



# A2

## PART A - COMPANY STRATEGY

Table A2 - Yorkshire Water - Water service - Current performance & planned outputs

Line description	Units	Level of performance		Level of performance by 2014-15	Level of performance by 2019-20
		2002-03	2007-08		
<b>A Service performance</b>					
1 DG2 Properties at risk of receiving low pressure	nr	185	102	19	
2 DG3 Supply interruptions (overall performance score)	nr	0.15	0.14	0.15	
3 DG6 % billing contacts dealt with within 5 days	%	100.0	100.0	100.0	
4 DG7 % written complaints dealt with within 10 days	%	99.4	99.0	99.9	
5 DG8 % metered customers receiving bill based on a meter reading	%	99.9	99.6	99.9	
6 DG9 % calls abandoned	%		9.3	5.0	
7 DG9 % calls receiving the engaged tone	%		0.0	0.0	
8 Security of supply index (dry year annual average - planned levels of service)	%	100	100	100	
9 Security of supply index (critical index)	%	0	100	100	
<b>B Quality &amp; environmental compliance</b>					
10 % distribution input covered by section 19 undertakings at water treatment works	%		3.412	25.041	
11 % distribution input not affected by section 19 undertakings or temporary relaxations or Authorised Departures	%	100.000	78.455	100.000	
12 % of properties in water supply zones affected by section 19 undertakings in distribution or Authorised Departures	%		48.150	0.000	
13 % mean zonal compliance with drinking water regulations	%		99.95	99.96	
<b>C Serviceability to customers (maintaining asset systems fit for purpose)</b>					
14 Below ground assets assessment - infrastructure pipelines	text	Stable	Stable	Stable	Stable
15 Surface assets assessment (non infrastructure)	text	Stable	Stable	Stable	Stable
<b>D Carbon Accounting</b>					
16 Carbon emissions produced in providing the service in 2014-15	ktonnes/year			145.4	148.1
17 Other GHG emissions ( as CO2e) produced in providing the service in 2014-15	ktonnes/year			23.7	23.4

Level of performance by 2009-10

# A3

## PART A - COMPANY STRATEGY

Table A3 - Yorkshire Water - Sewerage service - Current performance & planned outputs

Line description	Units	Level of performance		Level of performance by 2014-15	Level of performance by 2019-20
		2002-03	2007-08		
<b>A Service performance</b>					
1 DG5 properties at risk of flooding (2 in 10 years)	nr	93	61	43	22
2 DG5 properties at risk of flooding (1 in 10 years)	nr	257	135	104	52
3 D5 properties at risk of internal flooding (1 in 20 years)	nr		147	183	183
4 Properties internally flooded in year due to overloaded sewers excluding severe weather	nr	0	128	124	124
5 DG5 properties internally flooded in year due to other causes	nr	347	275	140	72
6 Areas flooded externally due to overloaded sewers, excluding severe weather	nr		208	356	356
7 Areas externally flooded in year due to other causes	nr		1,162	3,273	3,273
<b>B Quality &amp; environmental compliance</b>					
8 % Intermittent discharges satisfactory	%	71.4	98.1	100.0	
9 % Bathing waters not meeting "excellent" quality	%		80.0	10.5	
10 % Bathing waters not meeting "good" quality	%		45.0	5.3	
11 % Bathing waters not meeting "sufficient" quality	%		20.0	5.3	
12 % of sewage treatment works non compliant (Water Resources Act numeric consents)	%		1.61	1.6	
13 % of sewage treatment works non compliant (Urban Waste Water Treatment Directive consents)	%		0.66	0.66	
14 % of total p.e. served by sewage treatment works in breach of Water Resources Act consent (LUT)	%		0.48	0.20	
15 % of total p.e. served by sewage treatment works in breach of Urban Waste Water Treatment Directive consents (LUT)	%		0.00	0.00	
<b>C Serviceability to customers (maintaining asset systems fit for purpose)</b>					
16 Below ground assets assessment (infrastructure)	text	Stable	Stable	Improving	Improving
17 Surface assets assessment (non-infra)	text	Deteriorating		Stable	Stable
<b>D Carbon Accounting</b>					
18 Carbon emissions produced in providing the service in 2014-15	ktonnes/year			181.3	192.9
19 Other GHG emissions ( as CO2e) produced in providing the service in 2014-15	ktonnes/year			106.1	107.3

