Table D1 - A summary of our business plan submission to Ofwat - April 2004

OVERALL STRATEGY FOR 2005-2010 PERIOD

We would like to keep customers' bills as low as possible. However in this Plan we propose significant increases which are needed to enable us to meet our obligations and customer requirements. Despite the price rises, by the end of 2010 in real terms average domestic bills will only be £17 higher than customers were paying in 1999/00. The average domestic bill of £136 in 2009/10 (2002/03 prices) represents around 37 pence per day for a 24 hour 365 day high quality service.

Since the last review of prices in 1999, we have continued to deliver high quality services to customers, reflected in our consistently high rankings in Ofwat's annual review of performance. We have also achieved consistently high levels of water quality.

Research shows that the key things that our customers want are: security and reliability of supply, safe drinking water, maintenance of current service standards plus improvements to the taste and appearance of drinking water. We have based the Plan on these requirements and guidance from Government,:

In deciding which schemes to include in the Plan we have considered their impact on prices to customers and have removed or deferred many proposals in order to minimise the impact on prices in the period. This necessarily means that the level of risk will be higher than we would prefer. However, we fully recognise significant price increases are not appreciated by customers or Government and priorities have to be identified. We have therefore sought to balance risk against price impacts.

Delivering the Plan requires an investment programme for 2005-10, after efficiencies, of some £156m (2002/03 prices). This compares to projected investment in the current five year period 2000-05 of £109m.

In assessing the investment programme and the ongoing operating and financing costs of the business we have taken an integrated view of the risk profile of the business and the return on capital required to enable the business to operate effectively. Increasing the risk profile would change this balance.

We believe that the proposals set out in the Plan are balanced and in the best short and long term interests of customers.

TOP 4 QUALITY AND SERVICE IMPROVEMENTS IN 2005-2010 PERIOD

- A significant increase in the level of infrastructure maintenance albeit still lower than the long term requirement. The increase is planned to commence in 2005/06
- Four schemes to provide a better level of security of mains water supply to large numbers of customers. The schemes are phased in throughout the period with the two largest schemes being completed in 2007/08 and 2008/09 respectively
- Two new treatment works to provide increased security of access to supplies in adverse operating conditions. The schemes are planned for completion in 2007/08 and 2008/09 respectively
- Improvements to the taste and appearance of water at customers' taps

WHAT IS DRIVING THE CHANGES IN BILLS? (2002-03 PRICES)

Average household bill in 2004-2005				103
Less	(1) past efficiency savings and outperformance			-3
	(2) scope for reduction through future efficiency improvements			-3
Plus	(3) maintaining base services			27
	of which	Water		
	a) changes in revenue	0		
	b) changes in operating costs	12		
	c) changes in capital maintenance	4		
	d) impact of taxation	4		
	e) financing	7		
	(4) maintaining security of supplies to all customers			7
	(5) the impact of improvements in drinking water quality			5
	(6) the impact of environmental improvements			0
	(7) improvements in service performance			0
Average household bill in 2009-2010				136

PRICE LIMITS AND EFFECT ON AVERAGE BILLS (2002-03 PRICES)

		2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Proposed price limit		-1.9	20	6	6	0	0
W	**Indicative price limit (water service)**	-1.9	**20**	**6**	**6**	**0**	**0**
1	Average measured household bill	88	108	118	125	125	125
2	Average unmeasured household bill	107	127	133	142	143	143
3	Average household bill	103	122	128	136	136	136

ESTIMATE OF EXPENDITURE NEEDS (2002-03 PRICES)

		Annual average for the 2005-2010 period (£/property/annum)
1	Total operating expenditure	77.6
2	Total capital maintenance expenditure	35.8
3	Total capital enhancement expenditure	31.6

For further information go to Bristolwater.co.uk or contact: Corporate Affairs, Bristol Water, PO Box 218, Bridgwater Road, Bedminster Down, Bristol, BS99 7AU

