

February 2023

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>RR1</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>RR2</p> <p>Added block for equity issuance costs (for each control). Removed block for total gross operational expenditure including cost section (for each control).</p> <p>RR3</p> <p>No changes made.</p> <p>RR4</p> <p>Lines added:</p> <ul style="list-style-type: none"> - Proportion of RPI ILD - ILD indexation rate split into separate lines for RPI and CPIH - New section for Floating Rate Debt for each control - Interest rate on index linked debt split into separate lines for RPI and CPIH - Cost allowance for equity issuance - Ordinary shared issue and Proceeds from share issues split into separate lines for Wholesale and for each control <p>Lines removed:</p> <ul style="list-style-type: none"> - Interest receivable (other) – control - nominal - Blended interest rate on change in borrowings - Preference share capital redemption – control - Preference share capital balance – control – nominal - Preference share capital proceeds – control - Preference share dividends paid – nominal - % of ordinary dividends paid as interim dividend - % of dividends issued as scrip shares |

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| | <p>RR5</p> <p>Lines added:</p> <ul style="list-style-type: none"> - New capital expenditure - proportion of new capital expenditure not qualifying for capital allowance deductions (for each control) - Company – proportion of taxable profits available for tax loss utilisation - Charge for DB schemes – residential retail – charge for DB schemes (for each control) <p>RR6</p> <p>All sections except Innovation funding divided into either Post financeability adjustments eligible for tax uplift or Post financeability adjustments not eligible for tax uplift.</p> <p>Lines added:</p> <ul style="list-style-type: none"> - Residential retail revenue adjustment – real - Business retail revenue adjustment - real <p>RR7</p> <p>All tables – 'Total' column removed. No totals calculated other than for HH Connected</p> <p>HH connected – 'Total' column split into '2025-30 Total' and '2030-35 Total'</p> <p>Measured income accrual – lines removed:</p> <ul style="list-style-type: none"> - 'Residential Measured income accrual rate – adjustment' - 'Residential measured income accrual - adjustment – nominal' <p>Working capital – lines removed:</p> <ul style="list-style-type: none"> - 'Creditor balance - Residential – nominal' - 'Trade and other payables - Retail other payables' - 'Trade and other payables - Retail trade payables' - 'Residential Advance receipts creditor days unmeasured – adjustment' - 'Residential Advance receipts creditor days measured – adjustment' - 'Residential weighted average debtor days' <p>Units changed:</p> <ul style="list-style-type: none"> - 'Retail – Retail creditor months: Payment terms ~ Residential retail pays wholesaler in arrears (advance)' from £m to months <p>Other – lines removed:</p> <ul style="list-style-type: none"> - 'Charge for DB schemes - residential retail - charge for DB schemes – control' for all controls - 'Residential retail revenue adjustment active' - 'Wholesale and retail line item split - actual structure - residential retail' - 'Wholesale Wholesale control charges - Wholesale control unmeasured charge ~ residential – real' - 'Wholesale Wholesale control charges - Wholesale control measured charge ~ residential – real' - 'Wholesale and retail line item split ~ actual company structure - Cash and cash equivalents ~ business retail' - 'Retail - Corporation tax creditor b/f – nominal' - 'Exited Company Residential apportionment CALC' <p>Lines added:</p> |
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| | <ul style="list-style-type: none"> - 'Unmeasured charge - residential – real' for each control - 'Wholesale and retail line item split - capex creditors - residential retail' <p>RR8</p> <p>All tables – 'Total' column split into '2025-30 Total' and '2030-35 Total'</p> <p>Advance receipts – line added:</p> <ul style="list-style-type: none"> - 'Business retail; non-residential advance receipts creditor days measured' <p>Lines removed:</p> <ul style="list-style-type: none"> - 'Advance receipts unmeasured balance - Business – nominal' - 'Advance receipts measured balance - Business - nominal' <p>Opening balances – lines removed:</p> <ul style="list-style-type: none"> - 'Fixed assets balance - Business – nominal' - 'Creditor balance - Business – nominal' - 'Capex creditor balance - Business – nominal' <p>Line renamed:</p> <ul style="list-style-type: none"> - 'Balance at 1/4/2025' to ' Business retail; opening business debtors unmeasured - nominal - Balance at 1/4/2025' <p>Tariff band – lines removed:</p> <ul style="list-style-type: none"> - 'Tariff Band - Margin type (1)' to '(10)' - 'Tariff band - gross margin % (1)' to '(10)' - All other lines reduced from 10 tariff bands to 3 <p>Lines added:</p> <ul style="list-style-type: none"> - 'Business retail; Retail average cost per customer - Tariff Band (1)' to '(3)' <p>Charges – lines removed:</p> <ul style="list-style-type: none"> - 'Wholesale Wholesale control charges - Wholesale control unmeasured charge ~ business – real' - 'Wholesale Wholesale control charges - Wholesale control measured charge ~ business – real' <p>Debt – line removed:</p> <ul style="list-style-type: none"> - 'Interest received/(cost) (for Receivables and Retail Service Opex) - Business – nominal' <p>Other – lines removed:</p> <ul style="list-style-type: none"> - 'Allowed depreciation - Business – nominal' - 'Business retail revenue adjustment - active – real' - 'Fixed asset net book value at 31 March ~ business retail' - 'Business measured income proportion of total Business income' - 'Business retail average cost per customer in Tariff Band (Welsh companies) – real' <p>Lines added:</p> <ul style="list-style-type: none"> - 'Wholesale and retail line item split ~ actual company structure - Cash and cash equivalents ~ business retail' <p>RR9</p> <p>Constant reprofiling inputs – lines removed:</p> <ul style="list-style-type: none"> - 'Prior AMP last year allowed revenue – real' for all controls - 'Re-profiled revenue: post financeability adjustments - Wholesale control' <p>Lines added:</p> <ul style="list-style-type: none"> - 'Reprofiling revenue – real' for all controls |
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| | <p>Working capital inputs- lines removed:</p> <ul style="list-style-type: none"> - 'HH measured trade receivables – net' - 'HH unmeasured trade receivables' - 'Opening retained earnings balance – control – nominal' for all controls <p>Lines added:</p> <ul style="list-style-type: none"> - 'Wholesale – Trade creditor days' for all controls - 'Opening trade creditors balance – control – nominal' for all controls <p>Annual Pension inputs – line removed:</p> <ul style="list-style-type: none"> - 'Pension deficit repair allowance - Wholesale – nominal' <p>Annual reprofiling inputs – table removed</p> <p>Other Revenue Adjustments - Other Income – lines removed:</p> <ul style="list-style-type: none"> - 'Other income - incl. 3rd party income - manual adjustment - real (WR)' - 'Operating income - manual adjustment - real (WR)' <p>Other - lines removed:</p> <ul style="list-style-type: none"> - 'Unmeasured charge - residential – real' for all controls <p>Base Revenue by charging year (2022-23 prices) – line added for each control except Bioresources</p> <p>RR10</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"> - 'Business plan incentive reward / penalty' to 'Quality and ambition assessment (QAA) reward / penalty' - 'Deduct other income (non-price control)' to 'Other income (non-price control)' - 'Total' to 'Appointee' <p>RR11</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> |
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| | <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"> - 'Final determination PAYG rate (%)' to 'PAYG rate (%)' - 'Total pay as you (£m)' to '2025-30 pay as you go (£m)' - 'Total RCV Run-off' to '2025-30 RCV Run-off' - 'run-off rates' to 'RCV run-off rates' - 'Totex PAYG (£ million)' to 'Pay as you go totex (£m)' - 'Pre 2020 RCV' to 'Pre 2025 RCV' - 'Post 2025 investment' to 'Post 2025 investment RCV' <p>Lines removed:</p> <ul style="list-style-type: none"> - 'Other adjustments' - 'Post 2020 RCV' - 'Total run-off' <p>RR12</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> <p>Lines renamed from:</p> <ul style="list-style-type: none"> - 'Post 2020 RCV' to '2020-25 RCV' - 'Post 2025 investment' to 'Post 2025 investment RCV' <p>Lines removed:</p> <ul style="list-style-type: none"> - 'Other Adjustments' - 'Post 2025 investment' in the 'Closing RCV by wholesale control for each component of RCV, 31 March 2025 (£ million)' section. <p>RR13</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> |
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| | | <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>RR14</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>RR16</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> <p>Added 'Dividend yield' line to the 'Notional capital structure' section of the table.</p> <p>RR18-RR20 - Columns removed, tables now show data for appointed activities only</p> <p>RR27</p> <p>Residential:business split and Wastewater charges split moved to table RR27a</p> <p>RR30</p> <p>Lines removed:</p> <ul style="list-style-type: none"> - Items 1-4 High Case & Total - Items 1-4 Low Case & Total - Other Items RoRE – High Case & Low Case <p>Lines added:</p> <ul style="list-style-type: none"> - Uncertainty mechanisms – high case & low case - RoRE post uncertainty mechanism – high case & low case <p>Total RoRE post uncertainty mechanism – high case & low case</p> |
| V3 | 7/2/2023 | Post final methodology |