# A4

## PART A - COMPANY STRATEGY

Table A4 - Yorkshire Water - Water service - Key activity projections

Line description	Units	Activity in AMP5 period relating to base service	Activity in AMP5 period relating to enhancements	Total planned activity in AMP5 period	Profile of activity	Total planned activity in AMP6 period
<b>A Key activity projections - water resources</b>						
1 Length of raw water aqueducts refurbished	km	0.5	0.0	0.5	S	0.5
2 Work on dams & impounding reservoirs	nr	36	8	44	S	35
3 Capital investment in aqueducts, dams and impounding reservoirs	£m	63.237	24.725	87.962	S	70.790
<b>B Key activity projections - water treatment</b>						
4 Number of refurbished or new treatment works	nr	11	12	23	S	22
5 Ml/day of refurbished or new treatment works	Ml/d	1117.00	247.40	1364.40	S	1,312.80
6 Capital investment in refurbished or new treatment works	£m	125.355	46.898	172.253	S	165.740
<b>C Key activity projections - water distribution</b>						
7 Length of mains renewed	km	314.8	0	314.8	S	157.4
8 Length of mains relined	km	157.2	0	157.2	S	78.6
9 Length of new mains	km	0.0	283.5	283.5	S	203.0
10 Number of refurbished or new district meters & pressure control valves	nr	0	0	0	S	0
11 Capital investment in underground water distribution activity (incl investment in meters reported in Block E of this table)	£m	286.788	104.175	390.963	S	306.490
12 Number of refurbished or new pumping stations	nr	2	4	6	S	5
13 Capital investment in refurbished or new pumping stations	£m	17.721	10.010	27.731	S	23,180
14 Number of refurbished or new service reservoirs	nr	15	0	15	S	8
15 Capital investment in refurbished or new service reservoirs	£m	35.551	0.000	35.551	S	19.500
<b>D Key activity projections - management &amp; general</b>						
16 Offices, labs, depots, workshops	m <sup>2</sup>	0.0	0.0	0.0	S	0.0
17 Capital investment in offices, labs, depots, workshops and vehicles	£m	38.576	0.505	39.081	S	32.489
18 Capital investment in instrumentation, control and automation (ICA), telemetry & computers	£m	54.802	0.000	54.802	S	52.369
<b>E Key activity projections - metering performance</b>						
19 Number of household meters renewed	nr			250,000	S	250,000
20 Optional meters: households	nr			200,002	R	252,923
21 Selective meters: households	nr			0	S	0
22 Percentage of households metered (at the end of the period)	%			50	R	59
<b>F Total - water service</b>						
23 Total capital investment in the water service	£m	622.030	186.313	808.343		670.558

AMP5 profile codes
S - Stable
R - Rising
F - Falling
P - Peaking in a particular year (* = 1 to 5)
T - Trough in a particular year (* = 1 to 5)