Table D2, PUBLIC SUMMARY

Price limits, bills, water sales and the supply demand balance

	Description	Units	AMP3			AMP4				
			2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
A	**Price limits & infrastructure charge limit**									
1	Proposed price limit "K" (including U)	%	1.0	0.0	-1.9	20.0	6.0	6.0	0.0	0.0
2	Water service indicative "K"	%	1.0	0.0	-1.9	20.0	6.0	6.0	0.0	0.0
3	Sewerage service indicative "K"	%								
4	RPI – year by year assumption	%	0.9	2.6	2.5	2.5	2.5	2.5	2.5	2.5
B	**Projected household bills - water service**									
5	Typical unmeasured h'hold bill (base yr avg chg) – real te	£	110.22	109.84	107.13	127.40	133.29	141.93	142.54	143.11
6	Typical measured h'hold bill (base yr avg chg) – real term	£	88.20	88.33	87.71	108.12	117.98	125.09	125.13	125.19
7	Average household bills – real terms	£	106.49	105.90	102.88	122.08	128.20	135.65	135.60	135.53
8	Average household bills – nominal terms	£	106.49	108.71	108.28	131.70	141.76	153.75	157.53	161.39
C	**Projected household bills - sewerage service**									
9	Typical unmeasured h'hold bill (base yr avg chg) – real te	£								
10	Typical measured h'hold bill (base yr avg chg) – real term	£								
11	Average household bills – real terms	£								
12	Average household bills – nominal terms	£								
D	**Water sales & supply/demand balance**									
13	Billed water delivered	Ml/d	244.50	241.17	238.62	238.30	237.32	236.45	235.62	234.94
14	Total volume of sewage collected	Ml/d								
15	Water available for use	Ml/d	315.58	315.58	318.18	318.18	318.18	318.18	318.18	318.18
16	Distribution input (dry year)	Ml/d	307.77	304.12	301.83	301.48	300.38	299.59	298.83	298.02
17	Total leakage	Ml/d	53.25	53.35	53.62	53.61	53.48	53.56	53.64	53.52

Table D3, PUBLIC SUMMARY

Water service - current performance & planned outputs

	Description	Units	Level of performance 1997-98	Level of performance 2002-03	Level of performance by 2009-10	AMP4 profile	Level of performance by 2014-15
A	**Service performance**						
1	DG2 Properties at risk of receiving low pressure	nr	435	423	127	F	
2	DG3 Supply interruptions (overall performance score)	nr	0.09	0.23	0.35	R	
3	DG6 % billing contacts dealt with within 5 days	%	96.1	99.9	99.5	S	
4	DG7 % written complaints dealt with within 10 days	%	99.9	100.0	100.0	S	
5	DG8 % metered customers receiving bill based on a meter reading	%	99.6	99.6	99.8	S	
6	DG9 % calls abandoned	%		0.4	0.5	S	
7	DG9 % calls receiving the engaged tone	%		5.4	2.0	S	
8	Security of supply index (planned levels of service)	nr		100	100	S	
9	Security of supply index (reference levels of service)	nr		100	100	S	
B	**Quality & environmental compliance**						
10	% distribution input covered by s19s at WTW	%	0.0	0.0	0.0	S	0.0
11	% distrib. input not affected by s19s or temporary relaxations or ADs	%	100.0	100.0	100.0	S	100.0
12	% props in WSZs affected by s19s in distribution or ADs	%		38.9	0.0	S	0.0
13	% compliance with WQ Regs at the tap	%	99.9	99.8	99.8	S	99.8
14	% compliance with PCV for iron at the tap	%	98.1	99.1	99.4	S	99.4
C	**Serviceability to customers**						
15	Infrastructure network assessment	Text	IMPROV'G	DETERIORATING	DETERIORATING		STABLE
16	Surface assets assessment (non-infra)	Text	IMPROV'G	STABLE	STABLE		STABLE
D	**Asset Inventory**						
17	Assets in condition 1 to 4 incl. (% of GMEA)	%	94.4	92.3	90.8	F	89.7
18	Asset performance 1 to 4 incl. (% of GMEA)	%	93.7	99.0	98.0	S	98.0