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| | <p>Changes from V2:</p> <p>RR1</p> <p>Lines RR1.7 - RR1.12 are now linked to RR25.16. The line definition has been updated to reflect this change.</p> <p>Lines RR1.13 - RR1.18 are now linked to RR25.1. The line definition has been updated to reflect this change.</p> <p>Lines RR1.31 - RR1.36 are now calculated cells that sum together the base (RR1.19 – RR1.24) and adjustment (RR1.25 – RR1.30) PAYG rate for each wholesale control. The line definition has been updated to reflect this change.</p> <p>Lines RR1.49 - RR1.54 are now calculated cells to sum together the pre 2025 RCV – base run off rate (RR1.37 – RR1.42) and pre 2025 RCV – adjustment to run off rate (RR1.43 – RR1.48) for each wholesale control. The line definition has been updated to reflect this change.</p> <p>Lines RR1.67 - RR1.72 are now calculated cells to sum together the post 2025 investment RCV – base run off rate (RR1.55 – RR1.60) and post 2025 investment RCV – adjustment to run off rate (RR1.61 – RR1.66) for each wholesale control. The line definition has been updated to reflect this change.</p> <p>RR2</p> <p>Sum of 5 year totals added in columns O and P.</p> <p>Lines RR2.1 and RR2.2 now linked to CW1.13 during price control period.</p> <p>Lines RR2.3 and RR2.4 now linked to CWW1.13 during price control period.</p> <p>Lines RR2.7 and RR2.8 now linked to CW1.6 during price control period.</p> <p>Lines RR2.9 and RR2.10 now linked to CWW1.6 during price control period.</p> <p>Lines RR2.49 – RR2.60 (Other taxable income – Amortisation on grants and contributions – control – nominal and Other taxable income – Grants and contributions taxable on receipt – control – nominal) moved to table RR5 (new reference RR5.127 – RR5.138).</p> <p>Line RR2.61 (Tonnes of dry solid) moved to table RR9 (new reference RR9.261) and renamed from "Bioresources - TDS" to "Tonnes of dry solid".</p> <p>RR4</p> <p>Lines RR4.74 – RR4.80 – corrected typo error from shared to shares.</p> <p>Lines RR4.81 – RR4.87 (Proceeds from share issues – control – nominal (Wholesale)) removed.</p> |
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| | <p>RR5</p> <p>Lines RR5.44 – RR5.46 title updated to align with tables and line definition updated.</p> <p>Lines RR5.71 – RR5.76 (New capital expenditure – proportion of capitalised revenue expenditure (infra & non infra)) added.</p> <p>Lines RR5.77 – RR5.82 (Other adjustments – control – active – nominal) removed.</p> <p>Lines RR5.127 – RR5.138 (Other taxable income – Amortisation on grants and contributions – control – nominal and Other taxable income – Grants and contributions taxable on receipt – control – nominal) moved from table RR2 (previous reference RR2.49 – RR2.60).</p> <p>RR7</p> <p>Lines RR7.19 and RR7.31 added nominal to end of the label.</p> <p>Line RR7.36 (Opening Retained earnings balance – Retail) removed.</p> <p>Line RR7.53 (Wholesale and retail line item split ~ actual company structure – Cash and cash equivalents ~ residential retail) removed.</p> <p>Line RR7.57 changed 'interest' to 'Interest'.</p> <p>RR8</p> <p>Line RR8.83 removed active from label.</p> <p>RR9</p> <p>Line RR9.55 removed b/f from label.</p> <p>Line RR9.73 (Wholesale – Trade creditor days – control) removed.</p> <p>Lines RR9.177 – RR9.182 renamed from "Non-price control income – third party services – Rechargeable works" to "Price control income – third party services – Rechargeable works".</p> <p>Lines RR9.209 – RR9.214 renamed from "Intangible asset and investments balance – control" to "Movements – Intangible asset and investments balance – control" and reference changed to RR9.238 to RR9.243.</p> <p>Lines RR9.220 – RR9.225 linked to RR29.1 – RR29.6.</p> <p>Line RR9.261 (Tonnes of dry solid) moved from table RR2 (previous reference RR2.61) and renamed from "Bioresources – TDS" to "Tonnes of dry solid".</p> <p>RR17</p> |
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| | <p>Lines RR17.27 – RR17.39 has new titles for block C. Renamed from "Inflation below the independent forecasts for the UK economy as published by HM Treasury (2% below)" to "Inflation 2% below the base case in the business plan in each year of the price review".</p> <p>Lines RR17.53 – RR17.65 has new titles for block E. Renamed from "Inflation of 10% for year 1 and 5% in years 2 and 3, followed by a return to the long term inflation target" to "10% spike in inflation with a 2% increase in wedge between RPI and CPIH, followed by two years at 5% and a 1% increase in wedge".</p> <p>RR26</p> <p>Relabelled additional control to additional control 1 and a further column added for additional control 2.</p> <p>RR30</p> <p>Relabelled "Dummy control" to additional control on lines RR30.5 and RR30.26 (previously lines RR30.5 and RR30.25).</p> <p>We have added new lines for the additional control. New lines:</p> <ul style="list-style-type: none"> - RR30.10 – Additional control ODIs – high case - RR30.31 – Additional control ODIs – low case <p>More accurately labelled Line RR30.60 (previously RR30.58) RoRE post uncertainty mechanism - High Case and RR30.61 (previously RR30.59) post uncertainty mechanism - Low Case to RoRE impact of proposed uncertainty mechanisms - high case and RoRE impact of proposed uncertainty mechanisms - low case respectively.</p> <p>Corrected references to measures of experience metrics.</p> |
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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 financial model 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 have published 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 and 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 |
|-----------------|--|---|-------------------------|
| RR1.1 – RR1.6 | Wholesale WACC – based on assumed structure (nominal) – Equity – nominal | Nominal notional cost of equity for input into the financial model (input row for each wholesale control). | n/a |
| RR1.7 – RR1.12 | Wholesale WACC – based on assumed structure nominal – Cost of debt – nominal | Nominal notional cost of debt for input into the financial model. This is equal to RR25.16 for all wholesale controls. | n/a |
| RR1.13 – RR1.18 | Wholesale WACC – based on assumed structure (nominal) – Gearing – nominal | Notional gearing level for input into financial model. This is equal to RR25.1 for all wholesale controls. | n/a |
| RR1.19 – RR1.24 | 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. | n/a |
| RR1.25 – RR1.30 | 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. | n/a |
| RR1.31 – RR1.36 | PAYG Rate – Total PAYG rate | The sum of base PAYG rate (RR1.19 – RR1.24) and adjustment PAYG rate (RR1.25 – RR1.30) for each wholesale control. | n/a |
| RR1.37 – RR1.42 | 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. | n/a |
| RR1.43 – RR1.48 | 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. | n/a |
| RR1.49 – RR1.54 | Pre 2025 RCV – Total run off rate | The sum of pre 2025 RCV – base run off rate (RR1.37 – RR1.42) and pre 2025 RCV – adjustment to run off rate (RR1.43 – RR1.48) for each wholesale control. | n/a |
| RR1.55 – RR1.60 | 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. | n/a |
| RR1.61 – RR1.66 | 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 | n/a |

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| | | below for further information on completing this section. | |
| RR1.67 – RR1.72 | Post 2025 investment RCV - Total run off rate | The sum of post 2025 investment RCV – base run off rate (RR1.55 – RR1.60) and post 2025 investment RCV – adjustment to run off rate (RR1.61 – RR1.66) for each wholesale control. | n/a |
| RR1.73 | Long term CPIH inflation rate | The assumed long-term CPI(H) inflation rate. | n/a |

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 necessarily 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.

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 v4 business plan tables to be published in May 2023.

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

| Line | Title | Definition | RAG 4.10 line reference |
|-----------------|--|--|-------------------------|
| RR2.1 - RR2.6 | 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. | n/a |
| RR2.7 - RR2.12 | 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. | n/a |
| RR2.13 - RR2.18 | 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. | n/a |
| RR2.19 - RR2.24 | IRE totex adjustment for ACICR (Ofwat) - real | Infrastructure renewal expenditure that been categorised as capex but has been recovered through PAYG. | n/a |
| RR2.25 - RR2.30 | 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 RR2.25 – RR2.30 and RR2.31 – RR2.36 should align to the CW1.14 and CWW1.14. | n/a |
| RR2.31 - RR2.36 | 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 RR2.25 – RR2.30 and RR2.31 – RR2.36 should align to the CW1.14 and CWW1.14. | n/a |
| RR2.37 - RR2.42 | 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 RR2.37 – RR2.42 and RR2.43 – RR2.48 should align to the CW1.7 and CWW1.7. | n/a |
| RR2.43 - RR2.48 | 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 RR2.37 – RR2.42 and RR2.43 – RR2.48 should align to the CW1.7 and CWW1.7. | n/a |

RR2 Additional guidance

- 4.1 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 v4 business plan tables to be published in May 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 |
|-----------------------|-------------------------------------|---|-------------------------|
| RR3.1 – RR3.6 | 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). | n/a |
| RR3.7 – RR3.12 | 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). | n/a |

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 v4 business plan tables to be published in May 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). | n/a |
| RR4.7 | % of ILD | Notional proportion of opening index linked debt. | n/a |
| RR4.8 | Proportion of RPI ILD | The assumed notional percentage of RPI linked debt as a proportion of total index linked debt. | n/a |
| RR4.9 | RPI ILD indexation rate | Indexation rate for RPI linked debt. | n/a |
| RR4.10 | CPIH ILD indexation rate | Indexation rate for CPI(H) linked debt. | n/a |
| RR4.11 – RR4.16 | Opening index linked debt - nominal | Actual opening index linked debt balance apportioned by wholesale control. | n/a |
| RR4.17 – RR4.22 | Opening Fixed rate debt - nominal | Actual fixed rate linked debt balance apportioned by wholesale control. | n/a |
| RR4.23 – RR4.28 | Opening Floating rate debt - nominal | Actual opening floating rate debt balance apportioned by wholesale control. | n/a |
| RR4.29 – RR4.34 | Preference share capital opening balance - control - nominal | Actual opening preference share capital balance apportioned by wholesale control. | n/a |
| RR4.35 – RR4.40 | Interest rate on RPI linked debt | Notional interest rate for RPI linked debt (input row for each wholesale control). | n/a |
| RR4.41 – RR4.46 | Interest rate on CPI(H) linked debt | Notional interest rate for CPI(H) linked debt (input row for each wholesale control). | n/a |
| RR4.47 – RR4.52 | Interest rate on fixed rate debt | Notional interest rate for fixed rate debt (input row for each wholesale control). | n/a |
| RR4.53 | Opening cash balance - Appointee - nominal | Actual opening cash balance of the appointee. | n/a |
| RR4.54 – RR4.59 | Cash and cash equivalents initial balance - control - nominal | Actual opening cash balance of the wholesale controls. | n/a |
| RR4.60 – RR4.65 | Cash interest rate | Notional cash interest rate (input row for each wholesale control). | n/a |
| RR4.66 – RR4.71 | Opening Called up share capital balance - control - nominal | Actual opening share capital balance apportioned by wholesale control. | n/a |
| RR4.72 | Equity dividends paid - Wholesale - nominal | Forecast total equity dividend paid by the company in the year. This includes any special dividends paid in the year. | n/a |
| RR4.73 | Cost allowance for equity issuance - nominal | Any operating costs associated with the issuance of equity. Should equal the sum of lines RR2.13 to RR2.18. | n/a |
| RR4.74 | Ordinary shares issued - control - nominal (Wholesale) | Value of any shares issued in nominal terms. Should equal the sum of lines RR4.75 to RR4.80. | n/a |
| RR4.75 – RR4.80 | Ordinary shares issued - control - nominal | Value of any shares issued in nominal terms (input row for each wholesale control). | n/a |

PR24 business plan table guidance part 2; Risk & return

| Line | Title | Definition | RAG 4.10 line reference |
|------------------------|---|--|-------------------------|
| RR4.81 - RR4.86 | Opening Dividend creditors balance - control - nominal | Actual opening dividend creditors apportioned by wholesale control. | n/a |
| RR4.87 | Ordinary dividend (overrides any other dividend approach) (post override) - nominal | To be used to override dividends calculated in the model, please provide rationale if this line is used. | n/a |
| RR4.88 | Real dividend growth | Assumed notional real dividend growth. | n/a |
| RR4.89 | Dividend yield | Notional dividend yield. | n/a |
| RR4.90 - RR4.95 | Opening dividend cashflow balance - control - nominal | Actual opening balance for dividend cashflows (input row for each wholesale control). | n/a |

