

### RR15 Additional guidance

- 17.1 All lines in this table are financial model outputs and can be populated from the PR24 financial model. The financial model has tables with the same layout as this business plan table. We expect users to be able to populate the table by copying and pasting results from the financial model.
- 17.2 Companies should submit a populated financial model with their business plan that reconciles with this table.

## 18. RR16 – Financial ratios

### Table RR16 line definitions

RAG 4.10 line definitions will be provided, where appropriate, alongside the publication of the final methodology.

Line	Title	Definition	RAG 4.10 line reference
RR16.1	Gearing	Net debt/RCV (calculated at year end) (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.2	Interest cover	FFO (pre interest)/cash interest - NOTE: FFO is calculated before changes in working capital (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.3	Adjusted cash interest cover	(FFO (pre interest) - capital charges) / interest paid on debt (excluding the accretion of index linked debt) (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.4	Adjusted cash interest cover (alternative calculation)	(FFO (pre interest) - capital charges - excess fast money) / interest paid on debt (excluding the accretion of index linked debt) (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.5	FFO/Net Debt	FFO (post interest) / net debt (Where net debt is used in these calculations it excludes pension liabilities ) (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.6	FFO/Net Debt (alternative calculation)	FFO (post interest) - accretion of index linked debt / net debt (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.7	Dividend cover	Profit after tax/ dividends paid (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.8	RCF/Net Debt	(FFO (post interest) - dividends paid) / net debt (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.9	RCF/Capex	(FFO (post interest) - dividends paid) / capex (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	
RR16.10	Return on capital employed	(EBIT - tax) / RCV (calculated for the notional company pre post financeability adjustments). This will be a financial model output.	

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
RR16.11	Dividend yield	The notional dividend yield calculated as dividends over regulated equity.	
RR16.12	RORE	<p>The base RORE should then be adjusted for the following factors net of any tax impact.</p> <p>1) the company share of totex out or under performance. This should reflect genuine out or underperformance only. Any totex over or underspend which is due to timing (i.e. re-profiling of expenditure within the AMP) should not be recognised as out or under performance for the purpose of the calculation of RORE.</p> <p>2) The company share of any out or underperformance on retail costs.</p> <p>3) The impact of any ODI or other penalties or rewards earned in the year, even if they are not payable/receivable until the following AMP.</p> <p>4) The difference between the actual average interest rate charge on borrowings (in real terms) and the allowed interest rate (real) on notional debt. This should be calculated based on the notional capital structure i.e difference in actual interest rate and allowed interest rate multiplied by notional net debt.</p> <p>Further guidance can be found in the RAGs. (calculated for the notional company pre post financeability adjustments). This will be a financial model output.</p>	
RR16.13	Target Credit Rating	Please set out what level of credit rating you are targeting, including the name of the relevant credit rating agency.	
RR16.14	Company proposed ratio A	The company's proposed financial ratio A - based on the notional company structure pre post financeability adjustments.	
RR16.15	Company proposed ratio B	The company's proposed financial ratio B - based on the notional company structure pre post financeability adjustments.	
RR16.16	Company proposed ratio C	The company's proposed financial ratio C - based on the notional company structure pre post financeability adjustments.	
RR16.17	Company proposed ratio D	The company's proposed financial ratio D - based on the notional company structure pre post financeability adjustments.	
RR16.18	Company proposed ratio E	The company's proposed financial ratio E - based on the notional company structure pre post financeability adjustments.	
RR16.19	Company proposed ratio F	The company's proposed financial ratio F - based on the notional company structure pre post financeability adjustments.	
RR16.20	Company proposed ratio G	The company's proposed financial ratio G - based on the notional company structure pre post financeability adjustments.	

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
RR16.21	Company proposed ratio H	The company's proposed financial ratio H - based on the notional company structure pre post financeability adjustments.	
RR16.22	Company proposed ratio I	The company's proposed financial ratio I - based on the notional company structure pre post financeability adjustments.	
RR16.23	Company proposed ratio J	The company's proposed financial ratio J - based on the notional company structure pre post financeability adjustments.	
RR16.24	Gearing	Copied from RR16.83.	
RR16.25	Interest cover	Copied from RR16.86.	
RR16.26	Adjusted cash interest cover	Copied from RR16.90.	
RR16.27	Adjusted cash interest cover (alternative calculation)	Copied from RR16.95.	
RR16.28	FFO/Net Debt	Copied from RR16.99.	
RR16.29	FFO/Net Debt (alternative calculation)	Copied from RR16.104.	
RR16.30	Dividend cover	Copied from RR16.107.	
RR16.31	RCF/Net Debt	Copied from RR16.112.	
RR16.32	RCF/Capex	Copied from RR16.117.	
RR16.33	Return on capital employed	Copied from RR16.120.	
RR16.34	RORE	The base RORE should then be adjusted for the following factors net of any tax impact based on the companies actual structure.	
RR16.35	Target Credit Rating	Please set out what level of credit rating you are targeting, including the name of the relevant credit rating agency.	
RR16.36	Company proposed ratio A	The company's proposed financial ratio A - based on the actual company structure post financeability adjustments.	
RR16.37	Company proposed ratio B	The company's proposed financial ratio B - based on the actual company structure post financeability adjustments.	
RR16.38	Company proposed ratio C	The company's proposed financial ratio C - based on the actual company structure post financeability adjustments.	
RR16.39	Company proposed ratio D	The company's proposed financial ratio D - based on the actual company structure post financeability adjustments.	
RR16.40	Company proposed ratio E	The company's proposed financial ratio E - based on the actual company structure post financeability adjustments.	
RR16.41	Company proposed ratio F	The company's proposed financial ratio F - based on the actual company structure post financeability adjustments.	

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Line	Title	Definition	RAG 4.10 line reference
RR16.42	Company proposed ratio G	The company's proposed financial ratio G - based on the actual company structure post financeability adjustments.	
RR16.43	Company proposed ratio H	The company's proposed financial ratio H - based on the actual company structure post financeability adjustments.	
RR16.44	Company proposed ratio I	The company's proposed financial ratio I - based on the actual company structure post financeability adjustments.	
RR16.45	Company proposed ratio J	The company's proposed financial ratio J - based on the actual company structure post financeability adjustments.	
RR16.46	FFO Pre interest	Funds from operations before interest. This will be a financial model output.	
RR16.47	Adjustments for post financeability reconciliations	Adjustments for post financeability. This will be a financial model output.	
RR16.48	Capital Charges	RCV run-off. This will be a financial model output.	
RR16.49	Excess Fast Money	Excess fast money is calculated as Pay as you go total expenditure less net operating expenditure. This will be a financial model output.	
RR16.50	Net debt	Debt balance including the preference share capital balance less retained cash balance. This will be a financial model output.	
RR16.51	RCV balance	RCV balance. This will be a financial model output.	
RR16.52	Indexation of index linked loans	Indexation of index linked loans. This will be a financial model output.	
RR16.53	Profit after tax	Profit after tax. This will be a financial model output.	
RR16.54	FFO Pre interest	Copy from RR16.46.	
RR16.55	Adjustments for post financeability reconciliations	Copy from RR16.47.	
RR16.56	Further adjustments to FFO	Adjustments to the notional FFO for the actual company structure.	
RR16.57	FFO Pre interest - for financial metrics	Sum of RR16.54, RR16.55 and RR16.56 to give FFO Pre interest as expected in the actual company structure.	
RR16.58	Capital Charges	Copy from RR16.48.	
RR16.59	Adjustments to Capital Charges	Adjustments to the notional capital charges for the actual company structure.	
RR16.60	Capital charges - for financial metrics	Sum of RR16.58 and RR16.59 to give RCV balance as expected in the actual company structure.	
RR16.61	Interest Income/(Expense)	Copy from RR25.48	
RR16.62	Changes in financing costs due to equity issuance	Changes in interest due to issuing equity in the actual company.	
RR16.63	Further adjustments to interest	Further adjustments to the calculated interest charge for the actual company structure.	

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
RR16.64	Interest - for financial metrics	Sum of RR16.61, RR16.62 and RR16.63 to give FFO Pre interest as expected in the actual company structure.	
RR16.65	Excess Fast Money	Copy from RR16.49.	
RR16.66	Adjustments to excess fast money	Adjustments to the notional excess fast money for the actual company structure.	
RR16.67	Excess Fast Money - for financial metrics	Sum of RR16.64 and RR16.65 to give excess fast money expected in the actual company structure.	
RR16.68	Net debt	Copy from RR16.49.	
RR16.69	Further adjustments to net debt	Adjustments to the notional net debt for the actual company structure.	
RR16.70	Net debt - for financial metrics	Sum of RR16.68 and RR16.69 to give RCV balance as expected in the actual company structure.	
RR16.71	RCV balance	Copy from RR16.51.	
RR16.72	Adjustments to RCV balances	Adjustments to the notional RCV for the actual company structure.	
RR16.73	RCV balance - for financial metrics	Sum of RR16.71 and RR16.72 to give RCV balance as expected in the actual company structure.	
RR16.74	Indexation of index linked loans	Copy from RR16.52.	
RR16.75	Adjustments to indexation of index linked loans	Adjustments to the notional indexation of index linked loans for the actual company structure.	
RR16.76	Indexation of index linked loans - for financial metrics	Sum of RR16.74 and RR16.75 to give indexation of index linked loans as expected in the actual company structure.	
RR16.77	Profit after tax	Copy from RR18	
RR16.78	Dividends	Companies expected actual dividends.	
RR16.79	Capex	Copy from RR2	
RR16.80	EBIT less tax charge	Copy from RR18	
RR16.81	Net debt - for financial metrics	Copy from RR16.70.	
RR16.82	RCV balance - for financial metrics	Copy from RR16.73.	
RR16.83	Gearing	Gearing on the actual company structure. RR16.81 divided by RR16.82.	
RR16.84	FFO Pre interest - for financial metrics	Copy from RR16.57.	
RR16.85	Interest - for financial metrics	Copy from RR16.64.	
RR16.86	Interest cover	Interest cover for the actual company structure. RR16.84 divided by RR16.85.	
RR16.87	FFO Pre interest - for financial metrics	Copy from RR16.57.	
RR16.88	Capital charges - for financial metrics	Copy from RR16.60.	

