

Cholderton & District Water Company - Explanation of the company's plan to deliver now and in the future**OVERALL STRATEGY FOR 2010-2015 PERIOD AND BEYOND**

The company's plan for the period 2010 - 2015 has no significant variances from the Strategic Direction Statement. During the 5 years covered by the plan it is intended to concentrate on:

- a. Leakage Management
- b. Maintaining and improving the infrastructure assets
- c. Undertaking further flood prevention measures
- d. Implementing Water Efficiency measures
- e. Commencing the programme to ensure that consumers have their water quality maintained in the face of rising nitrate levels

To achieve these major elements the company intends to invest £164,000 over the 5 year period. This programme will enable the company to ensure that consumers continue to receive a reliable, adequate, uninterrupted and wholesome supply of water.

The plan requires average household bills to rise to £215.45 by 2015 representing an increase of £23.24 (12.4%) over the 5 years.

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

Cholderton's water has always had an excellent quality record and every effort will be made to ensure that this is maintained. The problem of rising nitrate levels in the water supply was highlighted in the Strategic Direction Statement and Draft Water Resources Management Plan. By the end of the period of this plan it is likely that nitrate pollution will be reaching unacceptably high levels. The company, in consultation with the regulatory bodies, will be concentrating its efforts on selecting the most cost effective solution that will guarantee consumers a wholesome supply of water for the next 25 years and beyond.

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

		Water
Average household bill in 2009-10		187.71
Less	(1) past efficiency savings and outperformance	
	(2) maintaining base services	
	of which	
	a) changes in revenue	
	b) changes in operating costs to maintain current services to consumers	
Plus	c) changes in costs of maintaining assets	
	d) changes in impact of taxation	
	e) the change in the cost of capital	
	(3) maintaining and enhancing security of supplies to all customers	27.74
	(4) the impact of improvements in services	
	of which	
	a) drinking water quality	
	b) environmental improvements	
	c) improvements in service levels	
Less	(5) scope for reduction through future efficiency improvements	
Average household bill in 2014-15		215.45

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		0.1	2.4	2.4	2.4	2.4	4.4
1	Average measured household bill	187.44	191.94	196.54	201.26	206.09	215.16
2	Average unmeasured household bill	187.76	192.27	196.88	201.61	206.45	215.53
3	Average household bill	187.71	192.21	196.82	201.54	206.38	215.45

ESTIMATE OF EXPENDITURE NEEDS (2007-08 PRICES)

		Annual average for the 2010-2015 period (£/property/annum)	
1	Operating costs to maintain current services to consumers	259.46	All connections
2	Operating costs to improve services to consumers and protect the environment		
3	Cost of maintaining assets to deliver current services to consumers		
4	Cost of improving assets to deliver improvements for the environment and consumers		
		Pre tax cost of debt and post tax cost of equity basis (Vanilla)	Fully post-tax basis
5	Assumed cost of capital (%)		