Table D5, PUBLIC SUMMARY

Water service - Key activity projections

	Description	Units	Total activity in AMP3 (2000 to 2005 inclusive)		TOTAL ACTIVITY IN AMP4 (2005 to 2010 inclusive)	
			Activity	As a % of current stock	Activity	As a % of current stock
A	**Key activity projections - water resources**					
1	Length of aqueducts refurbished	km	0.3	0.3	4.0	3.4
2	Work on dams and impounding reservoirs	nr	5	41.6	2	16.7
B	**Key activity projections - water treatment**					
3	Number of refurbished or new treatment works	nr	13	56.5	13	56.5
4	Ml/day of refurbished or new treatment works	Ml/d	494	89.1	687	123.9
C	**Key activity projections - water distribution**					
5	Length of mains renewed *	km	110	1.7	135	2.1
6	Length of mains relined	km	193	3.0	15	0.2
7	Length of new mains	km	139	2.1	203	3.1
8	Nr of refurbished or new district meters & pressure control valves	nr	165	14.0	140	11.8
9	Number of refurbished or new pumping stations	nr	2	1.4	10	7.1
10	Number of refurbished or new service reservoirs	nr	1	0.7	2	1.4
D	**Key activity projections - management & general**					
11	Offices, labs, depots, workshops	m^2	1482	11.0	4196	31.1
E	**Key activity projections - metering performance**					
12	Number of household meters renewed	nr	9000	9.1	33500	34
13	Optional meters: Households	nr	17369	17.6	18511	18.8
14	Selective meters: Households	nr	1756	1.8	0	0
15	Percentage of households metered (at the end of the period)	%	21.9		29.5	

* 57km of mains were renewed in AMP3 as part of the quality driven mains renovation programme

Table D7, Part D - The company plan for future services (public domain)

Water service - Expenditure projections

	Description 2002-03 prices	Units	Average annual expenditure in AMP3 period (2000 to 2005) £/property	Average annual expenditure in AMP3 period (2000 to 2005) Profile over period	Average annual expenditure in AMP4 period (2005 to 2010) £/property	Average annual expenditure in AMP4 period (2005 to 2010) Profile over period
A	**Maintaining services and serviceability to customers**					
1	Base service operating expenditure	£/prop	69.93	R	72.66	F
2	Capital maintenance expenditure	£/prop	28.21	P*4	35.80	P*2
B	**Meeting new quality requirements set by Government**					
3	Additional operating expenditure	£/prop	0.94	R	3.91	R
4	Additional capital expenditure	£/prop	14.96	P*2	23.00	P*2
C	**Enhanced service levels**					
5	Additional operating expenditure	£/prop	1.28	F	0.00	S
6	Additional capital expenditure	£/prop	0.28	R	0.06	S
D	**Supply/demand balance**					
7	Additional operating expenditure	£/prop	0.55	P*3	0.99	R
8	Additional capital expenditure	£/prop	7.88	R	8.62	F
E	**Totals for the water service (£/property/annum)**					
9	Total operating expenditure	£/prop	72.70	S	77.56	S
10	Total capital expenditure before deducting grants and capital contributions	£/prop	51.33	P*4	67.48	P*2
11	Average connected properties	000	485.83		505.37	
F	**Totals for the water service (£m/annum)**					
12	**Total operating expenditure**	**£m**	**35.320**	**S**	**39.199**	**R**
13	**Total capital expenditure before deducting grants and capital contributions**	**£m**	**24.937**	**P*4**	**34.056**	**P*2**

Table D9, PUBLIC SUMMARY

Illustrative financial projections

	Description	Units	AMP3	AMP4		AMP5
			2002-03	2005-06	2009-10	2010-11
A	**Current cost profit & loss and financial indicators**					
1	Turnover	£m	67.853	77.655	87.443	87.355
2	Operating costs	£m	35.006	38.378	39.761	39.754
3	Capital charges	£m	19.084	22.207	22.620	22.816
4	Operating profit	£m	13.854	17.283	25.335	25.062
5	Regulatory capital value - year end	£m	173.511	231.716	261.163	263.353
6	Pre-tax return on regulatory capital value	%	7.9	7.5	9.6	9.4