# A5

## PART A - COMPANY STRATEGY

Table A5 - Yorkshire Water - Sewerage service - Key activity projections

Line description	Units	Activity in AMP5 period relating to base service	Activity in AMP5 period relating to enhancements	Total planned activity in AMP5 period	Profile of activity	Total planned activity in AMP6 period	
<b>A Key activity projections - sewers</b>							
1	Length of critical sewers renewed	km	6.5	3.8	10.3	S	20.9
2	Length of critical sewers renovated	km	23.5	13.6	37.2	S	76.0
3	New critical sewers	km	7.5	3.4	10.9	S	10.9
4	Length of non-critical sewers renewed	km	20.3	11.3	31.6	S	64.9
5	Length of non-critical sewers renovated	km	25.2	16.5	41.7	S	83.2
6	New non-critical sewers	km	1.4	9.4	10.8	S	10.8
7	Capital investment in critical and non-critical sewers	£m	125.720	190.780	316.500	S	147.420
8	Number of refurbished or new intermittent discharges	nr	1	1	2	S	1
9	Capital investment in refurbished or new intermittent discharges	£m	1.400	103.560	104.960	S	1.400
<b>B Key activity projections - sewage treatment &amp; disposal.</b>							
10	Number of refurbished or new treatment works	nr	2	79	81	S	72
11	Population equivalent of refurbished or new treatment works	000	578.55	1719.71	2,298.26	S	4,265.55
12	Capital investment in refurbished or new treatment works	£m	182.070	311.900	493.970	S	1,141.070
13	Number of refurbished or new sludge treatment works	nr	4	33	37	S	39
14	Capital investment in refurbished or new sludge treatment works	£m	58.680	40.047	98.727	S	302.330
<b>C Key activity projections - sewerage service</b>							
15	Number of refurbished or new pumping stations	nr	3	19	22	S	22
16	Capital investment in refurbished or new pumping stations	£m	43.960	31.800	75.760	S	70.150
17	Number of refurbished or new sea outfalls	nr	0	1	1	S	0
18	Capital investment in refurbished or new sea outfalls	£m	1.080	0.000	1.080	S	1.080
<b>D Key activity projections - management &amp; general</b>							
19	Offices, labs, depots, workshops	m <sup>2</sup>	0.0	0.0	0.0	S	0.0
20	Capital investment in offices, labs, depots, workshops and vehicles	£m	41.259	0.000	41.259	S	32.489
21	Capital investment in instrumentation, control and automation (ICA), telemetry & computers	£m	54.802	0.000	54.802	S	52.368
<b>E Total - sewerage service</b>							
22	Capital investment in the sewerage service	£m	508.971	678.087	1187.058		1748.307

### AMP5 profile codes

S - Stable  
R - Rising  
F - Falling  
P - Peaking in a particular year (\* = 1 to 5)  
T - Trough in a particular year (\* = 1 to 5)



# A7

## PART A - COMPANY STRATEGY

Table A7 - Yorkshire Water - Water service - Expenditure projections

Line description	Units	AMP4			AMP5					
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
<b>A Base service levels (£/property served)</b>										
1	Operating expenditure to maintain current services to consumers	£/prop	72.65	72.86	72.09	76.55	76.99	77.81	77.24	76.57
2	Expenditure on pipelines, dams and aqueducts to maintain current services to consumers - "infrastructure"	£/prop	17.30	15.28	12.55	23.85	24.12	24.11	20.61	21.74
3	Expenditure on surface assets (includes abstraction, treatment, pumping and service storage) to maintain current services to consumers - "non-infrastructure"	£/prop	24.08	23.68	16.72	36.83	40.11	37.75	29.86	28.87
<b>B Enhanced service levels (£/property served)</b>										
4	Additional operating expenditure for improving services to consumers	£/prop	0.00	0.00	0.02	0.04	0.04	0.04	0.04	0.04
5	Additional capital expenditure for improving services to consumers	£/prop	0.00	1.87	3.31	4.45	0.06	0.27	0.27	0.49
<b>C Supply/demand balance (£/property served)</b>										
6	Additional operating expenditure to continue to maintain and improve the balance between the water available and the demand from consumers	£/prop	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01
7	Additional capital expenditure to continue to maintain and improve the balance between the water available and the demand from consumers	£/prop	2.16	3.66	4.08	4.20	4.13	3.89	3.71	3.57
<b>D Quality enhancements (£/property served)</b>										
8	Additional operating expenditure to meet new environmental and water quality standards	£/prop	0.00	0.14	0.44	0.97	0.97	1.01	1.11	1.27
9	Additional capital expenditure to meet new environmental and water quality standards	£/prop	28.79	21.70	7.32	9.86	11.05	12.55	9.07	9.20
<b>E Enhancements - large projects (£/property served)</b>										
10	Additional operating expenditure for large projects	£/prop	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Additional capital expenditure for large projects	£/prop	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>F Water service totals (£/property served)</b>										
12	Total operating expenditure	£/prop	72.65	73.00	72.54	77.56	78.01	78.87	78.40	77.89
13	Total capital expenditure excluding grants and contributions	£/prop	72.32	66.19	43.98	79.19	79.46	78.57	63.52	63.87
14	Average connected properties (excluding empty properties)	000	2,051.04	2,064.25	2,074.16	2,082.60	2,094.06	2,108.56	2,124.55	2,142.24
<b>G Water service totals (£m)</b>										
15	Total operating expenditure	£m	149.013	150.700	150.470	161.517	163.353	166.306	166.565	166.862
16	Total capital expenditure excluding grants and contributions	£m	148.339	136.637	91.228	164.917	166.398	165.676	134.946	136.831
17	Total capital grants, contributions and compensation for abstractions	£m	8.926	6.615	5.847	8.075	6.704	7.739	8.244	8.814

