

YORKSHIRE WATER SERVICES LTD

PERIODIC REVIEW 2009

B8 – REVENUE PROJECTIONS

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1. INTRODUCTION

1. This section provides commentary on the forecasts of non-tariff basket revenue streams provided in table B8.1 - Revenue Forecasts.
2. Minor adjustments have been made from the Draft Business Plan (DBP) submission to reflect the following:
 - o Revisions to the forecasts to reflect the recent downturn in the housing market
 - o Adjustments to reflect the latest version of the June Return Table 23 regarding the reclassification of bulk supply income (re-submitted to Ofwat December 2008)
 - o The commentary now provides details of rechargeable works income that relates to new development.

2. TABLE B8.1 – REVENUE FORECASTS (WATER SERVICE)

3. Non-tariff basket revenue projections (water service) are as follows:
 - o There are no revenue grants forecast for the planning period
 - o The downturn in the housing market has reduced our rechargeable works forecasts. The split of rechargeable works income forecasts between new development income (developer contributions) and other income (e.g. for third party damage) is provided in table 1 below:

Year	New Development	Other	Total
	£m	£m	£m
2008-09	6.566	2.374	8.940
2009-10	6.305	2.374	8.679
2010-11	5.373	2.374	7.747
2011-12	6.305	2.374	8.679
2012-13	6.946	2.374	9.320
2013-15	6.946	2.374	9.320
2014-15	6.946	2.374	9.320

Table 1: Rechargeable works revenue forecasts – Water service

- o Bulk supply income is forecast to remain at current levels throughout the planning period
- o There is no revenue forecasts from other appointed business (third party)
- o Other revenue sources (excluding large users, third parties and special agreements) relates to income from fishing, sailing and other sporting rights at our water recreational sites. Income from these

sources are forecast to continue at 2008/09 levels throughout the planning period.

3. TABLE B8.1 – REVENUE FORECASTS (SEWERAGE SERVICE)

4. Non-tariff basket revenue projections (sewerage service) are as follows:

- o There are no revenue grants, inter-company payments or revenue from other appointed business (third party) forecast for the planning period
- o There are small amounts forecast for sewerage rechargeable works income which are forecast to remain at current levels
- o Other sources (excluding large users, third parties and special agreements) primarily relates to income from S104 sewer adoptions and emptying septic tank waste. Income from these sources has been falling steadily since 2003/04 as shown in figure 1 below. Other sources of income is forecast to continue to decline throughout the planning period, with income from S104 sewer adoptions reducing at a steeper rate in the short term due to the recent downturn in the housing market.

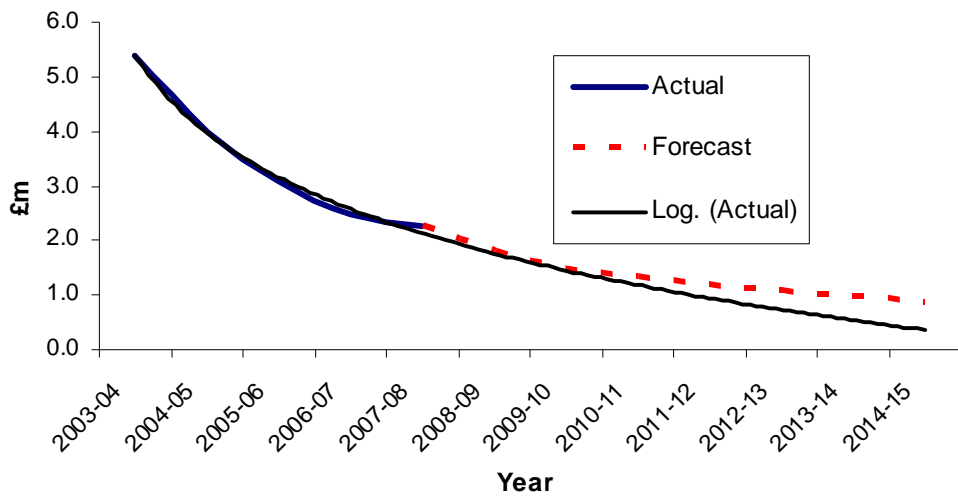


Figure 1 - Revenue from other sources – Sewerage service