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Line	Title	Definition	RAG 4.10 line reference
RR16.89	Interest - for financial metrics	Copy from RR16.64.	
RR16.90	Adjusted cash interest cover	Adjusted interest cover for the actual company structure. (RR16.87 less RR16.88) divided by RR16.89.	
RR16.91	FFO Pre interest - for financial metrics	Copy from RR16.57.	
RR16.92	Capital charges - for financial metrics	Copy from RR16.60.	
RR16.93	Excess Fast Money - for financial metrics	Copy from RR16.67.	
RR16.94	Interest - for financial metrics	Copy from RR16.64.	
RR16.95	Adjusted cash interest cover (alternative calculation)	Alternative adjusted interest cover for the actual company structure. (RR16.91 less RR16.92 less RR16.93) divided by RR16.95.	
RR16.96	FFO Pre interest - for financial metrics	Copy from RR16.57.	
RR16.97	Interest - for financial metrics	Copy from RR16.64.	
RR16.98	Net debt - for financial metrics	Copy from RR16.70.	
RR16.99	FFO/Net Debt	FFO/Net debt ratio for the actual company structure. (RR16.96 less RR16.97) divided by RR16.98.	
RR16.100	FFO Pre interest - for financial metrics	Copy from RR16.57.	
RR16.101	Interest - for financial metrics	Copy from RR16.64.	
RR16.102	Net debt - for financial metrics	Copy from RR16.70.	
RR16.103	Indexation of index linked loans - for financial metrics	Copy from RR16.76.	
RR16.104	FFO/Net Debt (alternative calculation)	FFO/Net debt ratio for the actual company structure. (RR16.100 less RR16.101 less RR16.102) divided by RR16.103.	
RR16.105	Profit after tax	Copy from RR16.77.	
RR16.106	Dividends	Copy from RR16.78.	
RR16.107	Dividend cover	Dividend cover for the actual company structure. RR16.105 divided by RR16.106.	
RR16.108	FFO Pre interest - for financial metrics	Copy from RR16.57.	
RR16.109	Interest - for financial metrics	Copy from RR16.64.	
RR16.110	Net debt - for financial metrics	Copy from RR16.70.	
RR16.111	Profit after tax	Copy from RR16.77.	

Line	Title	Definition	RAG 4.10 line reference
RR16.112	RCF/Net Debt	Retained cashflow/Net debt ratio for the actual company structure. (RR16.108 less RR16.109 less RR16.111) divided by RR16.110.	
RR16.113	FFO Pre interest - for financial metrics	Copy from RR16.57.	
RR16.114	Interest - for financial metrics	Copy from RR16.64.	
RR16.115	Profit after tax	Copy from RR16.77.	
RR16.116	Capex	Copy from RR16.79.	
RR16.117	RCF/Capex	Retained cashflow/capex ratio for the actual company structure. (RR16.113 less RR16.114 less RR16.115) divided by RR16.116.	
RR16.118	RCV balance - for financial metrics	Copy from RR16.73.	
RR16.119	EBIT less tax charge	Copy from RR16.80.	
RR16.120	Return on capital employed	Return on capital employed for the actual company structure. RR16.118 divided by RR16.119.	

## RR16 Additional guidance

- 18.1 This table sets out the information that we are asking companies to provide regarding their forecast performance against a set of financial metrics which are defined in Chapter 8 of the consultation document. Detailed calculations of each metric for the notional company are also included in the financial model.
- 18.2 We are asking companies to use these metrics to demonstrate how they will be able to raise debt and equity at rates which are consistent with the target credit rating.
- 18.3 Companies should provide this information to us based on both the Ofwat notional capital structure and each company's projected actual capital structure. Lines RR16.1 to RR16.11 can be populated from the PR24 financial model.
- 18.4 Companies may also provide further information to us, including using alternative ratio calculations in support of their approach to determining whether they will be able to maintain the target credit rating.
- 18.5 For the avoidance of doubt, "funds from operations" are defined as cash flows from operating activities excluding working capital movements.

- 18.6 We expect that notional structure ratios in Block A to be filled in pre post-financeability adjustments.
- 18.7 We expect that the actual structure ratios in Block B will be calculated using data collected in blocks C and D. Where possible this should be consistent with data from the financial model and other data tables.
- 18.8 The values and ratios on the actual structure should be consistent with the base case reported in tables RR18 to RR20 and against which the scenarios reported in RR17 for stress testing to support the Board's Assurance on financial resilience have been applied to.

## **RR16 Commentary requirement**

- 18.9 Companies should provide an explanation for any adjustments to inputs from the financial model or directly from other data tables in the calculation of actual financial ratios. These include the following:
- any inputs adjusting for the actual structure on lines RR16.55 - Further adjustments to FFO
  - any inputs adjusting for the actual structure on lines RR16.58 - Adjustments to Capital Charges
  - any inputs adjusting for the actual structure on lines RR16.61 - Changes in financing costs due to equity issuance
  - any inputs adjusting for the actual structure on lines RR16.62 - Further adjustments to interest
  - any inputs adjusting for the actual structure on lines RR16.65 - Adjustments to excess fast money
  - any inputs adjusting for the actual structure on lines RR16.68 - Further adjustments to net debt
  - any inputs adjusting for the actual structure on lines RR16.71 - Adjustments to RCV balances
  - any inputs adjusting for the actual structure on lines RR16.74 - Adjustments to indexation of index linked loans
  - any inputs adjusting for the actual structure on lines RR16.77 - Dividends
- 18.10 Companies should also provide calculations and commentary in support of any additional financial ratios provided in relation to the notional or actual financial structure.

## 19. RR17 – Financial metrics by scenario

19.1 To assist with our assessment of companies Board assurance of financial resilience, we propose the following common scenarios that companies should model. Companies should also set out and assess their own combined scenarios and provide details on reverse stress testing. Further details are set out the final methodology.

Scenario	Description
<b>Scenario A</b>	Totex underperformance (10% of totex) over 5 years.  Our expectation is that companies will apply the underperformance in line with the proportion of fast and slow money as per the final determination. If companies do not apply in the same proportions, please provide an explanation as to why.
<b>Scenario B</b>	ODI underperformance payment (3% of RORE) in one year applied in year 2.  If the impact of the underperformance falls into different years, companies should provide the details of this.
<b>Scenario C</b>	Inflation below the average of independent forecasts for the UK economy as published by HM Treasury (2% below). This scenario should be applied at 2% below in each year of the price review period.
<b>Scenario D</b>	Deflation of -1% for 2 years, followed by a return to the long-term inflation target. The deflation should be applied in years 1 and 2 to allow time for the return to the long-term inflation target.
<b>Scenario E</b>	Inflation of 10% for year 1 and 5% in years 2 and 3, followed by a return to the long term inflation target.
<b>Scenario F</b>	Increase in the level of bad debt (20%) over current bad debt levels applied in years 2 and 3 of the price review period.
<b>Scenario G</b>	Debt refinanced as it matures, with new debt financed at 200bps above the cost of debt in the business plans. The inputs should be consistent with table RR24.
<b>Scenario H</b>	Financial penalty – equivalent to 6% of one year of Appointee turnover applied in year 2 of the review period.
<b>Combined scenarios</b>	<p>Companies should model combined scenarios to take account of likely combinations of their specific risk factors. In building combinations of scenarios, companies should consider how the scenario may develop over time and the dependencies between individual factors.</p> <p>We expect companies to provide a clear explanation of the development process of each of the combined scenarios.</p> <p>We expect companies to provide a high-quality clear narrative on the impact of the stress tests on their ability to maintain financial metrics, their credit rating, and their ability to service debt. We also expect companies to explain management’s plans to address any concerns arising from the stress testing, including any plans to raise additional debt or equity.</p> <p>We expect companies to set out the links between the combined scenarios in the business plan and those in the long-term viability statements.</p>

<b>Reverse stress testing</b>	<p>Lines 12, 13 and 14 require companies to consider reverse stress testing of each scenario to a certain limit.</p> <p>Companies need to determine the limit by considering their own company specific circumstances. For example, the limit could be headroom to a certain metric or covenant, a downgrade to a certain credit rating or a defined revenue reduction.</p> <p>We expect companies to provide a high-quality clear narrative considering the below points:</p> <ul style="list-style-type: none"> <li>• What is the limit?</li> <li>• Why has this limit been chosen?</li> <li>• Is this year on year or over several years?</li> </ul> <p>We expect companies to explain management’s plans to address any concerns arising from the stress testing, including any plans to raise additional debt or equity.</p>
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### Table RR17 line definitions

19.2 The descriptions below are shown for block A only. The subsequent blocks follow that same approach. RAG 4.10 references, where applicable, will be added at publication of the final methodology.

Line	Title	Definition	RAG 4.10 line reference
RR17.1	Gearing	Net debt/RCV (calculated at year end)	
RR17.2	Interest cover	FFO (pre interest)/cash interest (excluding the accretion of index linked debt) – NOTE: FFO is calculated before changes in working capital	
RR17.3	Adjusted cash interest cover	(FFO (pre interest) – capital charges) / interest paid on debt (excluding the accretion of index linked debt)	
RR17.4	Adjusted cash interest cover (alternative calculation)	(FFO (pre interest) – capital charges – excess fast money) / interest paid on debt (excluding the accretion of index linked debt)	
RR17.5	FFO/Net Debt	FFO (post interest) / net debt (where net debt is used in these calculations it excludes pension liabilities)	
RR17.6	FFO/Net Debt (alternative calculation)	FFO (post interest) – accretion of index linked debt / net debt	
RR17.7	Company proposed financial ratio A	If applicable, please add any financial ratios that you consider relevant to this scenario for your company specific circumstances. Please provide an explanation as to why you have included the financial ratio and how it impacts financial resilience.	
RR17.8	Company proposed financial ratio B	See RR17.7	
RR17.9	Company proposed financial ratio C	See RR17.7	

Line	Title	Definition	RAG 4.10 line reference
RR17.10	Company proposed financial ratio D	See RR17.7	
RR17.11	Company proposed financial ratio E	See RR17.7	
RR17.12	Headroom for reverse stress testing against base case	Please provide the £m figure for the headroom available to the base following the reverse stress testing. Companies should use the base case headroom figure (£m) as per the business plan.	
RR17.13	Extent of stretch required to reach limit	Please add the % of stretch that is required to hit the company limit for each scenario A to F as well as any chosen combined scenarios. For example, for scenario A this could be the % of totex underperformance required to breach a debt covenant.  Please provide an explanation as to what you consider to be the limit for your company. For example, the limit could be headroom to covenants, a downgrade to a certain credit rating.	

## RR17 Additional guidance

- 19.3 The table has been developed in parallel to the development Final Methodology. Changes to the common scenarios will be implemented in the v3 business plan tables to be published in February 2023.
- 19.4 We require you to show performance under a number of scenarios against a set of financial metrics which are defined in Chapter 12 Aligning risk and return and shown in RR16 – Financial ratios above.
- 19.5 The scenarios tested above should be stressed against the base case reported in tables RR18 – RR20 and table RR17.
- 19.6 The headroom / reverse stress testing could be to a range of metrics. For the table please add the yearly £m figure available against the base case after the scenario has been run. Please provide an explanation for each reverse stress test for the metrics that are most sensitive in each scenario.

## RR17 Commentary requirement

19.7 Companies should include the following commentary to this table:

- An explanation of any company proposed financial metrics (RR17.7-RR17.11) and why you have included the financial ratio and how it impacts financial resilience.