# A8

## PART A - COMPANY STRATEGY

Table A8 - Yorkshire Water - Sewerage service - Expenditure projections

Line description	Units	AMP4			AMP5					
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
<b>A Base service levels (£/property served)</b>										
1	Operating expenditure to maintain current services to consumers	£/prop	62.94	62.41	62.70	65.02	64.82	64.44	64.74	63.76
2	Expenditure on below ground assets (includes sewers and storm overflows) to maintain current services to consumers - "infrastructure"	£/prop	6.27	7.40	6.10	12.00	12.36	9.30	9.84	4.77
3	Expenditure on surface assets (includes sewage treatment & disposal and pumping) to maintain current services to consumers - "non-infrastructure"	£/prop	40.87	39.71	31.02	30.19	37.66	38.20	43.17	37.35
<b>B Enhanced service levels (£/property served)</b>										
4	Additional operating expenditure for improving services to consumers	£/prop	0.00	0.00	0.00	0.00	0.01	0.04	0.18	0.27
5	Additional capital expenditure on improving services to consumers	£/prop	0.41	0.21	0.04	17.81	23.25	15.67	13.34	12.89
<b>C Supply/demand balance (£/property served)</b>										
6	Additional operating expenditure to continue to accommodate and deal with increased waste water from consumers	£/prop	0.00	0.11	0.26	0.29	0.30	0.51	0.61	0.63
7	Additional capital expenditure to continue to accommodate and deal with increased waste water from consumers	£/prop	4.38	3.27	0.95	9.03	12.07	14.45	10.03	5.16
<b>D Quality enhancements (£/property served)</b>										
8	Additional operating expenditure to meet new environmental standards	£/prop	0.00	1.27	2.85	3.40	3.42	3.72	5.21	7.99
9	Additional capital expenditure to meet new environmental standards	£/prop	50.50	44.00	30.05	21.18	47.20	58.26	33.52	9.91
<b>E Enhancements - large projects (£/property served)</b>										
10	Additional operating expenditure for large projects	£/prop	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Additional capital expenditure for large projects	£/prop	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>F Water service totals (£/property served)</b>										
12	Total operating expenditure	£/prop	62.94	63.79	65.82	68.72	68.55	68.71	70.74	72.65
13	Total capital expenditure excluding grants and contributions	£/prop	102.44	94.58	68.16	90.20	132.55	135.87	109.89	70.07
14	Average connected properties (excluding empty properties)	000	2,044.953	2,058.162	2,068.080	2,076.519	2,087.979	2,102.479	2,118.469	2,136.153
<b>G Water service totals (£m)</b>										
15	Total operating expenditure	£m	128.719	131.300	136.112	142.696	143.121	144.461	149.863	155.183
16	Total capital expenditure excluding grants and contributions	£m	209.481	194.655	140.953	187.306	276.756	285.669	232.807	149.690
17	Total grants and contributions received by companies from third parties	£m	10.389	13.095	9.425	10.524	12.181	10.655	10.582	10.877

