

Summary table - Cambridge Water PLC - A summary of our final business plan submission to Ofwat - April 2009

OVERALL STRATEGY FOR 2010-2015 PERIOD AND BEYOND

Our vision for the future is documented in our Strategic Direction Statement

In preparing this Final Business Plan we have adopted a low risk strategy, commensurate with the requirements of a regulated public service

In 2009/10 Cambridge Water has the second lowest charges in the industry.

We acknowledge that this plan proposes increases in charges in 2010/11 and beyond. However we have critically reviewed our proposals in light of the current economic climate. Average household bills increase by £8.18 or 7.3% over the five years.

For further information please go to www.cambridge-water.co.uk
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The key elements of our strategy are:-

1. To satisfy the demand for water from new and existing customers
2. Continue to deliver safe clean drinking water
3. Adapt our operations and help customers adapt their use of water in the face of climate change
4. Mitigate the effects of climate change by reducing the amount of carbon generated by our operation
5. To ensure the Company can continue to finance its functions by providing appropriate returns to lenders and shareholders

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		3.5	1.3	2.0	1.3	0.4	
W	Indicative price limit (water service)						
1	Average measured household bill	104.41	104.17	105.26	107.12	108.34	108.85
2	Average unmeasured household bill	119.06	132.40	135.06	139.38	143.05	145.00
3	Average household bill	112.17	116.34	117.39	119.13	120.28	120.35

Vanilla cost of capital (pre tax debt post tax equity) 6.7%
Post tax cost of capital 5.9%

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

1. To supply an additional 1,800 new homes per annum
2. To undertake treatment to remove nitrate from our sources
3. To improve the capability to deal with emergencies to comply with Government Guidelines
4. To assess, and if necessary reduce, the impact of our abstraction on environmentally sensitive sites
5. To undertake appropriate investment to ensure that customers receive adequate pressure at point of supply
6. To continue to offer all customers the right to be charged in relation to volume

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

		Water
Average household bill in 2009-2010		112.17
Plus	(1) Efficiencies in AMP4	0.00
	(2) maintaining base services	0.06
	of which:-	
	a) benefit to existing customers due to new customers	-9.77
	b) change in base operating costs	10.30
	c) change in capital maintenance costs	-2.21
	d) change in taxation	-1.40
	e) change in returns to providers of finance	3.14
	(3) maintaining security of supplies to all customers	3.26
	(4) the impact of improvements in drinking water quality	8.00
	(5) the impact of environmental improvements	0.00
	(6) improvements in service performance	0.06
Less	(7) scope for reduction through future efficiencies in AMP5	-3.20
Average household bill in 2014-2015		120.35

ESTIMATE OF EXPENDITURE NEEDS (2007-08 PRICES)

	Annual average for the 2010 -15 period (£/property/annum)	
1	Operating costs to maintain current services to customers	88.49
2	Operating costs to improve services to consumers and protect the environment	3.75
3	Cost of maintenance assets to deliver current services to consumers	21.54
4	Costs of improving assets to deliver improvements to consumers and protect the environment	25.50