- An explanation of as to what you consider to be the limit for your company for RR17.13

## 20. RR18 – Income statement – Actual company structure

Table RR18 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR18.1	Revenue	Appointed – Total business revenue that is within the scope of the price control, together with revenue that is outside of the price control but still forms part of regulated activities. Non-appointed – Total business revenue from non- appointed activities as defined by the licence. See appendix 1 for further examples.	1A.1
RR18.2	Operating costs	Historical cost operating costs.	1A.2
RR18.3	Other operating income	Historical cost operating income includes profits or loss on disposal of fixed assets; income arising from exceptional items should also be included. Normally a positive number, but a loss should be negative.	1A.3
RR18.4	Operating profit	Historical cost operating profit. Equal to the sum of lines RR18.1 to RR18.3.	1A.4
RR18.5	Other income	Includes rental income and income from investments (eg, share income); excludes net interest and profit on disposals on fixed assets. <b>Grants and contributions, adopted assets</b> Companies may recognise grants and contributions in the income statement under UKGAAP. This may be as revenue, by netting off opex, another income line or by amortisation over the life of the asset. We require that all such income be shown as ‘other income’ in this line. Amortised credits should be recorded in this line where recognition of the asset is spread over a number of years. This permits a consistent treatment as required in RAG1 paragraphs 4.11–4.13.	1A.5
RR18.6	Interest income	Interest income includes interest received on cash deposits, loans to group companies, etc.	1A.6
RR18.7	Interest expense	Interest expense includes interest paid on loans, leases, debenture, floating rate debt, overdrafts, preference shares and all other borrowings.	1A.7
RR18.8	Other interest expense	Total net interest expenses which are not directly related to deposits and borrowings as defined in RR18.6 and RR18.7. e.g Net interest cost of defined benefit pension schemes.	1A.8
RR18.9	Profit before taxation and fair value movements	Equal to the sum of lines RR18.4 to RR18.8.	1A.9
RR18.10	Fair value gains/(losses) on financial instruments	Any fair value gains/(losses) arising on financial instruments which must be accounted for at fair value on the balance sheet with changes recognised in the income statement.	1A.10
RR18.11	Profit before tax	Historical cost profit on ordinary activities before taxation. Equal to the sum of lines RR18.9 to RR18.10.	1A.11

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
RR18.12	UK Corporation tax	The current tax charge on profits from ordinary activities. This will include mainstream corporation tax, income and other taxes. It should exclude any deferred tax charge which is to be reported separately. A positive number for tax credit, negative number for tax charge.	1A.12
RR18.13	Deferred tax	The movement in the deferred tax provision. A positive number for tax credit, negative number for tax charge.	1A.13
RR18.14	Profit for the year	Historical cost profit for the year. To be shown after taxation, but before deduction of dividends. Equal to the sum of lines RR18.11 to RR18.13.	1A.14
RR18.15	Dividends	Dividends declared by the company in the year.	1A.15
RR18.16	Current year	The current tax charge on profits from ordinary activities, excluding any adjustment in respect of prior years. This will include mainstream corporation tax, income and other taxes and any payments for group relief received. It should exclude any deferred tax charge which is to be reported separately. Negative signage is a tax credit, while positive is a tax charge.	1A.16
RR18.17	Adjustment in respect of prior years	The impact on the current tax charge of adjustments in respect of prior years. Negative signage is a tax credit, while positive is a tax charge.	1A.17
RR18.18	UK corporation tax	Sum of RR18.16 and RR18.17. Equal value to RR18.12 but opposite signage. Negative signage is a tax credit, while positive is a tax charge.	1A.18
RR18.19	Imported sludge	Revenue from disposing of sludge from other wastewater undertakers.	1A.19
RR18.20	Tankered waste	Revenue for treating tankered waste brought to WWTWs.	1A.20
RR18.21	Other non-appointed revenue	Other non-appointed revenue not included in RR18.19 or RR18.20.	1A.21
RR18.22	Revenue	Total non-appointed revenue. Sum of RR18.19 to RR18.21.	1A.22

## RR18 Additional guidance

20.1 This table is submitted for the actual structure.

20.2 Years 2025–30 should be consistent with the base case against which stress testing to support the Board's Assurance on financial resilience has been applied to.

20.3 This table should be filled in at the appointee level.

## **RR18 Commentary requirement**

20.4 Companies should provide commentary where this will assist the reader in understanding the accounts, such as where there are material movements from year to year.

## 21. RR19 – Statement of financial position – Actual company structure

Table RR19 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR19.1	Fixed assets	Historical cost net book value of tangible fixed assets at the end of the financial year.	1C.1
RR19.2	Intangible assets	Total value of any intangible assets (not physical in nature) at the end of the financial year.	1C.2
RR19.3	Investments – loans to group companies	Loans made to other group companies repayable in more than one year.	1C.3
RR19.4	Investment – other	All investments, excluding those in line RR19.3, eg, shares in other group companies.	1C.4
RR19.5	Financial instruments	Difference between book value and fair value of any non-current assets relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.	1C.5
RR19.6	Retirement benefit assets	The total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date, less scheme assets. Where this calculation results in a net asset it should be shown in this line.	1C.6
RR19.7	Total non-current assets	Historical cost total fixed assets. Equal to the sum of lines RR19.1 to RR19.6.	1C.7
RR19.8	Inventories	Stocks held at the year end. Stocks consist of consumable stores and work in progress, including chemicals, stationery, petrol, backfill materials, etc.	1C.8
RR19.9	Trade & other receivables	Debtors consist of all amounts owing to the company at the financial year end including trade debtors, prepayments and accrued income. This includes amounts falling due after more than one year. Any assets held for sale should also be included here.	1C.9
RR19.10	Financial instruments	Difference between book value and fair value of any current assets relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.	1C.10
RR19.11	Cash & Cash equivalents	Cash consists of cash in hand and at bank and short term deposits. Overdraft balances should not be netted off as they should be included separately in 'Trade & other payables'. Equal to the sum of RR23RR21.4 and RR23RR21.5.	1C.11
RR19.12	Total current assets	Equal to the sum of lines RR19.8 to RR19.11.	1C.12
RR19.13	Trade & other payables	Trade creditors, accrued interest and any other accruals or creditors due within one year that are not borrowings, tax creditors, capex creditors or liabilities arising from derivative financial instruments.	1C.13

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
RR19.14	Capex creditor	Capital expenditure creditors due within one year.	1C.14
RR19.15	Borrowings	Balances due within one year which comprise: <ul style="list-style-type: none"> <li>• obligations under leases;</li> <li>• loans due to other group companies;</li> <li>• redeemable debentures;</li> <li>• bonds;</li> <li>• commercial paper;</li> <li>• bills of exchange;</li> <li>• bank loans; and</li> <li>• any other borrowings.</li> </ul> Accrued interest on borrowings should not be included.	1C.15
RR19.16	Financial instruments	Difference between book value and fair value of any current liabilities relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.	1C.16
RR19.17	Current tax liabilities	Corporation tax payable consists of any balances of corporation tax due to HMRC.	1C.17
RR19.18	Provisions	Total provisions for liabilities and charges due within one year. Includes deferred income – grants and contributions and all other provisions including restructuring or reorganisation provisions.	1C.18
RR19.19	Total current liabilities	All creditors due to be paid within one year. Equal to the sum of lines RR19.13 to RR19.18.	1C.19
RR19.20	Net current assets/ (liabilities)	Historical cost net current assets. Equal to the sum of lines RR19.12 and RR19.19.	1C.20
RR19.21	Trade & other payables	Trade creditors, accrued interest and any other accruals or creditors due after more than one year that are not borrowings, tax creditors, capex creditors or liabilities arising from derivative financial instruments.	1C.21
RR19.22	Borrowings	Balances due after more than one year which comprise: <ul style="list-style-type: none"> <li>• obligations under leases;</li> <li>• loans due to other group companies;</li> <li>• redeemable debentures;</li> <li>• bonds;</li> <li>• commercial paper;</li> <li>• bills of exchange;</li> <li>• bank loans; and</li> <li>• any other borrowings.</li> </ul> Accrued interest on borrowings should not be included.	1C.22
RR19.23	Financial instruments	Difference between book value and fair value of any non-current liabilities relating to financial instruments, including options, futures, forwards and swaps, which are presented at fair value in the statutory accounts.	1C.23
RR19.24	Retirement benefit obligations	The total amount due to employees in the pension scheme for all of the past service completed up to the balance sheet date, less scheme assets.	1C.24

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
		Where this calculation results in a net liability it should be shown in this line.	
RR19.25	Provisions	Total provisions for liabilities and charges due after one year not included elsewhere in the table. Includes restructuring or reorganisation provisions.	1C.25
RR19.26	Deferred income – grants & contributions	Balance of deferred income relating to capitalised grants and contributions received.	1C.26
RR19.27	Deferred income – adopted assets	Balance of deferred income relating to adopted assets.	1C.27
RR19.28	Preference share capital	Nominal value of the preference share capital.	1C.28
RR19.29	Deferred tax	Provision for tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. (A deferred tax asset should be entered as a positive number.)	1C.29
RR19.30	Total non-current liabilities	Total creditors due after one year. Equal to the sum of lines RR19.21 to RR19.29.	1C.30
RR19.31	Net assets	Total assets employed by the business under the historical cost accounting convention. Equal to the sum of lines RR19.7, RR19.20 and RR19.30.	1C.31
RR19.32	Called up share capital	Nominal value of the ordinary shares of the company which are issued and fully paid.	1C.32
RR19.33	Retained earnings and other reserves	Cumulative balance of historical cost profits retained and any other reserves, other than called up share capital.	1C.33
RR19.34	Total Equity	Total of shareholders' funds. The sum of called up share capital, share premium, profit and loss account, and other reserves. This equals line RR19.31.	1C.34

## RR19 Additional guidance

- 21.1 This table is submitted for the actual structure.
- 21.2 Years 2025–30 should be consistent with the base case against which stress testing to support the Board's Assurance on financial resilience has been applied to.
- 21.3 This table should be filled in at the appointee level.

## RR19 Commentary requirement

- 21.4 Companies should provide commentary where this will assist the reader in understanding the accounts, such as where there are material movements from year to year.