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 on capital](#) 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 v4 business plan tables to be published in May 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). | n/a |
| RR5.7 - RR5.12 | Opening tax loss balance - wholesale | Actual opening tax losses carried forward (input row for each wholesale control). | n/a |
| RR5.13 - RR5.18 | Opening deferred tax balance - control - nominal | Actual opening deferred tax balance (input row for each wholesale control). | n/a |
| RR5.19 | Current tax liabilities - Appointee b/f - nominal | Actual opening current tax liabilities for the appointee. | n/a |
| 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). | n/a |
| 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). | n/a |
| 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). | n/a |
| 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). | n/a |
| RR5.44 | Capital expenditure writing down allowance pool 1 | Capital expenditure writing down allowance rate for pool 1 - main rate (18%) capital allowance pool. | n/a |
| RR5.45 | Capital expenditure writing down allowance pool 2 | Capital expenditure writing down allowance rate for pool 2 - special rate (6%) capital allowance pool. | n/a |
| RR5.46 | Capital expenditure writing down allowance pool 3 | Capital expenditure writing down allowance rate for pool 3 - structures and buildings rate (3%) capital allowance pool. | n/a |
| RR5.47 - RR5.52 | New capital expenditure - proportion of new capital expenditure qualifying for the general (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). | n/a |
| RR5.53 - RR5.58 | New capital expenditure - proportion of new capital expenditure qualifying for the longlife (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). | n/a |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|--------------------------|---|---|-----|
| 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). | n/a |
| RR5.65 – RR5.70 | 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). | n/a |
| RR5.71 – RR5.76 | New capital expenditure - proportion of capitalised revenue expenditure (infra & non infra) | Proportion of new capital expenditure forecast as capitalised revenue expenditure (input row for each wholesale control). | n/a |
| RR5.77 – RR5.82 | 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). | n/a |
| RR5.83 – RR5.88 | Other taxable income - Other adjustments to taxable profits - control | Other income adjustments to taxable profits (input row for each wholesale control). | n/a |
| RR5.89 – RR5.94 | 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). | n/a |
| RR5.95 – RR5.100 | 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). | n/a |
| RR5.101 – RR5.106 | 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). | n/a |
| RR5.107 – RR5.112 | Tax cashflow initial balance | Actual opening tax cashflow balance (input row for each wholesale control). | n/a |
| RR5.113 | Company - proportion of taxable profits available for tax loss utilisation | Proportion of taxable losses allowable for tax loss utilisation. | n/a |
| RR5.114 | Statutory Corporation tax rate | Statutory corporation tax rate. | n/a |
| RR5.115 – RR5.120 | Adjustment to tax payment | Manual adjustments to tax payment (input row for each wholesale control). | n/a |

| | | | |
|--------------------------|--|--|-----|
| RR5.121 – RR5.126 | Charge for DB schemes - residential retail - charge for DB schemes - control | Charge for defined benefit schemes for residential retail (input row for each wholesale control). | n/a |
| RR5.127 – RR5.132 | 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). | n/a |
| RR5.133 – RR5.138 | 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). | n/a |

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 v4 business plan tables to be published in May 2023.

8. RR6 – Post financeability inputs

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

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 v4 business plan tables to be published in May 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 profit on 1/4/25 for residential retail in nominal terms. | n/a |
| RR7.2 | Cost to serve per unmetered water customers – real | Cost to serve per customer, for unmetered water customers. | n/a |
| RR7.3 | Cost to serve unmetered sewerage customers - real | Cost to serve per customer, for unmetered sewerage customers. | n/a |
| RR7.4 | Cost to serve unmetered dual customers - real | Cost to serve per customer, for unmetered water and sewerage customers. | n/a |
| RR7.5 | Cost to serve metered water customers - real | Cost to serve per customer, for metered water customers. | n/a |
| RR7.6 | Cost to serve metered sewerage customers – real | Cost to serve per customer, for metered sewerage customers. | n/a |
| RR7.7 | Cost to serve metered dual customers – real | Cost to serve per customer, for metered water and sewerage customers. | n/a |
| RR7.8 | Households connected for water only - unmetered | Number of unmetered customers connected for water only. | n/a |
| RR7.9 | Households connected for sewerage only – unmetered | Number of unmetered customers connected for sewerage only. | n/a |
| RR7.10 | Households connected for water only - metered | Number of metered customers connected for water only. | n/a |
| RR7.11 | Households connected for sewerage only - metered | Number of metered customers connected for sewerage only. | n/a |
| RR7.12 | Households connected for water and sewerage - unmetered | Number of unmetered customers connected for water and sewerage. | n/a |
| RR7.13 | Households connected for water and sewerage - metered | Number of metered customers connected for water and sewerage. | n/a |
| RR7.14 | HH unmeasured trade debtors | Number of trade debtor days for unmetered customers. | n/a |
| RR7.15 | HH measured trade debtors | Number of trade debtor days for metered customers. | n/a |
| RR7.16 | HH Advance receipts creditor days unmeasured | Number of advance receipts creditor days for unmetered customers. | n/a |
| RR7.17 | HH Advance receipts creditor days measured | Number of advance receipts creditor days for metered customers. | n/a |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|---------------|--|---|-----|
| RR7.18 | HH Measured income accrual rate | Income accrual rate for metered residential customers. Equal to forecast measured residential retail income unbilled at the year end (RR7.19), divided by the total measured residential retail revenue, multiplied by 100. | n/a |
| RR7.19 | HH Measured income accrual - nominal | Forecast measured residential retail income unbilled at the year end. | n/a |
| RR7.20 | Capital expenditure on assets principally used by residential retail - real | Capital expenditure on assets principally used by residential retail. | n/a |
| RR7.21 | Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential unmeasured - Water only | Total residential retail costs (excluding third party services) for unmetered customers connected for water only. | n/a |
| RR7.22 | Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential unmeasured - Wastewater only | Total residential retail costs (excluding third party services) for unmetered customers connected for sewerage only. | n/a |
| RR7.23 | Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential measured - Water only | Total residential retail costs (excluding third party services) for metered customers connected for water only. | n/a |
| RR7.24 | Expenditure - Total residential retail costs (opex plus depreciation, excluding third party services) - Residential measured - Wastewater only | Total residential retail costs (excluding third party services) for metered customers connected for sewerage only | n/a |
| RR7.25 | Expenditure - Total residential retail costs - Residential unmeasured - Water and Wastewater | Total residential retail costs (excluding third party services) for unmetered customers connected for water and sewerage. | n/a |
| RR7.26 | Expenditure - Total residential retail costs - Residential measured - Water and Wastewater | Total residential retail costs (excluding third party services) for metered customers connected for water and sewerage. | n/a |
| RR7.27 | Dividend creditors wholesale retail split - Dividend creditors ~ residential retail | Opening dividend creditors for residential retail. | n/a |
| RR7.28 | Trade and other payables - Wholesale creditors ~ residential retail | Wholesale creditors for trade and other payables. | n/a |

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| | | | |
|------------------------|--|--|-----|
| RR7.29 | Trade and other payables - Retail other payables - nominal | Other payables for trade and other payables. | n/a |
| RR7.30 | Trade and other payables - Retail trade payables - nominal | Trade payables for trade and other payables. | n/a |
| RR7.31 | Retail - Corporation tax creditor b/f - nominal | Corporation tax creditor brought forward to opening balance. | n/a |
| RR7.32 | Retail - Residential unmeasured trade receivables - net - nominal | Trade receivables for unmetered customers. | n/a |
| RR7.33 | Retail - Residential measured trade receivables - net - nominal | Trade receivables for metered customers. | n/a |
| RR7.34 | Retail - Retail creditor months: Payment terms ~ Residential retail pays wholesaler in arrears (advance) | Number of retail creditor months for payment in arrears. | n/a |
| RR7.35 | Opening retained cash balance - Residential | Opening balance for retained cash. | n/a |
| RR7.36 | Residential net margin for company | Residential net margin for company. | n/a |
| RR7.37 - RR7.42 | Measured charge - residential - real | Proportion of total charge for metered residential customers (input row for each wholesale control). | n/a |
| RR7.43 - RR7.48 | Unmeasured charge - residential - real | Proportion of total charge for unmetered residential customers (input row for each wholesale control). | n/a |
| RR7.49 | Household unmeasured advance receipts | Advance receipts for unmetered customers. | n/a |
| RR7.50 | Household measured advance receipts | Advance receipts for metered customers. | n/a |
| RR7.51 | Residential Retail allowed depreciation (post efficiency challenge and adjustments) - real | Allowed depreciation for residential retail. | n/a |
| RR7.52 | Pension contributions - Retail | Pension contributions | n/a |
| RR7.53 | Wholesale and retail line item split - capex creditors - residential retail | Capex creditors for residential retail. | n/a |
| RR7.54 | Percentage distributed as dividends at retail level | Percentage of available earnings distributed as dividends. | n/a |
| RR7.55 | Interest rate - residential | Residential retail interest rate. | n/a |
| RR7.56 | Fixed asset net book value at 31 March ~ residential retail | Fixed asset net book value on 31st March 2025. | n/a |

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 v4 business plan tables to be published in May 2023.