# A9 Public Domain

## PART A - COMPANY STRATEGY

Table A9 - Yorkshire Water - Financial projections - Public domain

Line description		Units	AMP4	AMP 5	
			2007-08	2010-11	2014-15
<b>A Current cost profit &amp; loss and financial indicators</b>					
1	Turnover	£m	785	836	889
2	Operating costs	£m	-271	-304	-322
3	Capital charges	£m	-241	-232	-262
4	Operating profit	£m	299	300	306
5	Regulatory capital value-year end	£m	4,239	4,411	4,737
6	Pre tax return on regulatory capital value	%		6.9	6.4

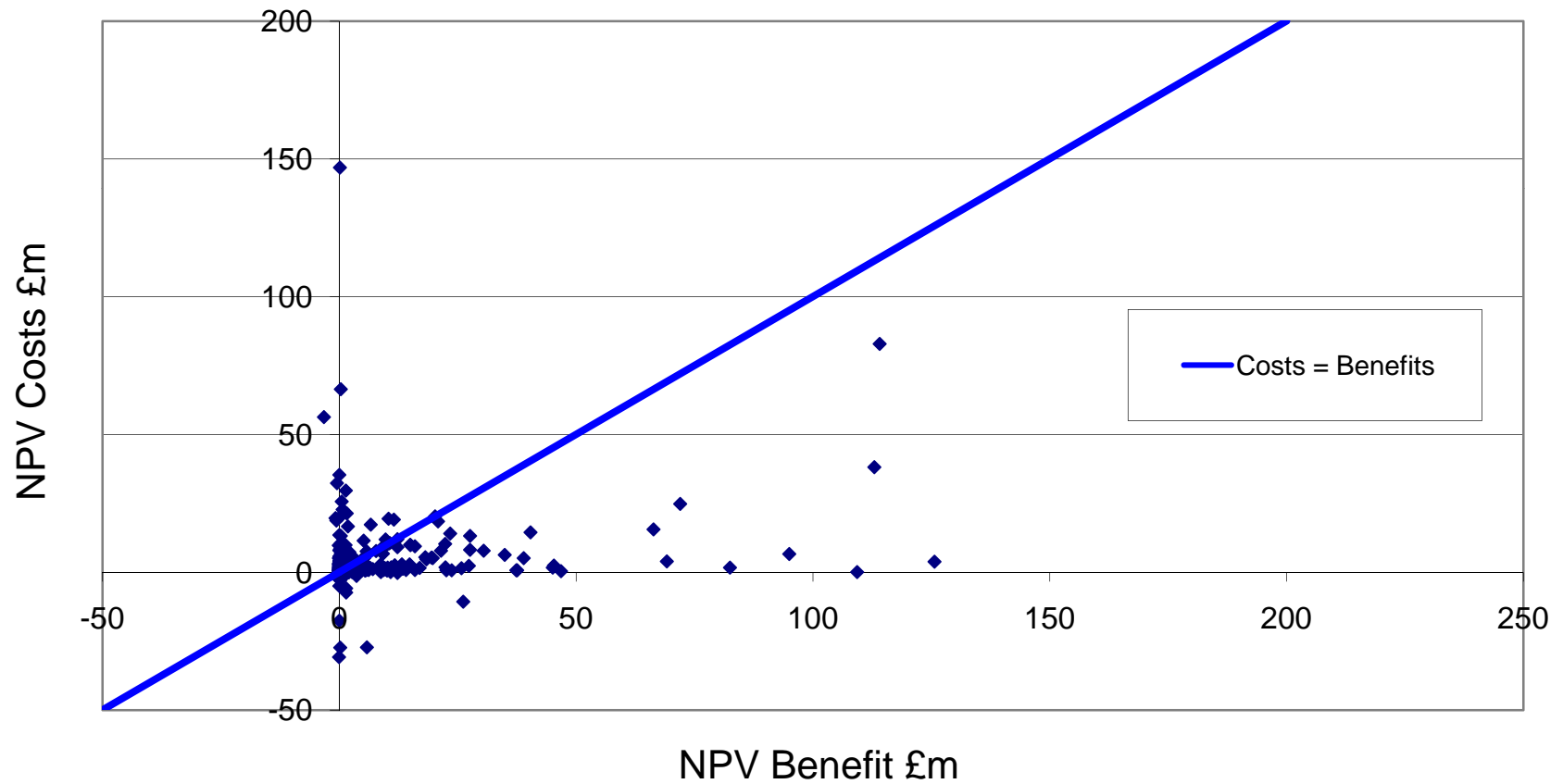
## PART A - COMPANY STRATEGY

Table A10 - Yorkshire Water - Water and sewerage services - Summary of justification of company investment proposals

Line description		Units	Contribution to annual average household bill in 2014-15	Net present value of costs arising from investment proposals in 2010-15	Net present value of benefits arising from investment proposals in 2010-15	Capital expenditure proposed for 2010-15	Operating expenditure in 2014-15
			£/year	£m	£m	£m	£m/year
<b>A Water Service</b>							
1	The total plan for the water service 2010-15		15	1943	10337	808	-3
2	Water service - Investment proposals demonstrated to be cost-beneficial		9	1379	10126	560	-4
3	Water Service - Investment proposals demonstrated to be non-cost-beneficial		6	564	211	248	1
4	Water service - Investment proposals not assessed		0	0	0	0	0
5...	n/a						
<b>B Sewerage Service</b>							
6	The total plan for the sewerage service 2010-15		29	1854	15196	1185.5	10
7	Sewerage service - Investment proposals demonstrated to be cost-beneficial		16	781	14977	704	-1
8	Sewerage service - Investment proposals demonstrated to be non-cost-beneficia		13	1073	219	473	11
9	Sewerage service - Investment proposals not assessed		0	0	0	0	0
10...	n/a						

# Project database cost benefit data

Including non cost-beneficial statutory, essential base maintenance and supply demand activities