## 22. RR20 – Statement of cash flows – Actual company structure

Table RR4 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR20.1	Operating profit	Operating profit before tax and interest. This is equal to line RR1.4.	1D.1
RR20.2	Other income	The cash impact of 'other income' in line RR18.5.	1D.2
RR20.3	Depreciation	The negative value of depreciation and amortisation of tangible and intangible assets.	1D.3
RR20.4	Amortisation – Grants & contributions	The statutory values in the first column should be offset by adjustments such that any amortisation will be recorded as 'other income' in the regulatory accounts.	1D.4
RR20.5	Changes in working capital	The total movement in working capital.	1D.5
RR20.6	Pension contributions	Any difference between the pension contributions paid in the year and the charge included in the total operating expenditure in 2B.11.	1D.6
RR20.7	Movement in provisions	The negative value of any other non-cash profit and loss items which affect operating profit.	1D.7
RR20.8	Profit on sale of fixed assets	The negative value of net current cost profit/loss on disposal of fixed assets.	1D.8
RR20.9	Cash generated from operations	Net cash flow movement from the operating activities of the company. The sum of lines RR20.1 to RR20.8.	1D.9
RR20.10	Net interest paid	Net of interest received, interest paid, interest on lease rentals and non-equity dividends paid.	1D.10
RR20.11	Tax paid	All cash flows to or from taxation authorities (or other group companies) in respect of the company's revenue and capital profits including corporation tax paid/received and group taxation payments/receipts by the company in the year.	1D.11
RR20.12	Net cash generated from operating activities	The sum of lines RR20.9 to RR20.11.	1D.12
RR20.13	Capital expenditure	Gross purchase price of fixed assets paid before the deduction of any grants and contributions.	1D.13
RR20.14	Grants and contributions	All grants and contributions which are accounted for as reductions in capital expenditure. This may not agree to grants and contributions recorded in table 2E, which covers ALL grants and contributions.	1D.14
RR20.15	Disposal of fixed assets	Cash proceeds received in the year on the sale of fixed assets	1D.15
RR20.16	Other	Other movements not already included in lines RR20.13 to RR20.15.	1D.16
RR20.17	Net cash used in investing activities	The net cash flow of the company relating to the acquisition or disposal of any asset held as a fixed asset. The sum of lines RR20.13 to RR20.16.	1D.17

Line	Title	Definition	RAG 4.10 line reference
RR20.18	Net cash generated before financing activities	The sum of lines RR20.12 and RR20.17.	1D.18
RR20.19	Equity dividends paid	The total equity dividend paid by the company in the year. This includes any special dividends paid in the year.	1D.19
RR20.20	Net loans received	The receipts from any loans taken out in the year. These include the proceeds of any loans taken out from other group companies. Repayments should be netted off.	1D.20
RR20.21	Cash inflow from equity financing	The net proceeds of any share issues received in the year, less the cost of any share buy backs.	1D.21
RR20.22	Net cash generated from financing activities	The net effect on cash flow after repaying the capital element of leases, raising /repaying loans and share issues. The sum of lines RR20.19 to RR20.21.	1D.22
RR20.23	Increase/(decrease) in net cash	The net cash flow of the company in the year measured by the change in the level of cash. The sum of lines RR20.18 and RR20.22.	1D.23

## RR20 Additional guidance

- 22.1 This table is submitted for the actual structure with values as at 31 March each year.
- 22.2 Years 2025–30 should be consistent with the base case against which stress testing to support the Board's Assurance on financial resilience has been applied to.
- 22.3 We intend to publish a summary table alongside this to capture movements at final methodology.
- 22.4 This table should be filled in at the appointee level.

## RR20 Commentary requirement

- 22.5 Companies should provide commentary where this will assist the reader in understanding the accounts, such as where there are material movements from year to year.

## 23. RR21 – Net debt analysis (appointed activities)

- 23.1 Table RR21 is identical to Table 1e from the 2023 Annual Performance Report. We expect that companies will re-submit the version of Table 1E that reflects any amendments following the APR query process.
- 23.2 Figures for this table should be derived using granular data on financial instruments embedded in company balance sheets. Companies should include all debt relevant to the regulated company, even where this has been taken out by an associate or financing subsidiary. This granular data should be set out in Table RR22: 'Analysis of debt', (a reproduction of Table 4B from the APR) which we are requesting from companies as part of their submission. Unless otherwise indicated, borrowings should be entered as positive numbers in Table RR22.

## Table RR21 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR21.1	Borrowings (excluding preference shares)	<p>Borrowings such as:</p> <ul style="list-style-type: none"> <li>• obligations under leases;</li> <li>• loans due to other group companies;</li> <li>• redeemable debentures;</li> <li>• bonds;</li> <li>• commercial paper;</li> <li>• bills of exchange;</li> <li>• bank loans; and</li> <li>• any other borrowings.</li> </ul> <p><b>The following should not be included:</b></p> <ul style="list-style-type: none"> <li>• accrued interest on borrowings;</li> <li>• mains deposits;</li> <li>• issuance costs or transaction costs;</li> <li>• premiums or discounts;</li> <li>• fair value accounting adjustments which do not impact on the principal sum outstanding on the debt or the total interest paid. For example when financial instruments, such as interest rate swap agreements are presented at fair value.</li> <li>• liabilities arising per IFRS16 in connection with the recognition of DPC arrangements on the balance sheet of the regulated company.</li> </ul> <p>Where there is a difference between 'Borrowings' as reported in column 'Total appointed activities' of table RR19 (i.e. the sum of lines RR19.15 and RR19.22) and table RR21 a reconciliation of the differences should be provided. The reconciliation should clearly explain the rationale for making the adjustment.</p> <p>Where borrowings have been swapped, the principal outstanding should be assigned to categories based on the nature of the payable leg of the swap (e.g. a loan swapped from fixed to floating should be categorized as floating).</p>	1E.1
RR21.2	Preference share capital	Nominal value of the preference share capital. This should equal 'Preference share capital' as reported in column 'Total appointed activities' of table RR19 (i.e. line RR19.28).	1E.2
RR21.3	Total borrowings	The sum of lines RR21.1 and RR21.2.	1E.3
RR21.4	Cash	Cash in hand and at bank at the year-end. This should be entered as a negative number.	1E.4
RR21.5	Short term deposits	Investments which are readily convertible into known amounts of cash. This may include deposits made with group companies. This should be entered as a negative number.	1E.5
RR21.6	Net Debt	The sum of lines RR21.3 to RR21.5.	1E.6
RR21.7	Gearing	Regulatory gearing calculated as net debt in RR21.6 divided by RCV in 4C.26.	1E.7

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
RR21.8	Adjusted gearing	Some companies may use a different measure of net debt to calculate gearing for the purposes of financial covenants which are of use to the financial community. If a different measure of debt is commonly used by a company, then the restated gearing level should be inserted in this line.	1E.8
RR21.9	Full year equivalent nominal interest cost	<p>Full year equivalent nominal interest cost as at 31 March. Calculated as the 'Nominal interest rate' multiplied by the 'Principal sum as at 31 March'.</p> <p>Nominal interest rate is defined as the coupon associated with nominal debt or equivalent implied by the coupon of index linked debt. The nominal interest rate should not include accounting adjustments relating to amortisation of issuance costs or premium / discount. Rates entered for borrowings in hedging relationships should be stated at the post hedge interest rate.</p> <p><b>Processing rule for nominal interest rate:</b></p> <p>Fixed rate instruments: The coupon rate as an input.</p> <p>Floating rate instruments: The margin plus/minus the Reference Interest Rate observed on 31 March.</p> <p>Index-linked instruments: Nominal interest rate = <math>((1 + \text{real coupon}) \times (1 + \text{RPI or CPI/CPIH})) - 1</math>.</p> <p>The principal sum outstanding should not be adjusted for accounting adjustments such as unamortised issuance costs. RPI and CPI /CPIH should be the latest annualised March monthly figure reported by ONS.</p> <p><b>Processing rule for principal sum:</b></p> <p>The principal sum should not include amounts relating to debt issuance costs or premium / discount.</p> <p>Fixed rate and floating rate instruments: In most instances this will be the principal sum at initial recognition of the instrument. For instruments with stepped principal repayments, the principal sum is the sum outstanding as at 31 March not including amounts relating to issuance costs or premium / discount</p> <p>Index-linked instruments: The principal sum outstanding at 31 March, i.e. the principal sum at initial recognition plus indexation of the principal.</p> <p>Foreign currency instruments: The Sterling equivalent upon which interest is calculated.</p> <p>Swaps that are not in designated hedging arrangements: The paid and received legs should be reported separately in the appropriate categories within the table. The notional value of the swap should be reported as the principal sum, with the received leg reported as a negative principal sum.</p>	1E.9

PR24 business plan table guidance part 2; Risk & return

Line	Title	Definition	RAG 4.10 line reference
RR21.10	Full year equivalent cash interest payment	<p>Full year equivalent cash interest payment at 31 March.</p> <p><b>Processing rule:</b>            Fixed rate instruments and floating rate instruments:            Copied from 'Full year equivalent nominal interest cost'.            Index linked instruments:            Calculated as the 'Real coupon' multiplied by the 'principal sum as at 31 March'.</p>	1E.10
RR21.11	Indicative weighted average nominal interest rate	RR21.9 divided by the principal sum outstanding as at 31 March for fixed, floating and index linked instruments on which interest payments are calculated. The nominal interest rate on index linked debt should include inflation accretion.	1E.11
RR21.12	Indicative weighted average cash interest rate	RR21.10 divided by the principal sum outstanding as at 31 March for fixed, floating and index linked instruments on which interest payments are calculated.	1E.12
RR21.13	Weighted average years to maturity	<p>Calculated as the multiple of the principal sum and years to maturity for each instrument divided by the principal sum outstanding as at 31 March for fixed, floating and index linked instruments on which interest payments are calculated.</p> <p><b>Definition of years to maturity:</b></p> <ul style="list-style-type: none"> <li>• Full years to maturity of the instrument from 31 March.</li> <li>• Where a debt instrument is associated with an interest rate hedge with a different maturity date to the underlying debt, the maturity should be based on the debt instrument.</li> <li>• Where debt instruments have scheduled repayments, each repayment should be treated separately for calculating the weighted average years to maturity.</li> <li>• Instruments with no fixed maturity should be reported as follows:</li> <li>• Instruments that are instantly callable should be classified as loans due in less than one year.</li> <li>• Inter-company loans should be matched with the instrument at group level at the external borrowing rate.</li> </ul> <p>Instruments with no fixed maturity that are not instantly callable should be reported with a maturity of 25 years.</p>	1E.13

## RR21 Additional guidance

23.3 This table contains inputs required for populating the PR19 Gearing outperformance sharing mechanism reconciliation model and calculating the end of period revenue adjustments to be applied at PR24.

## **RR21 Commentary requirement**

23.4 Companies should include commentary to this table.

## 24. RR22 – Analysis of debt

24.1 Table RR22 is identical to Table 4B from the Annual Performance Report. We expect that companies will re-submit the version of Table 4B that reflects any amendments following the APR query process.

24.2 Companies should provide information for instruments which are outstanding as at the 31 March end of the reporting year, and any forward-starting instruments which have been arranged prior to this point.

24.3 Companies should report all instruments relevant to the regulated company, even where this has been taken out by an associate or financing subsidiary. Companies should report instruments in the appropriate blocks according to the behaviour of the cashflows associated with that instrument:

- fixed rate (block A);
- floating rate (block B)
- RPI-linked (block C)
- CPI-linked (block D).

Column	Title	Definition
1	Instrument	Descriptive summary text.
2	Issuer	The water company counterparty for the instrument, e.g. 'Yorkshire Water Services Bradford Finance Ltd.'
3	Category	Entry should choose from the following options: Bond, Debenture, Debenture stock or irredeemable, EIB loan, Finance lease, Intercompany loan, Loan (non-EIB), Liquidity facility, Overdraft, Preference shares, Private placement, RCF, Swap - paying leg, Swap - receiving leg, Other. If choosing 'Other', the type of instrument should be explained in Column 30 ('Further information')
4	Maturity type	Entry should choose from the following options: Bullet, Amortising, Callable, Sinkable, Perpetual, Revolving, Other. If choosing 'Other', the maturity type of the instrument should be explained in Column 30 ('Further information')
5	Instrument identifier	For listed bonds this will be the ISIN number. If not available an alternative unique identifier should feature, if applicable.
6	Seniority	Entry should choose from the following options: Super-senior, Senior, Mezzanine/2nd Lien, Junior/Subordinated, Other. If choosing 'Other', the seniority of the instrument should be explained in Column 30 ('Further information')
7	Long term issue credit rating	Applies only to debt instruments with a credit rating. This should be the long-term issue credit rating applicable as at 31 March 2022. Ratings from multiple ratings agencies may be entered into the box.
8	Currency	Currency the instrument was originally issued in.