10. RR8 – Business retail inputs

| Line | Title | Definition | RAG 4.10 line reference |
|--------|--|--|-------------------------|
| RR8.1 | Business retail; non-residential advance receipts creditor days unmeasured | Number of creditor days for non-residential advance receipts, for unmetered customers. | n/a |
| RR8.2 | Business retail; non-residential advance receipts creditor days measured | Number of creditor days for non-residential advance receipts, for metered customers. | n/a |
| RR8.3 | Business retail; opening business debtors unmeasured - nominal - Balance at 1/4/2025 | Opening balance for business debtors on 1/4/2025, for unmetered customers. | n/a |
| RR8.4 | Business retail; opening business debtors measured - nominal - Balance at 1/4/2025 | Opening balance for business debtors on 1/4/2025, for metered customers. | n/a |
| RR8.5 | Opening Measured income accrual balance - Business - nominal - Balance at 1/4/2025 | Opening balance for income accrual on 1/4/2025, for metered customers. | n/a |
| RR8.6 | Opening Fixed asset balance - Business - nominal - Balance at 1/4/2025 | Opening balance for fixed assets on 1/4/2025. | n/a |
| RR8.7 | Opening retained earnings balance - Business - Balance at 1/4/2025 | Opening balance for retained earnings on 1/4/2025. | n/a |
| RR8.8 | Business retail; weighted average debtor days | Weighted average number of debtor days for business retail. | n/a |
| RR8.9 | Business retail; creditor months: Payment terms ~ Business retail pays wholesaler in arrears (advance) | Number of business creditor months for payment in arrears. | n/a |
| RR8.10 | Business retail; Number of customers - Tariff Band (1) | Number of customers on Tariff Band 1. | n/a |
| RR8.11 | Business retail; Number of customers - Tariff Band (2) | Number of customers on Tariff Band 2. | n/a |
| RR8.12 | Business retail; Number of customers - Tariff Band (3) | Number of customers on Tariff Band 3. | n/a |
| RR8.13 | Business retail; Forecast allocated wholesale charge - nominal - Tariff Band (1) | Forecast allocated wholesale charge for Tariff Band 1. | n/a |
| RR8.14 | Business retail; Forecast allocated wholesale charge - nominal - Tariff Band (2) | Forecast allocated wholesale charge for Tariff Band 2. | n/a |
| RR8.15 | Business retail; Forecast allocated wholesale charge - nominal - Tariff Band (3) | Forecast allocated wholesale charge for Tariff Band 3. | n/a |
| RR8.16 | Business retail; Net margin percentage - Tariff Band (1) | Net margin percentage for Tariff Band 1. | n/a |
| RR8.17 | Business retail; Net margin percentage - Tariff Band (2) | Net margin percentage for Tariff Band 2. | n/a |
| RR8.18 | Business retail; Net margin percentage - Tariff Band (3) | Net margin percentage for Tariff Band 3. | n/a |
| RR8.19 | Business retail; Retail average cost per customer - Tariff Band (1) | Retail average cost per customer for Tariff Band 1. | n/a |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|------------------------|---|---|-----|
| RR8.20 | Business retail; Retail average cost per customer – Tariff Band (2) | Retail average cost per customer for Tariff Band 2. | n/a |
| RR8.21 | Business retail; Retail average cost per customer – Tariff Band (3) | Retail average cost per customer for Tariff Band 3. | n/a |
| RR8.22 – RR8.27 | Business retail; Unmeasured charge – real | Proportion of total charge for unmetered business customers (input row for each wholesale control). | n/a |
| RR8.28 – RR8.33 | Business retail; Measured charge – real | Proportion of total charge for metered business customers (input row for each wholesale control). | n/a |
| RR8.34 | Business retail; Measured advance receipts | Advanced receipts for metered business customers. | n/a |
| RR8.35 | Business retail; Unmeasured advance receipts | Advanced receipts for unmetered business customers. | n/a |
| RR8.36 | Business retail; Advance Receipts Weighting – Unmeasured | Advanced receipts weighting for unmetered customers. | n/a |
| RR8.37 | Business retail; Dividend creditors wholesale retail split | Dividend creditors for business retail in nominal terms. | n/a |
| RR8.38 | Business retail; Dividends due – nominal | Business retail dividends due. | n/a |
| RR8.39 | Business retail; Interest rate | Interest rate on debt. | n/a |
| RR8.40 | Business retail; Movement in trade debtor – nominal | Increase/decrease in trade debtor. | n/a |
| RR8.41 | Business retail; Trade and other payables – Wholesale creditors | Trade and other payables for wholesale creditors. | n/a |
| RR8.42 | Business retail; Wholesale and retail line item split – Capex creditor | Capex creditors for business retail in nominal terms. | n/a |
| RR8.43 | Business retail; Measured income accrual rate | Income accrual rate for metered business customers. Equal to forecast measured business customers/ business retail income unbilled at the year end, divided by the total measured business customers/ business retail revenue, multiplied by 100. | n/a |
| RR8.44 | Business retail revenue override – nominal | Override for business retail revenue. | n/a |
| RR8.45 | Business retail margin – Override | Override for business retail margin. | n/a |
| RR8.46 | Business retail total allowed depreciation – real | Total allowed depreciation for business retail. | n/a |
| RR8.47 | Capital expenditure on assets principally used by business retail – real | Capital expenditure on assets principally used by business retail. | n/a |
| RR8.48 | Wholesale and retail line item split ~ actual company structure – Cash and cash equivalents ~ business retail | Opening retained cash for business retail in nominal terms. | n/a |

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 v4 business plan tables to be published in May 2023.

11. RR9 – Miscellaneous financial model inputs

| Line | Title | Definition | RAG 4.10 line reference |
|-----------------|--|---|-------------------------|
| RR9.1 – RR9.6 | Opening retirement benefit asset balance – control | Opening balance on 1/1/25 for retirement benefit assets (input row for each wholesale control). | n/a |
| RR9.7 – RR9.12 | Opening retirement benefit obligations balance | Opening balance on 1/1/25 for retirement benefit obligations (input row for each wholesale control). | n/a |
| RR9.13 – RR9.18 | Reprofiling revenue – real | Revenue from reprofiling (input row for each wholesale control). | n/a |
| RR9.19 – RR9.24 | Discount rate for reprofiling allowed revenue | Discount rate for reprofiling allowed revenue, for year ending 31/3/25 (input row for each wholesale control). We expect companies to input the notional wholesale WACC that is relevant to that control. | n/a |
| RR9.25 – RR9.30 | Opening intangible asset and investments balance – control – nominal | Opening balance on 1/4/25 for intangible assets and investments (input row for each wholesale control) | n/a |
| RR9.31 – RR9.36 | Opening Provisions balance – control | Opening balance on 1/4/25 for provisions (input row for each wholesale control). | n/a |
| RR9.37 – RR9.42 | Opening Other liabilities balance – control | Opening balance on 1/4/25 for other liabilities (input row for each wholesale control). | n/a |
| RR9.43 – RR9.48 | Opening Non-distributable reserves balance – control | Opening balance on 1/4/25 for non-distributable reserves (input row for each wholesale control). | n/a |
| RR9.49 – RR9.54 | Opening retained earnings balance – control – nominal | Opening balance on 1/4/25 for retained earnings (input row for each wholesale control). | n/a |
| RR9.55 | Debtors other – nominal | Other debtors brought forward. | n/a |
| RR9.56 – RR9.61 | Opening Capex creditors balance – control – nominal | Opening balance for capex creditors (input row for each wholesale control). | n/a |
| RR9.62 – RR9.67 | Inventories balance – control | Inventories balance (input row for each wholesale control). | n/a |
| RR9.68 – RR9.73 | Wholesale – Trade creditor days | Number of wholesale trade creditor days (input row for each wholesale control). | n/a |
| RR9.74 | Capex creditor days | Number of capex creditor days. | n/a |
| RR9.75 – RR9.80 | Other creditors target balance – control – nominal | Target balance for other creditors (input row for each wholesale control). | n/a |
| RR9.81 – RR9.86 | Other debtors target balance – control – nominal | Target balance for other debtors (input row for each wholesale control). | n/a |
| RR9.87 – RR9.92 | Opening Trade debtors balance – control – nominal | Opening balance on 1/4/25 for trade debtors (input row for each wholesale control). | n/a |
| RR9.93 – RR9.98 | Opening Other debtors balance – control – nominal | Opening balance on 1/4/25 for other debtors (input row for each wholesale control). | n/a |

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| | | | |
|--------------------------|---|--|-----|
| RR9.99 – RR9.104 | Opening trade creditors balance – control – nominal | Opening balance on 1/4/25 for trade creditors (input row for each wholesale control). | n/a |
| RR9.105 – RR9.110 | Opening Other creditors balance – control – nominal | Opening balance on 1/4/25 for other creditors (input row for each wholesale control). | n/a |
| RR9.111 – RR9.116 | 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). | n/a |
| RR9.117 – RR9.122 | 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). | n/a |
| RR9.123 – RR9.128 | Defined benefit pension deficit recovery per IN13/17 real | Defined benefit pension deficit recovery as detailed in Information Notice 13/17 (input row for each wholesale control). | n/a |
| RR9.129 – RR9.134 | Wholesale DB pension cash excess over charge – real – control | Wholesale defined benefit pension cash excess over charge (input row for each wholesale control). | n/a |
| RR9.135 – RR9.140 | Total direct procurement from customers – infrastructure cost 1 – real | Total direct procurement from customers for infrastructure cost 1 (input row for each wholesale control). | n/a |
| RR9.141 – RR9.146 | Total direct procurement from customers – infrastructure cost 2 – real | Total direct procurement from customers for infrastructure cost 2 (input row for each wholesale control). | n/a |
| RR9.147 – RR9.152 | Total direct procurement from customers – infrastructure cost 3 – real | Total direct procurement from customers for infrastructure cost 3 (input row for each wholesale control). | n/a |
| RR9.153 – RR9.158 | Adjustment to Wholesale revenue requirement – real | Wholesale revenue requirement adjustment (input row for each wholesale control). | n/a |
| RR9.159 – RR9.164 | 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). Includes income from excluded charges. Refer to RAG 4.09 appendix 1 for further guidance on income categorisation. | n/a |
| RR9.165 – RR9.170 | Non-price control income – third party services – Bulk supplies – contract not qualifying for water trading incentives – signed before 1 April 2020 | Non-price control 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). Refer to RAG 4.09 appendix 1 for further guidance on income categorisation. | n/a |
| RR9.171 – RR9.176 | Non-price control income – third party services – Bulk supplies – contract qualifying for water trading incentives – on or after 1 April 2020 | Non-price control 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). Refer to RAG 4.09 appendix 1 for further guidance on income categorisation. | n/a |
| RR9.177 – RR9.182 | Price control income – third party services – Rechargeable works | Price control income from rechargeable works (input row for each wholesale control). Refer to RAG 4.09 appendix 1 for further guidance on income categorisation. | n/a |

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| | | | |
|--------------------------|---|--|-----|
| RR9.183 - RR9.188 | Non-price control income - principal services | Non-price control income from principal services (input row for each wholesale control). Includes income from recreational use of protected land e.g. rambling and forestry. Refer to RAG 4.09 appendix 1 for further guidance on income categorisation. | n/a |
| RR9.189 - RR9.194 | Non-price control income - third party services - Bulk supplies - General | Non-price control income from general bulk supplies (input row for each wholesale control). | n/a |
| RR9.195 - RR9.200 | Other price control income - Third party revenue | Other price-control income from third party revenue (input row for each wholesale control). Includes non-potable water (which are not a bulk supply). Refer to RAG 4.09 appendix 1 for further guidance on income categorisation. | n/a |
| RR9.201 - RR9.206 | Other operating income - real | Other operating income (input row for each wholesale control). | n/a |
| RR9.207 | Inventories b/f | Inventories brought forward to opening balance. | n/a |
| RR9.208 - RR9.213 | Fixed assets b/f - control - active - nominal | Fixed assets brought forward to opening balance on 1/4/25 (input row for each wholesale control). | n/a |
| RR9.214 - RR9.219 | Depreciation b/f - control - active - nominal | Depreciation brought forward to opening balance on 1/4/25 (input row for each wholesale control). | n/a |
| RR9.220 - RR9.225 | Wholesale fixed asset life (post override) - control | Wholesale fixed asset life (input row for each wholesale control). Should align to RR29.1 to RR29.6. | n/a |
| RR9.226 - RR9.231 | Allowable depreciation on capitalised revenue - control | Allowable depreciation on capitalised revenue (input row for each wholesale control). | n/a |
| RR9.232 - RR9.237 | Movement in other liabilities - control | Increase/ decrease in other liabilities (input row for each wholesale control). | n/a |
| RR9.238 - RR9.243 | Movement in intangible asset and investments balance - control | Opening balance for intangible assets and investments (input row for each wholesale control). | n/a |
| RR9.244 - RR9.249 | Movement in Pensions (+ve = increase in provision) - control - nominal | Increase/ decrease in pensions (input row for each wholesale control). | n/a |
| RR9.250 - RR9.255 | Movement in provisions - control - nominal | Increase/ decrease in provisions (input row for each wholesale control). | n/a |
| RR9.256 - RR9.260 | Base Revenue by charging year | Base revenue for 2024-25 for calculation of year 1 k value (input row for each wholesale control). | n/a |
| RR9.261 | Tonnes of dry solid | Tonnes of dry solids. | n/a |

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 v4 business plan tables to be published in May 2023.

