

[Company] - Explanation of the company's plan to deliver now and in the future

OVERALL STRATEGY FOR 2010-2015 PERIOD AND BEYOND

A brief summary of the plan and the reasons for it (including how this fits with the strategic direction statement). What will the consumer see?

Providing a high quality, water efficient service.

Tending Hundred Water will provide an affordable high quality customer service. We will manage water efficiently and help our customers in doing the same. This is in line with our strategic direction statement.

We aim to maintain our position as one of the leading performers in the UK water industry whilst ensuring we retain a local focus.

Consumers will see:

- A safe reliable water supply
- A friendly, responsive reply whenever they contact us
- Better information on our street works to reduce disruption
- More information on water efficiency to allow them to reduce their bills

And specifically:

- Almost all customers will be metered, allowing them to manage their usage and reduce bills if they wish
- Vulnerable customers and high volume consumers will get access to our water efficiency technician
- A new-treated water reservoir will provide increased security of supply for about 12,000 people in Dovercourt
- All consumers in Clacton will get additional information on their bill and on their water usage through automatic meter reading
- Schools will be able to use our education centre to teach children about water efficiency and the environment, in line with the national curriculum

QUALITY AND SERVICE IMPROVEMENTS IN 2010-2015 PERIOD AND IN THE LONGER TERM

to achieve what improvement by when and the longer term strategy for quality and service improvements. What will this deliver for consumers?

Continue to provide a safe reliable water supply to customers and meet the demands of new and existing customers for a reliable water supply

We will improve the information available to customers and modernise our systems to enhance our communication so that we can resolve customer enquiries first time. Our aim is that by 2015 we will have reduced the number of avoidable contacts by a quarter compared to 2008/09

We will replace 30 Km of drinking water mains and 5700 communications pipes by 2015 to ensure that service is maintained and leakage does not rise

We will install 12,000 meters by 2015 allowing customers to manage their bills and support water efficiency

We will construct a new treated water reservoir and pumping station at Dovercourt in 2012 to improve the security of supply for about 12,000 people in Dovercourt

Around 20,000 customers in Clacton will have their meters read automatically giving them more detailed consumption information so they may reduce their bills and allowing us to trial a social tariff, aimed at helping low income households. This system pays for itself through operational efficiencies and does not increase prices for customers

WHAT IS DRIVING THE CHANGES IN BILLS? (2007-08 PRICES)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Average household bill in 2009-10	162.47					
Less (1) past efficiency savings and outperformance	22.68					
(2) maintaining base services						
a) changes in revenue	0.27					
b) changes in operating costs to maintain current services to consumers	4.93					
c) changes in costs of maintaining assets	5.03					
d) changes in impact of taxation	0					
e) the change in the cost of capital	0.4					
(3) maintaining and enhancing security of supplies to all customers	2.8					
(4) the impact of improvements in services	0.16					
of which						
a) drinking water quality	0					
b) environmental improvements	0					
c) improvements in service levels	0.16					
d) scope for reduction through future efficiency improvements	-2.83					
Less (5) scope for reduction through future efficiency improvements	185.29					
Average household bill in 2014-15						

PRICE LIMITS AND EFFECT ON AVERAGE BILLS (2007-08 PRICES)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Proposed price limit	-0.5	11.3	2.7	1.3	0.1	-0.6
1. Average measured household bill	141.81	154.87	158.54	160.59	160.57	159.77
2. Average unmeasured household bill	197.73	226.84	233.67	236.90	238.01	236.09
3. Average household bill	162.47	180.37	185.20	187.05	186.90	185.20

ESTIMATE OF EXPENDITURE NEEDS (2007-08 PRICES)

	2010-2015 period (Dproperty/annum)
Annual average for the 2010-2015 period (Dproperty/annum)	
1. Operating costs to maintain current services to consumers	4.93
2. Operating costs to improve services to consumers and protect the environment	0
3. Cost of maintaining assets to deliver current services to consumers	4.96
4. Cost of improving assets to deliver improvements for the environment and consumers	0.11
Pre tax cost of debt and post tax cost of equity basis (Vanilla)	6.76
5. Assumed cost of capital (%)	6.2