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Column	Title	Definition
9	Issue date	Required for all instruments. The issue date should be the relevant date for the contractual arrangements that inform the financial impact of the instrument as at March 31 2021. For swaps this could be the restructuring date or novation date, rather than the original issue date.
10	Issue price	The ratio of issuance proceeds to face value, expressed in parts of 100. E.g. 99 means a ratio of 99:100. For most debt instruments we expect this will be 100, however some listed bonds and other instruments (e.g. Artesian debt) may have a different issue price.
11	Maturity date	Date on which the instrument matures.
12	Years to maturity	This should usually be calculated as number of years from the 31 March 2022 until maturity. Three important exceptions are: a) <u>Amortising debt</u> : This cell should be populated with weighted average years to maturity. b) <u>Irredeemable instruments</u> : Such instruments should have 25 years to maturity assigned. c) <u>Instantly callable instruments</u> : These should be classified as loans due in less than one year.
13	Original issuance / facility size	This should contain the original issuance amount in £m, or where the instrument is a credit facility or RCF, the total size of facility.
14	Principal outstanding	This should contain the principal owed in £m on 31 March 2022, including accretion on index-linked bonds.
15	Amount used to calculate nominal and cash interest cost	Usually this will be the same as 14: 'Principal sum outstanding'. Index-linked bonds should include accretion. The principal associated with the receiving leg of swaps should carry a negative sign.
16	Years to maturity x principal sum	Calculation field.
17	RPI interest rate	The rate associated with the instrument, in RPI-deflated terms.
18	CPI interest rate	The rate associated with the instrument, in CPI-deflated terms.
19	Reference benchmark	Name of floating rate benchmark (e.g. 3 month LIBOR). Only needed for floating rate debt or facilities priced using a benchmark.
20	Reference interest rate	Nominal interest rate of reference benchmark (e.g. 1.55%). Only needed for floating rate debt or facilities priced using a benchmark.
21	Margin over reference rate	The margin applying to the reference rate (e.g. 0.50%). Only needed for floating rate debt or facilities priced using a benchmark.
22	Nominal interest rate	The rate associated with the instrument, in nominal terms.
23	Nominal interest cost	Annualised nominal interest cost associated with the instrument in £m.
24	Cash interest cost	Annualised cash interest cost associated with the instrument in £m.
25	Utilisation fee	The ongoing annualised fee applying to any drawn down amounts from a facility (e.g. 0.10%)
26	Commitment fee	The ongoing annual fee applying to any undrawn amounts from a facility (e.g. 0.20%)

Column	Title	Definition
27	Issuance costs	These should be the external costs associated with the original issuance of the underlying instrument (e.g. arrangement fee). Internal staff time should not be capitalised to avoid double counting revenues covered by the totex allowance. The costs of liquidity facilities should not be included. Where issuance costs are capitalised into principal this should be indicated in Column 30 ('Further information').
28	Value per balance sheet at 31 March 2022	Book value of instrument.
29	Fair value of debt at 31 March 2022	Fair value of instrument.
30	Further information	Additional space to add further detail on the instrument.

24.4 We have included 200 lines per block (800 in total) for companies to report all relevant debt instruments. Companies should not add any columns to the table.

## Derivatives

24.5 Where companies have used swaps in a designated hedging arrangement, they must report the paying and receiving legs in separate lines,<sup>1</sup> with an additional line for the underlying debt instrument. The only exception is for instruments in a designated currency swap. In this case, companies may enter details of the post-currency swap characteristics, without splitting out the currency swap line(s).

24.6 If companies are using any other financial derivatives, including for example interest rate swaps, inflation swaps or forex swaps not as part of a designated (or economic) hedging arrangement, we expect companies to report these as separate lines.

24.7 For all financial derivatives we expect companies to clearly report all relevant information, for example the date at which any derivatives expire, as well as any credit breaks and the frequency thereof.

## Index linked debt and inflation

24.8 We have separated index linked instruments into RPI and CPI linked issuance.

24.9 We have included columns 17:('RPI interest rate') and 18:('CPI interest rate') to allow reporting of the relevant real CPI or real RPI coupon. Consistent with table 1E we expect

<sup>1</sup> The principal for the paying leg should have a positive sign, and for the receiving leg, a negative sign.

companies to use the ONS year on year annualised inflation figure from the most recent March.

24.10 We are aware of some CPI-linked issuance in the sector; however we are unaware of any CPIH linked issuance, and the two inflation metrics track each other closely. We therefore do not currently consider it would be efficient to include a separate block for CPIH-linked issuance. Where companies issue CPIH-linked instruments these should therefore be input in Block D (CPI-linked instruments).

## Additional clarifications

24.11 Companies should report all current (at 31 March) debt instruments irrespective of maturity date. Where companies have arranged forward starting instruments beyond this date we expect companies to report these. Companies should report the start date in the 'Issue date' column.

24.12 Companies should also report all quasi-debt, including, for example, finance leases or preference shares. Operating leases that will be categorised as finance leases under IFRS16 should also be reported. Companies should indicate clearly using the 'Further Information' column if the debt instrument is an operating lease etc.

24.13 We do not require companies to report cash in this table.

24.14 We expect companies to report any revolving credit facilities in the relevant part of the table. Companies should report the ordinary interest rate on drawn funds from such facilities separately from any utilisation fee (reported separately in column 25). Any additional commitment fee can be captured in column 26. The facility size of any revolving facility should be reported in column 13 ('Original issuance / facility size'), while the principal sum outstanding should reflect the amount drawn as at 31 March.

24.15 The total fees directly relating to the issuance of an instrument should be reported in column 27 ('Issuance costs'). We anticipate that such costs could include registration, legal, accounting, credit rating and underwriting fees. They should not however include costs of liquidity facilities or costs addressed elsewhere in Table 4B (notably commitment or utilisation fees). Companies should not report capitalised costs as separate lines or reflect costs in the outstanding principal for the instrument. Neither should overhead (e.g. internal staff) costs feature in this figure - as these costs are funded via totex.

24.16 If companies have debt instruments where the interest payable is not directly based on the principal sum outstanding, companies should indicate the principal sum

outstanding in column 14 and the figure on which annualised interest costs are based in column 15. If interest payments are based on the principal sum outstanding, companies should simply ensure that this figure is entered in both columns.

Line	Title	Definition
RR22.808	Indicative weighted average nominal interest rate	Calculated as RR22.805 column 23 divided by RR22.805 column 14
RR22.809	Indicative weighted average cash interest rate	Calculated as RR22.805 column 24 divided by RR22.805 column 14
RR22.810	Floating rate debt as % of total debt (gross)	Calculated as RR22.402 column 14 divided by RR22.805 column 14
RR22.811	Fixed rate debt as % of total debt (gross)	Calculated as RR22.201 column 14 divided by RR22.805 column 14
RR22.812	RPI linked debt as % of total debt (gross)	Calculated as RR22.603 column 14 divided by RR22.805 column 14
RR22.813	CPI linked debt as % of total debt (gross)	Calculated as RR22.804 column 14 divided by RR22.805 column 14
RR22.814	All index (CPI and RPI) linked debt as % of total debt (gross)	Calculated as the sum of RR22.812 and RR22.813
RR22.815	Fixed rate debt and index linked debt as % of total debt (gross)	Calculated as the sum of RR22.811 and RR22.814
RR22.816	Weighted average years to maturity	Calculated as RR22.805 column 16 divided by RR22.805 column 1

## RR22 Commentary requirement

24.17 The summary data within the above table (e.g. 'Indicative weighted average nominal interest rate') should be consistent with the equivalent figures featuring in table RR21 ('Net debt analysis'). Where this is not the case, companies should explain why and provide a reconciliation to explain variance against table RR21.

## 25. RR23 – Financial derivatives

25.1 RR23 is identical to Table 4I from the 2023 Annual Performance Report. We expect that companies will re-submit the version of Table 4I that reflects any amendments following the APR query process.

### Table RR23 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR23.1	Floating to fixed rate	Financial instruments through which floating interest rate liabilities are converted into fixed rate interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.	4I.1
RR23.2	Floating from fixed rate	Financial instruments through which floating interest rate liabilities are converted from fixed rate interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.	4I.2
RR23.3	Floating to index linked	Financial instruments through which floating interest rate liabilities are converted into inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.	4I.3
RR23.4	Floating from index linked	Financial instruments through which floating interest rate liabilities are converted from inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.	4I.4
RR23.5	Fixed to index-linked	Financial instruments through which fixed interest rate liabilities are converted into inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.	4I.5

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Line	Title	Definition	RAG 4.10 line reference
RR23.6	Fixed from index-linked	Financial instruments through which fixed interest rate liabilities are converted from inflation linked interest rate liabilities. Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.	4I.6
RR23.7	Index linked to index-linked	Financial instruments through which inflation linked interest rate liabilities are converted from to other forms of inflation linked interest rate liabilities (e.g. RPI-linked to CPI-linked). Where the rate payable on an instrument is designated as a margin over a specified reference rate (e.g. 6 Month Libor plus X%), please include an assumption of the reference rate to determine the rate payable. Please provide details of any assumptions that have been made in a note to the table.	4I.7
RR23.8	Total	The total of the interest rate swaps. The sum of table RR23 lines 1 to 7.	4I.8
RR23.9	Cross currency swap USD	Financial instruments which convert debt liabilities from US Dollars into Pounds Sterling.	4I.9
RR23.10	Cross currency swap EUR	Financial instruments which convert debt liabilities from Euro into Pounds Sterling.	4I.10
RR23.11	Cross currency swap YEN	Financial instruments which convert debt liabilities from Yen into Pounds Sterling.	4I.11
RR23.12	Cross currency swap Other	Financial instruments which convert debt liabilities from currencies other than US Dollars, Euro or Yen into Pounds Sterling.	4I.12
RR23.13	Total	Total of currency swap financial instruments. The sum of table RR23 lines 9 to 12.	4I.13
RR23.14	Currency interest rate swaps USD	Financial instruments which convert currency in which interest is paid or payable from US Dollars into Pounds Sterling.	4I.14
RR23.15	Currency interest rate swaps EUR	Financial instruments which convert currency in which interest is paid or payable from Euro into Pounds Sterling.	4I.15
RR23.16	Currency interest rate swaps YEN	Financial instruments which convert currency in which interest is paid or payable from Yen into Pounds Sterling.	4I.16
RR23.17	Currency interest rate swaps Other	Financial instruments which convert currency in which interest is paid or payable from currencies other than US Dollars, Euro or Yen into Pounds Sterling.	4I.17
RR23.18	Total	Total of instruments which convert the currency in which interest is paid between sterling and another currency. The sum of table RR23 lines 14 to 17.	4I.18
RR23.19	Forward currency contracts USD	Forward contracts which convert future debt obligations from US Dollars into Pounds Sterling.	4I.19
RR23.20	Forward currency contracts EUR	Forward contracts which convert future debt obligations from Euro into Pounds Sterling.	4I.20
RR23.21	Forward currency contracts YEN	Forward contracts which convert future debt obligations from Yen into Pounds Sterling.	4I.21
RR23.22	Forward currency contracts CAD	Forward contracts which convert future debt obligations from Canadian Dollars into Pounds Sterling.	4I.22