12. RR10 – Allowed Revenue

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

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|---|---|-----|
| RR10.27 | 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 |
| RR10.28 | Allowed revenue calculation; WR - RCV run-off | Wholesale water resources RCV run-off for the calculation of allowed revenue 2025-30. | n/a |
| RR10.29 | Allowed revenue calculation; WR - Return on capital | Wholesale water resources return on capital for the calculation of allowed revenue 2025-30. | n/a |
| RR10.30 | 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 |
| RR10.31 | 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 |
| RR10.32 | Allowed revenue calculation; WR - Tax | Wholesale water resources tax for the calculation of allowed revenue 2025-30. | n/a |
| RR10.33 | 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 |
| RR10.34 | 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 |
| RR10.35 | Allowed revenue calculation; WR - Innovation fund | Wholesale water resources innovation fund for the calculation of allowed revenue 2025-30. | n/a |
| RR10.36 | Allowed revenue calculation; WR - Revenue re-profiling | Wholesale water resources revenue re-profiling for the calculation of allowed revenue 2025-30. | n/a |
| RR10.37 | 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 |
| RR10.38 | 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 |
| RR10.39 | Allowed revenue calculation; WN - RCV run-off | Wholesale water network plus RCV run-off for the calculation of allowed revenue 2025-30. | n/a |
| RR10.40 | Allowed revenue calculation; WN - Return on capital | Wholesale water network plus return on capital for the calculation of allowed revenue 2025-30. | n/a |
| RR10.41 | 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 |
| RR10.42 | 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 |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|--|--|-----|
| RR10.43 | Allowed revenue calculation; WN – Tax | Wholesale water network plus tax for the calculation of allowed revenue 2025-30. | n/a |
| RR10.44 | 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 |
| RR10.45 | 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 |
| RR10.46 | Allowed revenue calculation; WN – Innovation fund | Wholesale water network plus innovation fund for the calculation of allowed revenue 2025-30. | n/a |
| RR10.47 | Allowed revenue calculation; WN – Revenue re-profiling | Wholesale water network plus revenue re-profiling for the calculation of allowed revenue 2025-30. | n/a |
| RR10.48 | 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 |
| RR10.49 | 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 |
| RR10.50 | Allowed revenue calculation; WWN – RCV run-off | Wholesale wastewater network plus RCV run-off for the calculation of allowed revenue 2025-30. | n/a |
| RR10.51 | Allowed revenue calculation; WWN – Return on capital | Wholesale wastewater network plus return on capital for the calculation of allowed revenue 2025-30. | n/a |
| RR10.52 | 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 |
| RR10.53 | 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 |
| RR10.54 | Allowed revenue calculation; WWN – Tax | Wholesale wastewater network plus tax for the calculation of allowed revenue 2025-30. | n/a |
| RR10.55 | 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 |
| RR10.56 | 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 |
| RR10.57 | Allowed revenue calculation; WWN – Innovation fund | Wholesale wastewater network plus innovation fund for the calculation of allowed revenue 2025-30. | n/a |
| RR10.58 | Allowed revenue calculation; WWN – Revenue re-profiling | Wholesale wastewater network plus revenue re-profiling for the calculation of allowed revenue 2025-30. | n/a |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|--|---|-----|
| RR10.59 | 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 |
| RR10.60 | Allowed revenue calculation; BR - Pay as you go | Wholesale bioresources pay as you go for the calculation of allowed revenue 2025-30. | n/a |
| RR10.61 | Allowed revenue calculation; BR - RCV run-off | Wholesale bioresources RCV run-off for the calculation of allowed revenue 2025-30. | n/a |
| RR10.62 | Allowed revenue calculation; BR - Return on capital | Wholesale bioresources return on capital for the calculation of allowed revenue 2025-30. | n/a |
| RR10.63 | 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 |
| RR10.64 | 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 |
| RR10.65 | Allowed revenue calculation; BR - Tax | Wholesale bioresources tax for the calculation of allowed revenue 2025-30. | n/a |
| RR10.66 | 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 |
| RR10.67 | 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 |
| RR10.68 | Allowed revenue calculation; BR - Innovation fund | Wholesale bioresources innovation fund for the calculation of allowed revenue 2025-30. | n/a |
| RR10.69 | Allowed revenue calculation; BR - Revenue re-profiling | Wholesale bioresources revenue re-profiling for the calculation of allowed revenue 2025-30. | n/a |
| RR10.70 | 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 |
| RR10.71 | 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 |
| RR10.72 | Allowed revenue calculation; ADDN1 - RCV run-off | Wholesale additional control 1 RCV run-off for the calculation of allowed revenue 2025-30. | n/a |
| RR10.73 | Allowed revenue calculation; ADDN1 - Return on capital | Wholesale additional control 1 return on capital for the calculation of allowed revenue 2025-30. | n/a |
| RR10.74 | 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 |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|---|--|-----|
| RR10.75 | 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 |
| RR10.76 | Allowed revenue calculation; ADDN1 – Tax | Wholesale additional control 1 tax for the calculation of allowed revenue 2025-30. | n/a |
| RR10.77 | 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 |
| RR10.78 | 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 |
| RR10.79 | Allowed revenue calculation; ADDN1 – Innovation fund | Wholesale additional control 1 innovation fund for the calculation of allowed revenue 2025-30. | n/a |
| RR10.80 | Allowed revenue calculation; ADDN1 – Revenue re-profiling | Wholesale additional control 1 revenue re-profiling for the calculation of allowed revenue 2025-30. | n/a |
| RR10.81 | 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 |
| RR10.82 | 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 |
| RR10.83 | Allowed revenue calculation; ADDN2 – RCV run-off | Wholesale additional control 2 RCV run-off for the calculation of allowed revenue 2025-30. | n/a |
| RR10.84 | Allowed revenue calculation; ADDN2 – Return on capital | Wholesale additional control 2 return on capital for the calculation of allowed revenue 2025-30. | n/a |
| RR10.85 | 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 |
| RR10.86 | 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 |
| RR10.87 | Allowed revenue calculation; ADDN2 – Tax | Wholesale additional control 2 tax for the calculation of allowed revenue 2025-30. | n/a |
| RR10.88 | 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 |
| RR10.89 | 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 |
| RR10.90 | 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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| | | | |
|----------------|--|--|-----|
| RR10.91 | Allowed revenue calculation; ADDN2 - Revenue re-profiling | Wholesale additional control 2 revenue re-profiling for the calculation of allowed revenue 2025-30. | n/a |
| RR10.92 | 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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| | | | |
|----------------|---|--|-----|
| RR11.18 | 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 |
| RR11.19 | WN - Pension deficit repair costs (£m) | Pension deficit recovery cost for wholesale water network plus. | n/a |
| RR11.20 | WN - 2025-30 pay as you go (£m) | Five year pay as you go allowances for wholesale water network plus. Sum of lines RR11.18 to RR11.19. | n/a |
| RR11.21 | WWN - Totex allowance (£m) | Total expenditure allowance for wholesale wastewater network plus. | n/a |
| RR11.22 | 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 |
| RR11.23 | 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 |
| RR11.24 | WWN - Pension deficit repair costs (£m) | Pension deficit recovery cost for wholesale wastewater network plus. | n/a |
| RR11.25 | 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 |
| RR11.26 | BR - Totex allowance (£m) | Total expenditure allowance for wholesale bioresources. | n/a |
| RR11.27 | BR - PAYG rate (%) | The pay as you go rate expressed as a percentage of the total expenditure allowance for wholesale bioresources. | n/a |
| RR11.28 | 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 |
| RR11.29 | BR - Pension deficit repair costs (£m) | Pension deficit recovery cost for wholesale bioresources. | n/a |
| RR11.30 | 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 |
| RR11.31 | ADDN1 - Totex allowance (£m) | Total expenditure allowance for additional control 1. | n/a |
| RR11.32 | ADDN1 - PAYG rate (%) | The pay as you go rate expressed as a percentage of the total expenditure allowance for additional control 1. | n/a |
| RR11.33 | 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 |
| RR11.34 | ADDN1 - Pension deficit repair costs (£m) | Pension deficit recovery cost for additional control 1. | n/a |
| RR11.35 | 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 |
| RR11.36 | ADDN2 - Totex allowance (£m) | Total expenditure allowance for additional control 2. | n/a |