## Explanation of the company's plan to deliver our customers' and stakeholders' priorities

### OVERALL STRATEGY FOR 2010-2015 PERIOD AND BEYOND

The Yorkshire Water vision is to be 'Clearly the Best Water Company' in the UK. To help achieve this vision, we published our 25 year Strategic Direction Statement (SDS) in December 2007 and this sets the context for our business plan. The SDS sets out to balance our five strategic objectives of:

- A customer **SERVICE** experience second-to-none
- A strong **ENVIRONMENTAL** focus
- The lowest possible **PRICES** for customers
- Attractive **RETURNS** for investors
- World class **ASSET MANAGEMENT** and great **PEOPLE**

In August 2008 we published our Draft Business Plan. Independent consultation on this submission has confirmed that 'Striking the Right Balance' in Yorkshire is the correct approach. Our customers and stakeholders want us to continue delivering service and value for money whilst managing the impact of changing economic circumstances

We are listening to our customers and regulators and plan to now invest £1.901bn between 2010-2015 to maintain and enhance our services. Customers require that we maintain the higher service levels - achieved over 20 years - and this means that the majority of this investment, around £1.131bn, will be dedicated to service maintenance.

Our continued investment in the Yorkshire region will play a vital economic role, particularly through the current recession.

All our investment plans are customer focused and supported by cost-benefit analysis taking account of financial, social and carbon costs and customers' willingness to pay. This investment is evidence-based, using 'sound science' and supported by the Drinking Water Inspectorate (DWI) and the Environment Agency (EA)

In this current period, 2005-2010, we have beaten challenging efficiency targets and were recognised by Ofwat as the benchmark in the latest comparative competition results. In this business plan we continue this drive for efficiency within the new Ofwat Capital Incentive Scheme. Our highly skilled people and contract partners are committed to continuing innovation and the drive for further efficiencies. These are key to lower future prices, improvements to customer service and a sustainable natural environment.