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Line	Title	Definition	RAG 4.10 line reference
RR23.23	Forward currency contracts AUD	Forward contracts which convert future debt obligations from Australian Dollars into Pounds Sterling.	4I.23
RR23.24	Forward currency contracts HKD	Forward contracts which convert future debt obligations from Hong Kong Dollars into Pounds Sterling.	4I.24
RR23.25	Forward currency contracts Other	Forward contracts which convert future debt obligations from currencies other than US, Canadian, Australian or Hong Kong Dollars, Euro or Yen into Pounds Sterling.	4I.25
RR23.26	Total	Total of forward contracts which convert debt between currencies. The sum of table RR23 lines 19 to 25.	4I.26
RR23.27	Other financial derivatives	Other financial derivatives (e.g. power) not already included in lines RR23.1 to RR23.24. Where the nature of other derivatives results in an inability to provide this information prevents a full reconciliation with Table 1C, companies should provide a note explaining why.	4I.27
RR23.28	Total financial derivatives	The sum of table RR23 lines 8, 13, 18, 26 and 27. The 'Mark to Market' should equal the 'Financial instruments' totals from table RR23 (i.e. the sum of lines RR23.5, RR23.10, RR23.16 and RR23.23).	4I.28

### RR23 Additional guidance

25.2 Figures for this table should be based on company financial instruments, which we have requested companies set out in Table RR22, which we are requesting from companies as part of their submission. We expect entries to table 4I to be consistent with the derivative positions reported in Table RR22 'Analysis of Debt' (itself a duplicate of Table 4B APR). Out-of-the-money (liability) positions should be presented as positive, in-the-money (asset) positions should be presented as negative. A footnote should be included with the table explaining that this is the case.

25.3 Where the mark to market position for total financial derivatives (RR23.27) is different to the financial instruments position reported in table RR19 (net position of RR23.5, RR23.10 and RR23.16), please provide a reconciliation.

25.4 Where financial derivative instruments contain the provision for break dates, the instrument should be reported in accordance with the expected maturity date.

### RR23 Commentary requirement

25.5 Companies should flag instances of derivatives which do not fit the reporting categories in this table.

## 26. RR24 – Debt balances and interest costs

- 26.1 Companies are required to complete this table with their assumptions regarding the evolution and cost of debt balances over the period 2025-30. This information may be used in assessing the Board assurance of financial resilience and may help inform the proportion of new and embedded debt in our allowed return on capital.
- 26.2 **Block A** tracks balances for four different types of debt (fixed, floating, RPI-linked and CPI(H) linked). Companies should input forecasts for quantum of debt issued, paid down and (where applicable) indexed, over 2025-30.
- 26.3 **Block B** sets out interest rates corresponding to the four different types of debt. Companies should give their best estimate of prevailing rates for each type of debt over 2025-30.
- 26.4 **Block C** sets out interest rates and annualised interest costs relevant to calculating financial metrics based on companies' actual financial structure. With the exception of a line to add additional interest costs not already captured in the calculations, no further user input is necessary.

### Table RR24 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR24.1	Fixed rate debt (opening)	Forecast amount of fixed rate debt held at the start of the review period. Equals the sum of RR24.1, 5 and 9 in the previous year. The 2024/25 figure should be entered as a positive number.	
RR24.2	Floating rate debt (opening)	Forecast amount of floating rate debt held at the start of the review period. Equals the sum of RR24.2, 6 and 10 in the previous year. The 2024/25 figure should be entered as a positive number.	
RR24.3	Index-linked debt (RPI linked) (opening)	Forecast amount of index-linked debt (RPI linked) held at the start of the review period. Equals the sum of RR24.3, 7, 11 and 13 in the previous year. The 2024/25 figure should be entered as a positive number.	
RR24.4	Index-linked debt (CPI(H) linked) (opening)	Forecast amount of index-linked debt (CPI(H) linked) held at the start of the review period. Equals the sum of RR24.4, 8, 12 and 14 in the previous year. The 2024/25 figure should be entered as a positive number.	
RR24.5	Fixed rate debt issued	Forecast amount of fixed rate debt issued each year of the review period.	
RR24.6	Floating rate debt issued	Forecast amount of floating rate debt issued each year of the review period.	
RR24.7	Index-linked debt (RPI linked) issued	Forecast amount of index-linked debt (RPI linked) issued each year of the review period.	

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Line	Title	Definition	RAG 4.10 line reference
RR24.8	Index-linked debt (CPI(H) linked) issued	Forecast amount of index-linked debt (CPI(H) linked) issued each year of the review period.	
RR24.9	Fixed rate debt repaid	Forecast amount of fixed rate debt repaid each year of the review period.	
RR24.10	Floating rate debt repaid	Forecast amount of floating rate debt repaid each year of the review period.	
RR24.11	RPI index linked debt repaid	Forecast amount of RPI index-linked debt repaid each year of the review period.	
RR24.12	CPI(H) index linked debt repaid	Forecast amount of CPI(H) index-linked debt repaid each year of the review period.	
RR24.13	Indexation of index-linked loans (RPI linked)	Forecast indexation applicable to the index-linked debt (RPI linked).	
RR24.14	Indexation of index-linked loans (CPI(H) linked)	Forecast indexation applicable to the index-linked debt (CPI(H) linked).	
RR24.15	Interest rate for existing fixed rate debt	Forecast interest rate applicable to the existing fixed rate debt (nominal).	
RR24.16	Interest rate for new fixed rate debt	Forecast nominal coupon rate applicable for new fixed rate debt.	
RR24.17	Interest rate for existing RPI index-linked debt	Forecast real coupon rate (before indexation) applicable to the existing index-linked debt (RPI linked).	
RR24.18	Interest rate for new RPI index-linked debt	Forecast real coupon rate (before indexation) applicable to the new index-linked debt (RPI linked).	
RR24.19	Interest rate for existing CPI(H) index-linked debt	Forecast real coupon rate (before indexation) applicable to the existing index-linked debt (CPI(H) linked).	
RR24.20	Interest rate for new CPI(H) index-linked debt	Forecast real coupon rate (before indexation) applicable to the new index-linked debt (CPI(H) linked).	
RR24.21	Interest rate for existing floating rate debt	Forecast interest rate applicable to the existing floating rate debt (nominal).	
RR24.22	Interest rate for new floating rate debt	Forecast nominal coupon rate applicable for new floating rate debt.	
RR24.23	Weighted interest rate for new and existing fixed rate debt	Forecast nominal coupon rate/interest rate for new/existing fixed rate debt, weighted.	
RR24.24	Weighted interest rate for new and existing index-linked debt	Forecast real coupon rate (before indexation) for new and existing index-linked debt, weighted.	
RR24.25	Floating rate debt interest paid	Forecast amount of nominal interest paid on floating rate debt.	
RR24.26	Bank interest rate (receivable)	Forecast interest rate (nominal) receivable on bank deposits.	

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Line	Title	Definition	RAG 4.10 line reference
RR24.27	Interest receivable (other)	Forecast amount of interest (nominal) receivable from sources other than bank deposits.	
RR24.28	Bank overdraft interest rate	Forecast interest rate (nominal) payable on bank overdrafts.	
RR24.29	Residential retail working capital financing cost rate	Forecast residential retail working capital financing cost rate	
RR24.30	Business retail working capital financing cost rate	Forecast business retail working capital financing cost rate - if exited from business retail market can be left blank	
RR24.31	Embedded interest cost fixed	Opening fixed rate debt (RR24.1) multiplied by the existing fixed rate debt interest rate (RR24.15).	
RR24.32	New interest cost fixed	Fixed rate debt issued (RR24.5) multiplied by the new fixed rate debt interest rate (RR24.16) multiplied by 0.5	
RR24.33	Total fixed interest cost	Sum of RR24.31 and RR24.32	
RR24.34	Embedded RPI linked ILD interest cost	Opening RPI index-linked debt (RR24.3) multiplied by the existing RPI index-linked debt interest rate (RR24.17).	
RR24.35	New RPI linked ILD interest cost	RPI index-linked debt issued (RR24.7) multiplied by the new RPI index-linked debt interest rate (RR24.18) multiplied by 0.5	
RR24.36	Total RPI linked ILD interest cost	Sum of RR24.34 and RR24.35	
RR24.37	Embedded CPI(H) linked ILD interest cost	RPI index-linked debt issued (RR24.7) multiplied by the existing floating rate debt interest rate (RR24.21)	
RR24.38	New CPI(H) linked ILD interest cost	RPI index-linked debt repaid (RR24.11) multiplied by the new floating debt rate interest rate (RR24.22) multiplied by 0.5	
RR24.39	Total CPI(H) linked ILD interest cost	Sum of RR24.37 and RR24.38	
RR24.40	Embedded floating interest cost	Opening floating debt rate (RR24.2) multiplied by the existing floating debt rate interest rate (RR24.21)	
RR24.41	New floating interest cost	Floating rate debt issued (RR24.41) multiplied by the new floating rate debt interest rate (RR24.22)	
RR24.42	Total Floating interest cost	Sum of RR24.40 and RR24.41	
RR24.43	Other interest cost	Any other interest cost not previously accounted for	
RR24.44	Total interest cost	Sum of RR24.33, 36, 42 and 43	

## RR24 – Additional clarifications

26.5 The interest rates reported for the fixed rate and index-linked debt should be the coupon rate before indexation. This table should exclude any amounts which have been

reported as derivative financial instruments. If companies have capitalised any interest in any year, then this should be reported as debt issued during the year.

## **RR24 – Commentary requirement**

26.6 Companies should state in their commentary what RPI and CPI(H) forecast they are assuming for each year of 2025-30 to calculate indexation of index-linked borrowings.

## 27. RR25 – Allowed return on of capital for the Appointee

27.1 This table sets out parameter assumptions on the allowed return on capital applicable to the Appointee (i.e. both wholesale and retail units).

27.2 Figures should represent the company's view of average financing costs for the period 2025–30, and should be expressed for an efficient company under the notional financing structure, and in CPIH-real terms, using a long-term assumption of 2.0% CPIH.