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| | | | |
|----------------|---|---|-----|
| RR11.37 | ADDN2 - PAYG rate (%) | The pay as you go rate expressed as a percentage of the total expenditure allowance for additional control 2. | n/a |
| RR11.38 | 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 |
| RR11.39 | ADDN2 - Pension deficit repair costs (£m) | Pension deficit recovery cost for additional control 2. | n/a |
| RR11.40 | 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 |
| RR11.41 | WR run-off - Pre 2025 RCV | Water resources RCV run off rates on RCV existing pre 2025. | n/a |
| RR11.42 | WR run-off - Post 2025 investment RCV | Water resources RCV run off rates on post 2025 investment RCV. | n/a |
| RR11.43 | WR - 2025-30 RCV run-off rate | Water resources RCV run off rates on the 2025-30 RCV. | n/a |
| RR11.44 | WN run-off - Pre 2025 RCV | Water network plus RCV run off rates on RCV existing pre 2025. | n/a |
| RR11.45 | WN run-off - Post 2025 investment RCV | Water network plus RCV run off rates on post 2025 investment RCV. | n/a |
| RR11.46 | WN - 2025-30 RCV run-off rate | Water network plus RCV run off rates on the 2025-30 RCV. | n/a |
| RR11.47 | WWN run-off - Pre 2025 RCV | Wastewater network plus RCV run off rates on RCV existing pre 2025. | n/a |
| RR11.48 | WWN run-off - Post 2025 investment RCV | Wastewater network plus RCV run off rates on post 2025 investment RCV. | n/a |
| RR11.49 | WWN - 2025-30 RCV run-off rate | Wastewater network plus RCV run off rates on the 2025-30 RCV. | n/a |
| RR11.50 | BR run-off - Pre 2025 RCV | Bioresources RCV run off rates on RCV existing pre 2025. | n/a |
| RR11.51 | BR run-off - Post 2025 investment RCV | Bioresources RCV run off rates on post 2025 investment RCV. | n/a |
| RR11.52 | BR - 2025-30 RCV run-off rate | Bioresources RCV run off rates on the 2025-30 RCV. | n/a |
| RR11.53 | ADDN1 run-off - Pre 2025 RCV | Additional control 1 RCV run off rates on RCV existing pre 2025. | n/a |
| RR11.54 | ADDN1 run-off - Post 2025 investment RCV | Additional control 1 RCV run off rates on post 2025 investment RCV. | n/a |
| RR11.55 | ADDN1 - 2025-30 RCV run-off rate | Additional control 1 RCV run off rates on the 2025-30 RCV. | n/a |
| RR11.56 | ADDN2 run-off - Pre 2025 RCV | Additional control 2 RCV run off rates on RCV existing pre 2025. | n/a |
| RR11.57 | ADDN2 run-off - Post 2025 investment RCV | Additional control 2 RCV run off rates on post 2025 investment RCV. | n/a |
| RR11.58 | 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 to 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 | n/a | n/a |
| RR13.4 | Water resources pre 2020 RCV; Less Run-off | RCV run-off for water resources for RCV existing pre 2020. | n/a |
| RR13.5 | Water resources pre 2020 RCV; Closing RCV | Closing RCV balance for water resources for RCV existing pre 2020. Should equal the sum of lines RR13.1 and RR13.2 less RR13.4. | 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. Should equal the sum of lines RR13.6 and RR13.7 less RR13.9. | 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. Should equal the sum of lines RR13.11 to RR13.13 less RR13.4. | 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 |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|--|---|-----|
| 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 |
| RR13.20 | Water network plus pre 2020 RCV; Closing RCV | Closing RCV balance for water network plus for RCV existing pre 2020. Should equal the sum of lines RR13.16 and RR13.17 less RR13.19. | n/a |
| RR13.21 | Water network plus 2020-25 RCV; Opening RCV | Opening RCV balance for water network plus 2020-25 RCV. | n/a |
| RR13.22 | Water network plus 2020-25 RCV; Indexation of RCV | Indexation of RCV for water network plus 2020-25 RCV. | n/a |
| RR13.23 | Water network plus 2020-25 RCV; Additions to RCV | n/a | n/a |
| RR13.24 | 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 |
| RR13.25 | 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. Should equal the sum of lines RR13.21 and RR13.22 less RR13.24. | n/a |
| RR13.26 | Water network plus post 2025 investment RCV; Opening RCV | Opening RCV balance for water network plus post 2025 investment RCV. | n/a |
| RR13.27 | Water network plus post 2025 investment RCV; Indexation of RCV | Indexation of RCV for water network plus post 2025 investment RCV. | n/a |
| RR13.28 | Water network plus post 2025 investment RCV; Additions to RCV | Additions to RCV for water network plus post 2025 investment RCV. | n/a |
| RR13.29 | Water network plus post 2025 investment RCV; Less Run-off | RCV run-off for water network plus post 2025 investment RCV. | n/a |
| RR13.30 | Water network plus post 2025 investment RCV; Closing RCV | Closing RCV balance for water network plus post 2025 investment RCV. Should equal the sum of lines RR13.26 to RR13.28 less RR13.29. | n/a |
| RR13.31 | Wastewater network plus pre 2020 RCV; Opening RCV | Opening RCV balance for wastewater network plus for RCV existing pre 2020. | n/a |
| RR13.32 | Wastewater network plus pre 2020 RCV; Indexation of RCV | Indexation of RCV for wastewater network plus for RCV existing pre 2020. | n/a |
| RR13.33 | Wastewater network plus pre 2020 RCV; Additions to RCV | n/a | n/a |
| RR13.34 | Wastewater network plus pre 2020 RCV; Less Run-off | RCV run-off for wastewater network plus for RCV existing pre 2020. | n/a |
| RR13.35 | Wastewater network plus pre 2020 RCV; Closing RCV | Closing RCV balance for wastewater network plus for RCV existing pre 2020. Should equal the sum of lines RR13.31 and RR13.32 less RR13.34. | n/a |
| RR13.36 | 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 |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|---|--|-----|
| RR13.37 | 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 |
| RR13.38 | Wastewater network plus 2020-25 RCV; Additions to RCV | n/a | n/a |
| RR13.39 | 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 |
| RR13.40 | 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. Should equal the sum of lines RR13.36 and RR13.37 less RR13.39. | n/a |
| RR13.41 | Wastewater network plus post 2025 investment RCV; Opening RCV | Opening RCV balance for wastewater network plus post 2025 investment RCV. | n/a |
| RR13.42 | Wastewater network plus post 2025 investment RCV; Indexation of RCV | Indexation of RCV for wastewater network plus post 2025 investment RCV. | n/a |
| RR13.43 | Wastewater network plus post 2025 investment RCV; Additions to RCV | Additions to RCV for wastewater network plus post 2025 investment RCV. | n/a |
| RR13.44 | Wastewater network plus post 2025 investment RCV; Less Run-off | RCV run-off for wastewater network plus post 2025 investment RCV. | n/a |
| RR13.45 | Wastewater network plus post 2025 investment RCV; Closing RCV | Closing RCV balance for wastewater network plus post 2025 investment RCV. Should equal the sum of lines RR13.41 to RR13.43 less RR13.44. | n/a |
| RR13.46 | Bioresources pre 2020 RCV; Opening RCV | Opening RCV balance for bioresources for RCV existing pre 2020. | n/a |
| RR13.47 | Bioresources pre 2020 RCV; Indexation of RCV | Indexation of RCV for bioresources for RCV existing pre 2020. | n/a |
| RR13.48 | Bioresources pre 2020 RCV; Additions to RCV | n/a | n/a |
| RR13.49 | Bioresources pre 2020 RCV; Less Run-off | RCV run-off for bioresources for RCV existing pre 2020. | n/a |
| RR13.50 | Bioresources pre 2020 RCV; Closing RCV | Closing RCV balance for bioresources for RCV existing pre 2020. Should equal the sum of lines RR13.46 and RR13.47 less RR13.49. | n/a |
| RR13.51 | Bioresources 2020-25 RCV; Opening RCV | Opening RCV balance for bioresources for existing RCV that was added between 2020 and 2025. | n/a |
| RR13.52 | Bioresources 2020-25 RCV; Indexation of RCV | Indexation of RCV for bioresources for existing RCV that was added between 2020 and 2025. | n/a |
| RR13.53 | Bioresources 2020-25 RCV; Additions to RCV | n/a | n/a |
| RR13.54 | Bioresources 2020-25 RCV; Less Run-off | RCV run-off for bioresources for existing RCV that was added between 2020 and 2025. | n/a |
| RR13.55 | Bioresources 2020-25 RCV; Closing RCV | Closing RCV balance for bioresources for existing RCV that was added between | n/a |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|--|---|-----|
| | | 2020 and 2025. Should equal the sum of lines RR13.51 and RR13.52 less RR13.54. | |
| RR13.56 | Bioresources post 2025 investment RCV; Opening RCV | Opening RCV balance for bioresources post 2025 investment RCV. | n/a |
| RR13.57 | Bioresources post 2025 investment RCV; Indexation of RCV | Indexation of RCV for bioresources post 2025 investment RCV. | n/a |
| RR13.58 | Bioresources post 2025 investment RCV; Additions to RCV | Additions to RCV for bioresources post 2025 investment RCV. | n/a |
| RR13.59 | Bioresources post 2025 investment RCV; Less Run-off | RCV run-off for bioresources post 2025 investment RCV. | n/a |
| RR13.60 | Bioresources post 2025 investment RCV; Closing RCV | Closing RCV balance for bioresources post 2025 investment RCV. Should equal the sum of lines RR13.56 to RR13.58 less RR13.59. | n/a |
| RR13.61 | Additional control 1 pre 2020 RCV; Opening RCV | Opening RCV balance for additional control 1 for RCV existing pre 2020. | n/a |
| RR13.62 | Additional control 1 pre 2020 RCV; Indexation of RCV | Indexation of RCV for additional control 1 for RCV existing pre 2020. | n/a |
| RR13.63 | Additional control 1 pre 2020 RCV; Additions to RCV | n/a | n/a |
| RR13.64 | Additional control 1 pre 2020 RCV; Less Run-off | RCV run-off for additional control 1 for RCV existing pre 2020. | n/a |
| RR13.65 | Additional control 1 pre 2020 RCV; Closing RCV | Closing RCV balance for additional control 1 for RCV existing pre 2020. Should equal the sum of lines RR13.61 and RR13.62 less RR13.64. | n/a |
| RR13.66 | 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 |
| RR13.67 | 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 |
| RR13.68 | Additional control 1 2020-25 RCV; Additions to RCV | n/a | n/a |
| RR13.69 | 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 |
| RR13.70 | 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. Should equal the sum of lines RR13.66 and RR13.67 less RR13.69. | n/a |
| RR13.71 | Additional control 1 post 2025 investment RCV; Opening RCV | Opening RCV balance for additional control 1 post 2025 investment RCV. | n/a |
| RR13.72 | Additional control 1 post 2025 investment RCV; Indexation of RCV | Indexation of RCV for additional control 1 post 2025 investment RCV. | n/a |
| RR13.73 | Additional control 1 post 2025 investment RCV; Additions to RCV | Additions to RCV for additional control 1 post 2025 investment RCV. | n/a |
| RR13.74 | Additional control 1 post 2025 investment RCV; Less Run-off | RCV run-off for additional control 1 post 2025 investment RCV. | n/a |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|----------------|--|---|-----|
| RR13.75 | Additional control 1 post 2025 investment RCV; Closing RCV | Closing RCV balance for additional control 1 post 2025 investment RCV. Should equal the sum of lines RR13.71 to RR13.73 less RR13.74. | n/a |
| RR13.76 | Additional control 2 pre 2020 RCV; Opening RCV | Opening RCV balance for additional control 2 for RCV existing pre 2020. | n/a |
| RR13.77 | Additional control 2 pre 2020 RCV; Indexation of RCV | Indexation of RCV for additional control 2 for RCV existing pre 2020. | n/a |
| RR13.78 | Additional control 2 pre 2020 RCV; Additions to RCV | n/a | n/a |
| RR13.79 | Additional control 2 pre 2020 RCV; Less Run-off | RCV run-off for additional control 2 for RCV existing pre 2020. | n/a |
| RR13.80 | Additional control 2 pre 2020 RCV; Closing RCV | Closing RCV balance for additional control 2 for RCV existing pre 2020. Should equal the sum of lines RR13.76 and RR13.77 less RR13.79. | n/a |
| RR13.81 | 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 |
| RR13.82 | 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 |
| RR13.83 | Additional control 2 2020-25 RCV; Additions to RCV | n/a | n/a |
| RR13.84 | 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 |
| RR13.85 | 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. Should equal the sum of lines RR13.81 and RR13.82 less RR13.84. | n/a |
| RR13.86 | Additional control 2 post 2025 investment RCV; Opening RCV | Opening RCV balance for additional control 2 post 2025 investment RCV. | n/a |
| RR13.87 | Additional control 2 post 2025 investment RCV; Indexation of RCV | Indexation of RCV for additional control 2 post 2025 investment RCV. | n/a |
| RR13.88 | Additional control 2 post 2025 investment RCV; Additions to RCV | Additions to RCV for additional control 2 post 2025 investment RCV. | n/a |
| RR13.89 | Additional control 2 post 2025 investment RCV; Less Run-off | RCV run-off for additional control 2 post 2025 investment RCV. | n/a |
| RR13.90 | Additional control 2 post 2025 investment RCV; Closing RCV | Closing RCV balance for additional control 2 post 2025 investment RCV. Should equal the sum of lines RR13.86 to RR13.88 less RR13.89. | n/a |
| RR13.91 | Water resources return on capital; Pre 2020 RCV | Wholesale water resources return on capital for RCV existing pre 2020. | n/a |
| RR13.92 | 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 |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|-----------------|---|--|-----|
| RR13.93 | Water resources return on capital; Post 2025 investment RCV | Wholesale water resources return on capital for post 2025 investment RCV. | n/a |
| RR13.94 | Water resources return on capital; Return on RCV | Wholesale water resources return on capital for pre 2020, 2020-25 and post 2025 investment RCV. Should equal the sum of lines RR13.91 to RR13.93. | n/a |
| RR13.95 | Water network plus return on capital; Pre 2020 RCV | Wholesale water network plus return on capital for RCV existing pre 2020. | n/a |
| RR13.96 | 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 |
| RR13.97 | Water network plus return on capital; Post 2025 investment RCV | Wholesale water network plus return on capital for post 2025 investment RCV. | n/a |
| RR13.98 | 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. Should equal the sum of lines RR13.95 to RR13.97. | n/a |
| RR13.99 | Wastewater network plus return on capital; Pre 2020 RCV | Wholesale wastewater network plus return on capital for RCV existing pre 2020. | n/a |
| RR13.100 | 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 |
| RR13.101 | Wastewater network plus return on capital; Post 2025 investment RCV | Wholesale wastewater network plus return on capital for post 2025 investment RCV. | n/a |
| RR13.102 | 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. Should equal the sum of lines RR13.99 to RR13.101. | n/a |
| RR13.103 | Bioresources return on capital; Pre 2020 RCV | Wholesale bioresources return on capital for RCV existing pre 2020. | n/a |
| RR13.104 | Bioresources return on capital; 2020-25 RCV | Wholesale bioresources return on capital for existing RCV that was added between 2020 and 2025. | n/a |
| RR13.105 | Bioresources return on capital; Post 2025 investment RCV | Wholesale bioresources return on capital for post 2025 investment RCV. | n/a |
| RR13.106 | Bioresources return on capital; Return on RCV | Wholesale bioresources return on capital for pre 2020, 2020-25 and post 2025 investment RCV. Should equal the sum of lines RR13.103 to RR13.105. | n/a |
| RR13.107 | Additional control 1 return on capital; Pre 2020 RCV | Wholesale additional control 1 return on capital for RCV existing pre 2020. | n/a |
| RR13.108 | 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 |
| RR13.109 | Additional control 1 return on capital; Post 2025 investment RCV | Wholesale additional control 1 return on capital for post 2025 investment RCV. | n/a |
| RR13.110 | Additional control 1 return on capital; Return on RCV | Wholesale additional control 1 return on capital for pre 2020, 2020-25 and post | n/a |