The balanced nature of our plan results in a movement in the average annual household bill from £308 in 2009/10 to £328 in 2014/15, an increase of only £4 p.a. in real terms. Overall, this will mean a 1.7% p.a. real increase in Yorkshire Water charges which is driven by the need to fund statutory environmental investment, the unavoidable impact of decreasing demand for water and increasing business rates. We have limited price increases to our customers by continuing to drive efficiencies, challenging the capital programme and implementing the taxation benefits of higher gearing.

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Proposed price limit<sup>1</sup></b>	2.10%	1.70%	1.70%	1.70%	1.70%	1.70%
<b>W Indicative price limit (water service)</b>	0.70%	1.40%	1.40%	1.40%	1.40%	1.40%
1 Average measured household bill	124	126	127	129	131	133
2 Average unmeasured household bill	154	156	159	161	163	165
3 Average household bill	143	144	145	146	148	149
<b>S Indicative price limit (sewerage service)</b>	3.40%	2.20%	2.20%	2.20%	2.20%	2.20%
1 Average measured household bill	142	145	149	152	155	159
2 Average unmeasured household bill	179	183	187	191	195	200
3 Average household bill	165	168	171	174	176	179
<b>Average annual household bill (total)</b>	<b>308</b>	<b>312</b>	<b>316</b>	<b>320</b>	<b>324</b>	<b>328</b>

<sup>1</sup> We have smoothed the price profile over the period to give stable price movements  
To read a more detailed copy of our proposals visit: [www.yorkshirewater.com/pr09](http://www.yorkshirewater.com/pr09)

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

In line with our customers' highest priorities and to meet statutory obligations, we propose to invest £1.901bn across the region between 2010-2015 in the key areas of:

- **Maintaining serviceability and services to customers (£1101m)**
- **Maintaining reliability of water supplies and meeting the needs of new customers (£145m)**
- **Protecting the high quality of our drinking water (£55m)**
- **Lead pipe replacements (£35m)**
- **Environmental improvements (£10m)**
- **Protecting Bathing Water to achieve 'sufficient' standards (£70m)**
- **European Directives - Water Framework, Freshwater Fish etc (£245m)**
- **Waste processing and recycling (£40m)**
- **Enhancing service to customers (£186m)**
  - Reducing flooding from sewers (£60m)
  - Reducing pollution from our sewerage system (£60m)
  - Reducing odour from our waste water treatment works (£5m)
  - Improving asset and flooding resilience (£15m)
  - Reducing properties experiencing low water pressure (£1m)
  - Improving bathing water to 'excellent' standards (£45m)

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

	Water	Sewerage
Average household bill in 2009-10	143	165
<b>Less</b> 1) past efficiency savings and outperformance	(5)	(5)
<b>Plus</b> 2) maintaining base service	5	(3)
of which	<b>Water</b>	<b>Sewerage</b>
a) changes in revenue	7	6
b) changes in operating costs to maintain current services to consumers	11	3
c) changes in costs of maintaining assets	9	10
d) changes in impact of taxation	(11)	(11)
e) the change in the cost of capital	(10)	(11)
<b>Plus</b> 3) maintaining and enhancing security of supplies to all customers	1	4
<b>Plus</b> 4) the impact of improvements in service of which	5	19
a) drinking water quality	5	0
b) environmental improvements	0	13
c) improvements in service levels	0	6
<b>Less</b> 5) scope for reduction through future efficiency improvements	0	0
<b>Average household bill in 2014-15</b>	<b>149</b>	<b>179</b>

(NB. Numbers do not add due to rounding)

### ESTIMATE OF EXPENDITURE NEEDS (2007-08 PRICES)

	Annual average for the 2010-2015 period (£/property/annum)	
	Water	Sewerage
1 Operating costs to maintain current services to consumers	77	65
2 Operating costs to improve services to consumers and protect the environment	1	5
3 Cost of maintaining assets to deliver current services to consumers	58	47
4 Cost of improving assets to deliver improvements for the environment and consumers	15	61

### COST OF CAPITAL

	Pre tax cost of debt and post tax cost of equity basis (Vanilla)	Fully post-tax basis
Assumed cost of capital %	5.44	4.8