### Table RR25 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR25.1	Gearing	Net debt to RCV	n/a
RR25.2	Total Market Return (TMR)	Total Market Return (TMR)	n/a
RR25.3	Risk free rate (RFR)	The Risk Free Rate (RFR)	n/a
RR25.4	Equity Risk Premium (ERP)	The premium over the risk free rate required to invest in equities	n/a
RR25.5	Debt beta	Debt beta	n/a
RR25.6	Raw equity beta for listed company comparator	Raw equity beta estimate for listed company comparator at a gearing consistent with row 7	n/a
RR25.7	Actual gearing of listed company comparator	Actual gearing of listed company comparator consistent with line 6, using the definition Net Debt / Enterprise Value	n/a
RR25.8	Unlevered beta	Equity beta assuming zero gearing and zero debt beta.	n/a
RR25.9	Asset beta	Asset beta, consistent with debt beta assumption in row 5	n/a
RR25.10	Re-levered equity beta	Re-levered beta, consistent with appointee gearing (notional or actual, as applicable)	n/a
RR25.11	Overall cost of equity (used in WACC)	The calculated cost of equity using the capital asset pricing model: risk free rate + (equity risk premium x equity beta)	n/a
RR25.12	Cost of embedded debt	Average cost of debt embedded in notional company balance sheet	n/a
RR25.13	Cost of new debt	Average cost of new debt to notional company over the next AMP	n/a
RR25.14	Ratio of embedded to new debt	Ratio of embedded debt to new debt	n/a
RR25.15	Issuance and liquidity costs	Issuance and liquidity costs	n/a
RR25.16	Overall cost of debt (used in WACC)	Total cost of debt, including new and embedded debt, weighted: (cost of embedded debt x weighting of embedded debt) + (cost of new debt x weighting of new debt)	n/a

Line	Title	Definition	RAG 4.10 line reference
RR25.17	WACC ~ vanilla (pre-tax cost of debt and post-tax cost of equity)	The weighted average cost of capital, expressed using a pre-tax cost of debt and post-tax cost of equity	n/a
RR25.18	Tax (marginal rate of corporation tax)	The marginal rate of corporation tax	n/a
RR25.19	WACC ~ fully post-tax	The weighted average cost of capital, expressed using a post-tax cost of debt and post-tax cost of equity.	n/a
RR25.20	Retail margin deduction	Retail margin deduction	n/a
RR25.21	Wholesale WACC	Wholesale WACC = Appointee WACC - Retail Margin	n/a

## RR25 Additional guidance

27.3 We will provide details of the notional capital structure and our initial view of the appointee and wholesale allowed return for PR24 in our Final Methodology document and accompanying appendices.

## RR25 Commentary requirement

27.4 Lines 1-3, 5-8, 11-15, 18 and 20 are input cells, with the remainder being calculations. Where companies use different input assumptions to those used to derive our 'early view' of the allowed return for PR24, we expect companies to explain the reasoning for such differences clearly.

## 28. RR26 – Weighted average cost of capital by wholesale price control

28.1 This table sets out company assumptions on the appropriate allowed return applying to individual wholesale controls. We state in our methodology that we propose to apply the same wholesale allowed return to each wholesale control, however we allow for companies to set out a different allowed return by control, should they wish to do so.

28.2 Figures should represent the company's view of average financing costs for the period 2025–30, and should be expressed for a company under the notional financing structure, and in CPIH-real terms, using a long-term assumption of 2.0% CPIH.

### Table RR26 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR26.1	Notional gearing	Net debt to RCV.	n/a
RR26.2	Total Market Return (TMR)	Total Market Return (TMR).	n/a
RR26.3	Risk free rate (RFR)	The Risk Free Rate (RFR).	n/a
RR26.4	Equity Risk Premium (ERP)	The premium over the risk free rate required to invest in equities.	n/a
RR26.5	Debt beta	Debt beta.	n/a
RR26.6	Raw equity beta for listed company comparator	Asset beta corresponding to the business risks of this control.	n/a
RR26.7	Actual gearing of listed company comparator	Re-levered beta, consistent with gearing from row 1 and debt beta assumption in row 5.	n/a
RR26.8	Unlevered beta	Equity beta assuming zero gearing and zero debt beta.	n/a
RR26.9	Asset beta	Asset beta, consistent with debt beta assumption in row 5	n/a
RR26.10	Re-levered equity beta	Re-levered beta, consistent with appointee gearing (notional or actual, as applicable)	n/a
RR26.11	Overall cost of equity (used in WACC)	The calculated cost of equity using the capital asset pricing model: risk free rate + (equity risk premium x equity beta)	n/a
RR26.12	Cost of embedded debt	Average cost of debt embedded in notional company balance sheet	n/a
RR26.13	Cost of new debt	Average cost of new debt to notional company over the next AMP	n/a
RR26.14	Ratio of embedded to new debt	Ratio of embedded debt to new debt	n/a
RR26.15	Issuance and liquidity costs	Issuance and liquidity costs	n/a

Line	Title	Definition	RAG 4.10 line reference
RR26.16	Overall cost of debt (used in WACC)	Total cost of debt, including new and embedded debt, weighted: (cost of embedded debt x weighting of embedded debt) + (cost of new debt x weighting of new debt)	n/a
RR26.17	Wholesale WACC	The wholesale weighted average cost of capital (WACC), expressed using a pre-tax cost of debt and post-tax cost of equity.	n/a

## RR26 Additional guidance

28.3 Where Table RR24 features a positive retail margin adjustment, this means the wholesale WACC should not be the same as the Appointee WACC. Companies in this situation should back-work the unlevered beta assumption which results in a wholesale WACC that is the same as that featured in RR24.

## RR26 Commentary requirement

28.4 Where control-level parameter values provided by companies in this table vary from those provided for the Appointee in RR25, companies should provide a written commentary explaining why this is the case.

28.5 In addition, our default expectation would be that the RCV-weighted average WACC of these controls should reconcile to the wholesale WACC featured in Table RR25. Where this is not the case, companies should provide a full explanation.

## 29. RR27 – Revenue analysis & wholesale control reconciliation

Table RR27 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR27.1	Unmeasured	Total revenue from wholesale water charges, other than on a measured basis. This should be split between household and non-household connections. This should include revenue from large users and special agreements.	21.1
RR27.2	Measured	Total revenue from wholesale water charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections. This should include revenue from large users and special agreements.	21.2
RR27.3	Third party revenue	Third party revenue covered by the wholesale water price control, e.g., supplies of non-potable water to customers.	21.3
RR27.4	Total	Total revenue from wholesale water charges. The sum of RR27.1 to RR27.3.	21.4
RR27.5	Unmeasured – foul charges	Total revenue from wholesale wastewater foul charges, other than on a measured basis. This should be split between household and non-household connections. This should include revenue from large users and special agreements.	21.5
RR27.6	Unmeasured – surface water charges	Total revenue from wholesale wastewater surface water charges, other than on a measured basis. This should be split between household and non-household connections. This should include revenue from large users and special agreements.	21.6
RR27.7	Unmeasured – highway drainage charges	Total revenue from wholesale wastewater highway drainage charges, other than on a measured basis. This should be split between household and non-household connections. This should include revenue from large users and special agreements.	21.7
RR27.8	Measured – foul charges	Total revenue from wholesale wastewater foul charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections. This should include revenue from trade effluent, large users and special agreements.	21.8
RR27.9	Measured – surface water charges	Total revenue from wholesale wastewater surface water charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections. This should include revenue from trade effluent, large users and special agreements.	21.9

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Line	Title	Definition	RAG 4.10 line reference
RR27.10	Measured – highway drainage charges	Total revenue from wholesale wastewater highway drainage charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections. This should include revenue from trade effluent, large users and special agreements.	2I.10
RR27.11	Third party revenue	Third party revenue covered by the wholesale wastewater price control.	2I.11
RR27.12	Total wholesale wastewater revenue	Total revenue from wholesale wastewater charges. The sum of RR27.5 to RR27.11.	2I.12
RR27.13	Unmeasured	Total revenue from wholesale additional control charges, other than on a measured basis. This should be split between household and non-household connections. This should include revenue from large users and special agreements.	2I.13
RR27.14	Measured	Total revenue from wholesale additional control charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections. This should include revenue from large users and special agreements.	2I.14
RR27.15	Third party revenue	Third party revenue covered by the additional price control, e.g., supplies of non-potable water to customers.	
RR27.16	Total	Total revenue from wholesale additional control charges. The sum of RR27.13 to RR27.15.	2I.15
RR27.17	Wholesale Total	The sum of lines RR27.4, RR27.12 and RR27.16.	2I.16
RR27.18	Unmeasured	Total revenue from retail charges, other than on a measured basis. This should be split between household and non-household connections.	2I.17
RR27.19	Measured	Total revenue from retail charges, where all or some of the charges are based on measured quantities of volume. This should be split between household and non-household connections.	2I.18
RR27.20	Retail third party revenue	Any third-party revenue relating to retail activities.	2I.19
RR27.21	Total	Total revenue from retail charges. The sum of RR27.18 to RR27.20.	2I.20
RR27.22	Bulk supplies - water	Bulk supply charges received for providing a bulk supply (for potable or non-potable supplies) to another water undertaker.	2I.21
RR27.23	Bulk supplies - wastewater	Bulk supply charges for providing wastewater connection agreements with another wastewater undertaker.	2I.22
RR27.24	Bulk supplies – additional control	Bulk supply charges for agreements between the additional control and another undertaker.	
RR27.25	Other third-party revenue – non price control	All other sources of revenue received from third parties for which costs are not covered by the wholesale price control. E.g. rechargeable works where the appointee is a monopoly supplier and Excluded charges.	2I.23

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Line	Title	Definition		RAG 4.10 line reference
RR27.26	Other appointed revenue	All other sources of revenue that are not reported elsewhere in the table but are classed as appointed business. E.g. recreational use of protected land.		21.24
RR27.27	Total appointed revenue	The sum of lines RR27.17, RR27.21, RR27.22, RR27.23, RR27.24, RR27.25 and RR27.26. This should equal RR1.1 (appointed business activities column).		21.25
RR27.28	Wholesale water third party revenue	Percentage split of wholesale water third party revenue between residential and business supplies as an average for the 5 years of the price control.		
RR27.29	Wholesale wastewater third party revenue	Percentage split of wastewater third party revenue between residential and business supplies as an average for the 5 years of the price control.		
RR27.30	Additional control third party revenue	Percentage split of additional control third party revenue between residential and business supplies as an average for the 5 years of the price control.		
RR27.31	foul charges	foul charges element of an unmeasured wastewater bill on average over the 5 years of the price control, expressed as a percentage.	foul charges element of a measured wastewater bill on average over the 5 years of the price control, expressed as a percentage.	
RR27.32	surface water charges	surface water charges element of an unmeasured wastewater bill on average over the 5 years of the price control, expressed as a percentage.	surface water charges element of a measured wastewater bill on average over the 5 years of the price control, expressed as a percentage.	
RR27.33	highway drainage charges	highway drainage charges element of an unmeasured wastewater bill on average over the 5 years of the price control, expressed as a percentage.	highway drainage charges element of a measured wastewater bill on average over the 5 years of the price control, expressed as a percentage.	