PR24 business plan table guidance part 2; Risk & return

| | | | |
|-----------------|--|--|-----|
| | | 2025 investment RCV. Should equal the sum of lines RR13.107 to RR13.109. | |
| RR13.111 | Additional control 2 return on capital; Pre 2020 RCV | Wholesale additional control 2 return on capital for RCV existing pre 2020. | n/a |
| RR13.112 | 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 |
| RR13.113 | Additional control 2 return on capital; Post 2025 investment RCV | Wholesale additional control 2 return on capital for post 2025 investment RCV. | n/a |
| RR13.114 | 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. Should equal the sum of lines RR13.111 to RR13.113. | 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 |
|---------------|--|---|-------------------------|
| RR14.1 | 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 |
| RR14.2 | 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 |
| RR14.3 | 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 required revenue including tax charge. | 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) | Total retail cost for residential customers including wholesale costs. | n/a |
| RR15.4 | DPC pass-through costs (£m) | Residential apportioned direct procurement from customers. | n/a |
| RR15.5 | Total retail costs (£m) | Total retail operating expenditure. | 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 revenue adjustments. | n/a |
| RR15.9 | Residential retail revenue (£m) | Residential retail service revenue, inclusive of direct procurement margin. | 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 figures 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 - Notional capital structure | 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 - Notional capital structure | 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 - Notional capital structure | (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) - Notional capital structure | (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 - Notional capital structure | 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) - Notional capital structure | 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 - Notional capital structure | 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 - Notional capital structure | (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 - Notional capital structure | (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 - Notional capital structure | (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 - Notional capital structure | <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 - Notional capital structure | 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 - Notional capital structure | The company's proposed financial ratio A - based on the notional company structure pre post financeability adjustments. | |
| RR16.15 | Company proposed ratio B - Notional capital structure | The company's proposed financial ratio B - based on the notional company structure pre post financeability adjustments. | |
| RR16.16 | Company proposed ratio C - Notional capital structure | The company's proposed financial ratio C - based on the notional company structure pre post financeability adjustments. | |
| RR16.17 | Company proposed ratio D - Notional capital structure | The company's proposed financial ratio D - based on the notional company structure pre post financeability adjustments. | |
| RR16.18 | Company proposed ratio E - Notional capital structure | The company's proposed financial ratio E - based on the notional company structure pre post financeability adjustments. | |
| RR16.19 | Company proposed ratio F - Notional capital structure | The company's proposed financial ratio F - based on the notional company structure pre post financeability adjustments. | |
| RR16.20 | Company proposed ratio G - Notional capital structure | 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 - Notional capital structure | The company's proposed financial ratio H - based on the notional company structure pre post financeability adjustments. | |
| RR16.22 | Company proposed ratio I - Notional capital structure | The company's proposed financial ratio I - based on the notional company structure pre post financeability adjustments. | |
| RR16.23 | Company proposed ratio J - Notional capital structure | The company's proposed financial ratio J - based on the notional company structure pre post financeability adjustments. | |
| RR16.24 | Gearing - Actual capital structure | Copied from RR16.83. | |
| RR16.25 | Interest cover - Actual capital structure | Copied from RR16.86. | |
| RR16.26 | Adjusted cash interest cover - Actual capital structure | Copied from RR16.90. | |
| RR16.27 | Adjusted cash interest cover (alternative calculation) - Actual capital structure | Copied from RR16.95. | |
| RR16.28 | FFO/Net Debt - Actual capital structure | Copied from RR16.99. | |
| RR16.29 | FFO/Net Debt (alternative calculation) - Actual capital structure | Copied from RR16.104. | |
| RR16.30 | Dividend cover - Actual capital structure | Copied from RR16.107. | |
| RR16.31 | RCF/Net Debt - Actual capital structure | Copied from RR16.112. | |
| RR16.32 | RCF/Capex - Actual capital structure | Copied from RR16.117. | |
| RR16.33 | Return on capital employed - Actual capital structure | Copied from RR16.120. | |
| RR16.34 | RORE - Actual capital structure | 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 - Actual capital structure | 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 - Actual capital structure | The company's proposed financial ratio A - based on the actual company structure post financeability adjustments. | |
| RR16.37 | Company proposed ratio B - Actual capital structure | The company's proposed financial ratio B - based on the actual company structure post financeability adjustments. | |
| RR16.38 | Company proposed ratio C - Actual capital structure | The company's proposed financial ratio C - based on the actual company structure post financeability adjustments. | |

PR24 business plan table guidance part 2; Risk & return

| Line | Title | Definition | RAG 4.10 line reference |
|---------|---|---|-------------------------|
| RR16.39 | Company proposed ratio D - Actual capital structure | The company's proposed financial ratio D - based on the actual company structure post financeability adjustments. | |
| RR16.40 | Company proposed ratio E - Actual capital structure | The company's proposed financial ratio E - based on the actual company structure post financeability adjustments. | |
| RR16.41 | Company proposed ratio F - Actual capital structure | The company's proposed financial ratio F - based on the actual company structure post financeability adjustments. | |
| RR16.42 | Company proposed ratio G - Actual capital structure | The company's proposed financial ratio G - based on the actual company structure post financeability adjustments. | |
| RR16.43 | Company proposed ratio H - Actual capital structure | The company's proposed financial ratio H - based on the actual company structure post financeability adjustments. | |
| RR16.44 | Company proposed ratio I - Actual capital structure | The company's proposed financial ratio I - based on the actual company structure post financeability adjustments. | |
| RR16.45 | Company proposed ratio J - Actual capital structure | 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. | |

PR24 business plan table guidance part 2; Risk & return

| Line | Title | Definition | RAG 4.10 line reference |
|---------|--|--|-------------------------|
| 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 RR24.44 | |
| 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. | |
| 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. | |

PR24 business plan table guidance part 2; Risk & return

| Line | Title | Definition | RAG 4.10 line reference |
|----------|--|---|-------------------------|
| 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. | |
| 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. | |

PR24 business plan table guidance part 2; Risk & return

| Line | Title | Definition | RAG 4.10 line reference |
|----------|--|--|-------------------------|
| 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. | |
| 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 |
|---------------------------|--|
| Scenario A | 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. |
| Scenario 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. |
| Scenario C | 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. |
| Scenario D | 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. |
| Scenario E | Inflation of 10% for year 1 and 5% in years 2 and 3, followed by a return to the long term inflation target. |
| Scenario F | Increase in the level of bad debt (20%) over current bad debt levels applied in years 2 and 3 of the price review period. |
| Scenario G | 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. |
| Scenario H | Financial penalty – equivalent to 6% of one year of Appointee turnover applied in year 2 of the review period. |
| Combined scenarios | <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> |

| | |
|-------------------------------|---|
| Reverse stress testing | <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"> • What is the limit? • Why has this limit been chosen? • Is this year on year or over several years? <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> |
|-------------------------------|---|