## 30. RR28 – Historic cost analysis of tangible fixed assets

Table RR28 line definitions

Line	Title	Definition	RAG 4.10 line reference
RR28.1	At 1 April 20xx	The historical cost value of the assets brought forward from the previous year.	2D.1
RR28.2	Disposals	The reduction in value of assets caused by disposal of assets, by type.	2D.2
RR28.3	Additions	Increase in value of assets by type caused by purchase.	2D.3
RR28.4	Adjustments	Any adjustments to the 'cost' value, this will include revaluations.	2D.4
RR28.5	Assets adopted at nil cost	The fair value of any adopted assets	2D.5
RR28.6	At 31 March 20xx	This is the historical cost value at the end of the year. The sum of lines RR28.1 to RR28.5.	2D.6
RR28.7	At 1 April 20xx	Accumulated depreciation brought forward on assets by type at the beginning of the year. This should be entered as a negative number.	2D.7
RR28.8	Disposals	The reduction in accumulated depreciation caused by disposal of assets by type. Enter as a positive.	2D.8
RR28.9	Adjustments	Any adjustments to the accumulated depreciation value, this will include the impact of any impairments.	2D.9
RR28.10	Charge for the year	Depreciation charge. Enter as a negative.	2D.10
RR28.11	At 31 March 20xx	Accumulated depreciation carried forward by asset type at the end of the charging year. The sum of lines RR28.7 to RR28.10.	2D.11
RR28.12	Net book amount at 31 March 20xx	Net book value by asset type at the year end. The sum of lines RR28.6 and RR28.11.	2D.12
RR28.13	Net book amount at 1 April 20xx	Net book value by asset type at the beginning of the year. The sum of lines RR28.1 and RR28.7.	2D.13
RR28.14	Principal services	Depreciation charge on assets used to deliver 'principal services' as set out in appendix 1. Enter as a negative.	2D.14
RR28.15	Third party services	Depreciation charge on assets used to deliver 'third party services' as set out in appendix 1. Enter as a negative.	2D.15
RR28.16	Total	Total depreciation charge (sum of lines 14 and 15) which will agree to line RR28.10.	2D.16

## 31. RR29 – Asset lives

31.1 RAG 4.10 references will be provided alongside publication of the final methodology.

**Table RR29 line definitions**

Line	Title	Definition	RAG 4.10 line reference
RR29.1	Average asset lives for all fixed assets ~ wholesale water resources	Forecast average asset lives of all wholesale water resources tangible fixed assets (legacy and new additions).	
RR29.2	Average asset lives for all fixed assets ~ wholesale water network plus	Forecast average asset lives of all wholesale water network plus tangible fixed assets (legacy and new additions).	
RR29.3	Average asset lives for all fixed assets ~ wholesale wastewater network plus	Forecast average asset lives of all wholesale wastewater network plus tangible fixed assets (legacy and new additions).	
RR29.4	Average asset lives for all fixed assets ~ wholesale bioresources	Forecast average asset lives of all wholesale bioresources tangible fixed assets (legacy and new additions).	
RR29.5	Average asset lives for all fixed assets ~ wholesale additional control 1	Forecast average asset lives of all additional price control 1 tangible fixed assets (legacy and new additions).	
RR29.6	Average asset lives for all fixed assets ~ wholesale additional control 2	Forecast average asset lives of all additional price control 2 tangible fixed assets (legacy and new additions).	
RR29.7	Average asset lives for all fixed assets ~ residential retail	Forecast average asset lives of all residential retail tangible fixed assets (legacy and new additions).	
RR29.8	Average asset lives for all fixed assets ~ business retail	Forecast average asset lives of all business retail tangible fixed assets (legacy and new additions).	
RR29.9	Total average asset lives for all fixed assets ~ legacy assets plus new additions	Forecast average asset lives of all tangible fixed assets (legacy and new additions).	
RR29.10	Include accumulated depreciation in financial model	Switch to include accumulated depreciation on fixed assets in PR19 financial model.	

### RR29 Commentary requirement

31.2 Companies should provide commentary where this will assist the reader in understanding the asset lives presented, such as where there are material movements from year to year.

31.3 Companies should set out the basis for calculating the average asset lives for each control.

## 32. RR30 – RoRE analysis

32.1 Table RR30 is intended as a pro forma to record companies low (P10) and high (P90) scenarios for the purpose of generating RoRE risk ranges.

### Table RR30 line definitions

Line	Title	Definition
RR30.1	Wholesale Water costs – high case	High case for wholesale water costs.
RR30.2	Wholesale Wastewater costs – high case	High case for wholesale wastewater costs.
RR30.3	Retail costs – high case	High case for retail costs.
RR30.4	Bioresources costs – high case	High case for bioresources costs.
RR30.5	Dummy control costs – high case	High case for dummy control costs.
RR30.6	Totex Scenarios – high case ~ total	Sum of line 1 to 5.
RR30.7	Water ODIs – high case	High case for ODIs relating to wholesale water. The impact of ODIs should be an aggregated view of the performance across all performance commitments.
RR30.8	Wastewater ODIs – high case	High case for ODIs relating to wholesale wastewater. The impact of ODIs should be an aggregated view of the performance across all performance commitments.
RR30.9	Retail ODIs – high case	High case for ODIs relating to retail controls. The impact of ODIs should be an aggregated view of the performance across all performance commitments.
RR30.10	Outcome Delivery Incentives Scenarios – high case ~ total	Sum of line 7 to 9
RR30.11	New debt issuance – high costs	High case for financing performance for issuing new debt.
RR30.12	Inflation – high costs	High case for financing performance linked to inflation. This should be based on a 1% inflation variation from the long-term inflation assumption.
RR30.13	Financing Scenarios – high case ~ total	Sum of line 11 and 12.
RR30.14	C-MeX – high case	High case for C-MeX. This should assume that the maximum reward is applicable unless there is a sufficient and convincing reason as to why a different approach has been taken.
RR30.15	D-MeX – high case	High case for D-MeX. This should assume that the maximum reward is applicable unless there is a sufficient and convincing reason as to why a different approach has been taken.
RR30.16	BR – MeX – high case	High case for BR – MeX. This should assume that the maximum reward is applicable unless there is a sufficient and convincing reason as to why a different approach has been taken.

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Line	Title	Definition
RR30.17	Customer Measures of Experience Scenarios – high case ~ total	Sum of line 14 to 16.
RR30.18	Revenue – high case	High case for revenue impacts.
RR30.19	Other – high case ~ Please specify	High case for other impacts – please specify.
RR30.20	Revenue & Other Scenarios – high case ~ total	Sum of line 18 and 19.
RR30.21	Wholesale Water costs – low case	Low case for Wholesale Water costs.
RR30.22	Wholesale Wastewater costs – low case	Low case for wholesale wastewater costs.
RR30.23	Retail costs – low case	Low case for retail costs.
RR30.24	Bioresources costs – low case	Low case for bioresources costs.
RR30.25	Dummy control costs – low case	Low case for dummy control costs.
RR30.26	Totex Scenarios – low case ~ total	Sum of lines 21 to 25
RR30.27	Water ODIs – low case	Low case for ODIs relating to wholesale water. The impact of ODIs should be an aggregated view of the performance across all performance commitments.
RR30.28	Wastewater ODIs – low case	Low case for ODIs relating to wholesale wastewater. The impact of ODIs should be an aggregated view of the performance across all performance commitments.
RR30.29	Retail ODIs – low case	Low case for ODIs relating to retail controls. The impact of ODIs should be an aggregated view of the performance across all performance commitments.
RR30.30	Outcome Delivery Incentives Scenarios – low case ~ total	Sum of lines 27 to 29.
RR30.31	New debt issuance – low case	Low case for financing performance for issuing new debt.
RR30.32	Inflation – low case	Low case for financing performance linked to inflation. This should be based on a 1% inflation variation from the long-term inflation assumption.
RR30.33	Financing Scenarios – low case ~ total	Sum of line 31 and 32
RR30.34	C-MeX – low case	Low case for C-MeX. This should assume that the maximum penalty is applicable unless there is a sufficient and convincing reason as to why a different approach has been taken.
RR30.35	D-MeX – low case	Low case for D-MeX. This should assume that the maximum penalty is applicable unless there is a sufficient and convincing reason as to why a different approach has been taken.
RR30.36	BR – MeX – low case	Low case for BR – MeX. This should assume that the maximum penalty is applicable unless there is a sufficient and convincing reason as to why a different approach has been taken.
RR30.37	Customer measures of experience Scenarios – low case ~ total	Sum of lines 34 to 36
RR30.38	Revenue – low case	Low case for revenue impacts

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Line	Title	Definition
RR30.39	Other – low case ~ Please specify	Low case for other impacts – please specify
RR30.40	Revenue & Other Scenarios – low case ~ total	Sum of line 38 and 39.
RR30.41	Regulatory Capital Value – Financial Model output	RCV taken as a Financial model output.
RR30.42	Notional Gearing	Notional debt to RCV
RR30.43	Regulated Equity	RR30.41 * (1 – RR30.42)
RR30.44	Totex RoRE – high case	RR30.6 / RR30.43
RR30.45	Outcome performance incentives RoRE – high case	RR30.10 / RR30.43
RR30.46	Financing RoRE – high case	RR30.13 / RR30.43
RR30.47	Customer measures of experience RoRE – high case	RR30.17 / RR30.43
RR30.48	Revenue & Other RoRE – high case	RR30.20 / RR30.43
RR30.49	RoRE – high Case ~ Total	Sum of lines 44 to 48
RR30.50	Totex RoRE – low case	RR30.26 / RR30.43
RR30.51	Outcome Delivery Incentives RoRE – low case	RR30.30 / RR30.43
RR30.52	Financing RoRE – low case	RR30.33 / RR30.43
RR30.53	Customer measures of experience – low case	RR30.37 / RR30.43
RR30.54	Revenue & Other RoRE – low case	RR30.40 / RR30.43
RR30.55	RoRE – low Case ~ Total	Sum of lines 50 to 54
RR30.56	Uncertainty mechanisms– high Case	Proposed high case impact of uncertainty mechanism or notified item.
RR30.57	Uncertainty mechanism– low Case	Proposed low case impact of uncertainty mechanism or notified item.
RR30.58	RoRE post uncertainty mechanism – high case	RoRE - Proposed high case impact of uncertainty mechanism or notified item. RR30.56/RR30.43
RR30.59	RoRE post uncertainty mechanism – low case	RoRE - Proposed low case impact of uncertainty mechanism or notified item. RR30.57/RR30.43
RR30.60	Total RoRE post uncertainty mechanism – high case	RR30.49 + RR30.58
RR30.61	Total RoRE post uncertainty mechanism – low case	RR30.55 + RR30.59

## RR30 Additional guidance

32.2 This table guidance should be considered alongside the recommendations to companies in Section 2.3 of Appendix 10 'Aligning risk and return'.

32.3 High and low scenarios refer to the reasonable high (P90) and reasonable low (P10) scenarios we set out in this appendix. In addition, the sign convention is that outperformance against the base case should be positive and underperformance negative. Figures reported in this table should be:

- adjusted for the headline rate of corporation tax for PR24,
- presented in the base year prices of 2022/23 financial year average, and
- presented after consideration of uncertainty mechanisms.

## RR30 Commentary requirement

32.4 We propose that companies should explain:

- How each of the low and high scenarios have been calculated for each of the contributing areas of RoRE.
- What mitigating factors have been considered as part of the RoRE analysis.

32.5 It should be very clear from companies' commentaries how each of the areas have been calculated and why they have been calculated in this way.

32.6 Companies should explain (where applicable) how they have carried out aggregation of individual risk ranges to area-level risk ranges.

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