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. Grants and contributions, adopted assets 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 RR21.4 and RR21.5. | 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"> • obligations under leases; • loans due to other group companies; • redeemable debentures; • bonds; • commercial paper; • bills of exchange; • bank loans; and • any other borrowings. Accrued interest on borrowings should not be included. | 1C.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"> • obligations under leases; • loans due to other group companies; • redeemable debentures; • bonds; • commercial paper; • bills of exchange; • bank loans; and • any other borrowings. Accrued interest on borrowings should not be included. | 1C.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"> • obligations under leases; • loans due to other group companies; • redeemable debentures; • bonds; • commercial paper; • bills of exchange; • bank loans; and • any other borrowings. <p>The following should not be included:</p> <ul style="list-style-type: none"> • accrued interest on borrowings; • mains deposits; • issuance costs or transaction costs; • premiums or discounts; • 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. • liabilities arising per IFRS16 in connection with the recognition of DPC arrangements on the balance sheet of the regulated company. <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>Processing rule for nominal interest rate:</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 = $((1 + \text{real coupon}) \times (1 + \text{RPI or CPI/CPIH})) - 1$.</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>Processing rule for principal sum:</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>Processing rule: 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>Definition of years to maturity:</p> <ul style="list-style-type: none"> • Full years to maturity of the instrument from 31 March. • 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. • Where debt instruments have scheduled repayments, each repayment should be treated separately for calculating the weighted average years to maturity. • Instruments with no fixed maturity should be reported as follows: • Instruments that are instantly callable should be classified as loans due in less than one year. • Inter-company loans should be matched with the instrument at group level at the external borrowing rate. <p>Instruments with no fixed maturity that are not instantly callable should be reported with a maturity of 25 years.</p> | 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. |

PR24 business plan table guidance part 2; Risk & return

| 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,¹ 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

¹ 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 |

PR24 business plan table guidance part 2; Risk & return

| 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 |

PR24 business plan table guidance part 2; Risk & return

| 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. | |

PR24 business plan table guidance part 2; Risk & return

| 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. | |

PR24 business plan table guidance part 2; Risk & return

| 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 |

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| Line | Title | Definition | RAG 4.10 line reference |
|---------|---|--|-------------------------|
| 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 |
| 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 PR24 'early view' figures are available in CPIH-deflated terms in Table 2.1, p7 of [Appendix 11](#) of the PR24 final methodology.

RR25 Commentary requirement

27.4 Lines 1-3, 5-8, 12-15, 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 RR25 features a positive retail margin adjustment, this means the Wholesale allowed return on equity for RR26 (line 11) will not be the same as the RR25 allowed return on equity for the Appointee (line 11). To derive the appropriate figure for RR26, it will be necessary to backsolve for the implied cost of equity that results in a wholesale WACC that is equal to the wholesale WACC from RR25 (line 21), holding the allowed cost of debt constant.

28.4 For example, our PR24 final methodology 'early view' wholesale WACC is 5.30% in nominal terms,² and our allowed return on debt is 4.65% for both the appointee and wholesale controls.² The implied wholesale cost of equity which would correspond for RR26 line 11 in this example is therefore $(5.30\% - (55\% \times 4.65\%)) / 0.45\% = 6.09\%$.

RR26 Commentary requirement

28.5 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.

28.6 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.

² Based on inflating the 3.23% (real, CPIH) using a 2.0% long-term CPIH assumption. See Table 2.1, p7, Ofwat ['PR24 final methodology: Appendix 11 – Allowed return on capital'](#)

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 costs relating to both wholesale water controls. |
| RR30.2 | Wholesale wastewater costs – high case | High case for costs relating to wholesale wastewater, not including bioresources. |
| RR30.3 | Retail costs – high case | High case for costs relating to retail controls. |
| RR30.4 | Bioresources costs – high case | High case for costs relating to the bioresources control. |
| RR30.5 | Additional control costs – high case | High case for additional control costs. See additional guidance for information on additional controls. |
| 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 water 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 wastewater 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 retail performance commitments. |
| RR30.10 | Additional control ODIs – high case | High case for any ODIs relating to performance commitments on additional controls if applicable. See additional guidance for information on additional controls. |
| RR30.11 | Outcome Delivery Incentives scenarios – high case ~ total | Sum of line 7 to 10 |
| RR30.12 | New debt issuance – high case | High case for financing performance for issuing new debt. |
| RR30.13 | Inflation – high case | High case for financing performance linked to inflation. |
| RR30.14 | Financing scenarios – high case ~ total | Sum of line 12 and 13. |
| RR30.15 | 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. |

PR24 business plan table guidance part 2; Risk & return

| Line | Title | Definition |
|---------|---|--|
| RR30.16 | 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. |
| RR30.17 | 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. |
| RR30.18 | Customer measures of experience Scenarios – high case ~ total | Sum of line 15 to 17. |
| RR30.19 | Revenue – high case | High case for revenue impacts. |
| RR30.20 | Other – high case ~ Please specify | High case for other impacts that have not been captured across the other components. Please provide additional information explaining anything included in this section. |
| RR30.21 | Revenue & other – high case ~ total | Sum of line 19 and 20. |
| RR30.22 | Wholesale water costs – low case | Low case for costs relating to both wholesale water controls. |
| RR30.23 | Wholesale wastewater costs – low case | Low case for costs relating to wholesale wastewater, not including bioresources. |
| RR30.24 | Retail costs – low case | Low case costs relating to retail controls. |
| RR30.25 | Bioresources costs – low case | Low case for costs relating to the bioresources control. |
| RR30.26 | Additional control costs – low case | Low case for additional control costs. See additional guidance for information on additional controls. |
| RR30.27 | Totex Scenarios – low case ~ total | Sum of lines 22 to 26 |
| RR30.28 | 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 water performance commitments. |
| RR30.29 | 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 wastewater performance commitments. |
| RR30.30 | 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 retail performance commitments. |
| RR30.31 | Additional control ODIs – low case | Low case for any ODIs relating to performance commitments on additional controls if applicable. See additional guidance for information on additional controls. |
| RR30.32 | Outcome Delivery Incentives Scenarios – low case ~ total | Sum of lines 28 to 31. |
| RR30.33 | New debt issuance – low case | Low case for financing performance for issuing new debt. |

PR24 business plan table guidance part 2; Risk & return

| Line | Title | Definition |
|---------|--|--|
| RR30.34 | Inflation – low case | Low case for financing performance linked to inflation. |
| RR30.35 | Financing scenarios – low case ~ total | Sum of line 33 and 34. |
| RR30.36 | 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. |
| RR30.37 | 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. |
| RR30.38 | 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. |
| RR30.39 | Customer measures of experience scenarios – low case ~ total | Sum of lines 36 to 38 |
| RR30. | Revenue – low case | Low case for revenue impacts. |
| RR30.41 | Other – low case ~ Please specify | Low case for other impacts that have not been captured across the other components. Please provide additional information explaining anything included in this section. |
| RR30.42 | Revenue & Other – low case ~ total | Sum of line 40 and 41. |
| RR30.43 | Average Regulatory Capital Value – financial model output | The nominal Average RCV value taken from the financial model. |
| RR30.44 | Notional Gearing | The ratio of notional debt to RCV. |
| RR30.45 | Average regulated equity | RR30.43 * (1 – RR30.44) |
| RR30.46 | Totex RoRE – high case | RR30.6 / RR30.45 |
| RR30.47 | Outcome performance incentives RoRE – high case | RR30.11 / RR30.45 |
| RR30.48 | Financing RoRE – high case | RR30.14 / RR30.45 |
| RR30.49 | Customer measures of experience RoRE – high case | RR30.18 / RR30.45 |
| RR30.50 | Revenue & other RoRE – high case | RR30.21 / RR30.45 |
| RR30.51 | RoRE – high case ~ Total | Sum of lines 46to 50 |
| RR30.52 | Totex RoRE – low case | RR30.27 / RR30.45 |
| RR30.53 | Outcome Delivery Incentives RoRE – low case | RR30.32 / RR30.45 |
| RR30.54 | Financing RoRE – low case | RR30.35 / RR30.45 |
| RR30.55 | Customer measures of experience – low case | RR30.39 / RR30.45 |
| RR30.56 | Revenue & Other RoRE – low case | RR30.42 / RR30.45 |
| RR30.57 | RoRE – low Case ~ Total | Sum of lines 52 to 56 |

| Line | Title | Definition |
|---------|--|--|
| RR30.58 | Uncertainty mechanisms– high case | High case impact of the proposed uncertainty mechanism(s) or notified item(s). |
| RR30.59 | Uncertainty mechanism– low case | Low case impact of the proposed uncertainty mechanism(s) or notified item(s). |
| RR30.60 | RoRE impact of proposed uncertainty mechanisms – high case | RR30.58/RR30.45 |
| RR30.61 | RoRE impact of proposed uncertainty mechanisms– low case | RR30.59/RR30.45 |
| RR30.62 | Total RoRE post uncertainty mechanism – high case | RR30.51 + RR30.60 |
| RR30.63 | Total RoRE post uncertainty mechanism – low case | RR30.57 + RR30.61 |

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. Risk ranges should be presented as the company's assessment of P10 and P90 scenarios for the five-year duration of the price control.

32.4 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 the suite of uncertainty mechanisms that will apply across 2025–2030, the impact of proposed uncertainty mechanisms should be dealt with separately in lines 58 onwards.

32.5 Additional controls should be used for the Tideway, Havant-Thicket and Bristol water controls, it should also be used if there are other controls that form part of business plan submissions.

Companies should aggregate their ODI ranges for each of the categories. Aggregation allows companies to arrive at a reasonable range after considering interactions between individual ODIs. Companies should take a measured approach to this, as stated in Appendix 10: Aligning risk and return, we consider that the benefits of adopting a burdensome approach are unclear.

Companies risk ranges should reflect the business plan they put forward. Companies should consider their financing risk ranges based on their financing requirements across PR24.

RR30 Commentary requirement

32.6 Commentary should explain:

- How each of the low and high scenarios have been calculated for each of the contributing areas of RoRE. Sufficient information should be provided for Ofwat to understand the assumptions, carry out any calculations and/or step through the logic of their derivation.
- Any variations from our approach taken in chapter 2 of Appendix 10 – aligning risk and return.
- What mitigating factors have been considered as part of the RoRE analysis.
- Where the detail for bespoke uncertainty mechanisms or notified items is located within their business plan.
- How the four ODI components have been aggregated to take account of interactions between individual performance commitments.

32.7 Companies can also provide further commentary on their view of the interactions between the components of risk (e.g. ODIs and totex) including the impact of these interactions. The table requires companies to report per year, but commentary should primarily reflect the average position and anything significant within specific years that needs to be explained.