

UUW91

Past Delivery - Commentaries

October 2023

Data Table Commentaries

This document provides a commentary and supporting information for the Past Delivery PR24 data tables

Executive Summary

This document is designed to support and provide additional commentary and information on the Past Delivery tables within United Utilities Water (UUW) price review submission.

Within this commentary we set out the sources for the data that we have applied for forecasting and provide an explanation for the two stage method used for our forecast method and for the method applied for base forecasts for table PD1. We have calculated the indexation rates applied to both RPI and CPIH linked debt.

As we do not provide non-household retail services we have, therefore, intentionally left tables PD2 and PD3 blank.

Table PD4 provides details of the actual land sales in AMP7 to date, setting out the proceeds from sales, clawbacks, changes in covenants, reversions, grants of easements and income from our rental portfolio. We forecast our land sales figures forward for the last two years of the AMP and set out our expectations and assumptions that support this forecast.

We set out our wholesale revenue reconciliation within table PD5. Supporting commentary describes that we have reported in line with Regulatory Accounting Guidelines 4.11 and that we will be able to recover revenue under the revenue control in-line with the approach that underpinned the PR19 final determination. We provide a summary of the details of the predicted revenues for 2023/24 and that the PR19 blind year adjustments relating to 2019/20 have been applied in 2021/22 and so are not included in PD5. Finally, this section sets out that there is no imbalance between actual revenue recovered and the PR19 final determination allowance.

PD6 presents a summary of bulk supply exports for the first three years of AMP7, and forecasts export values for 2023-25. The narrative explains the forecast assumptions for existing bulk supplies, future water trades and NAV connections.

Our progress in delivering our Green Recovery programme of work is described in tables PD7, PD7a and the supporting narrative. Combined together the tables and narrative comprehensively describe each of the Green Recovery projects, the totex spend to date and predictions for spend and delivery for the remainder of the AMP with the associated impact on RCV. A detailed overview of our Green Recovery programme has been published on our corporate website¹.

Table PD8 reports our wholesale totex and meets guidance provided in Reporting Accountancy Guidelines 4.11. The table is aligned to previous Annual Performance Report submissions, with future forecasts aligned to our internal company business plan expectations. The narrative in section 8 of this document provides a reconciliation between PD8 and CW3 and CWW3 / assumptions that support the table have been provided below on a line by line basis.

We provide details of our totex performance in PD9 and describe our approach to presenting forecasts for the remainder of AMP7.

Table PD10 sets out our capital allowance super deductions for PR19 tax reconciliation. Within our narrative we set out why certain expenditure does not qualify for enhanced capital rates providing details of how this is compliant with the requirements of the legislation. As required external assurance has been provided by ChandlerKBS.

Tables PD11 and PD12 have been populated following reporting guidelines. Supporting commentary for these tables is provided within *UUW79 – PR19 Reconciliation Submissions*.

¹ <https://www.unitedutilities.com/globalassets/documents/pdf/green-recovery-2023/download>

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1. PD1 – Inflation indices

1.1 Whole table

PD1.1 - 38

- 1.1.1 The source data for this table is external. Therefore, while we ensure we only use data from reputable sources, the accuracy of this data depends on the accuracy of the external forecasts we use.

Data sources

- 1.1.2 Historic data on RPI and CPIH is obtained from the Office for National Statistics (ONS)'s 'Consumer Price Inflation (CPI) tables' publication. UUW uses external forecasts from Barclays, HSBC and NatWest Markets (where available) as the basis for our inflation forecasts up to December 2024. Annual inflation forecasts up until 2027 are obtained from His Majesty's Treasury (HMT)'s 'Forecasts for the UK economy' publication.

Forecast method

- 1.1.3 We forecast in two stages. The first stage creates a base forecast for each inflation measure. The second stage determines appropriate smoothing rates.

- 1.1.4 Calculation methods are the same across inflation measures unless stated otherwise.

Base forecasts

- 1.1.5 Historic ONS data to April 2023 used is unchanged. For RPI, we have taken the average of inflation forecasts from Barclays, HSBC and NatWest Markets to get a forecast of inflation until December 2024. For CPIH, HSBC and Natwest Markets were used as data sources due to forecast availability.

- 1.1.6 Forecasts from January 2025 through to December 2027 are made by applying the relevant calendar year's forecast rate from HMT's 'Forecasts for the UK economy' to the prior year's RPI or CPIH index figure for the relevant month. For CPIH, CPI rates are used as a proxy given that HMT do not publish a forecast rate for CPIH. Beyond 2027, we have assumed the annual HMT rate transitions over a twelve-month period to a long term inflation assumption of 2% in the case of CPIH. As before, index forecasts are calculated by applying this assumed rate of 2% to the prior year's index figure for the relevant month.

Indexation rates

- 1.1.7 We've calculated the indexation rate applied to RPI and CPIH linked debt as forecast indexation/opening index linked debt for each year, which is aligned to our actual indexation rate for historic years. Note that for 2018/19 and 2019/20 we have included the indexation rate on our actual CPI linked debt.

2. PD2 – Non-household water - revenues by tariff type

2.1 Whole table

PD2.1 - 8

2.1.1 Table not required for *UUW*.

3. PD3 – Non-household wastewater - revenues by tariff type

3.1 Whole table

PD3.1 - 7

3.1.1 Table not required for *UUW*.

4. PD4 – Analysis of land sales

4.1 Whole table

PD4.1 Land sales – proceeds from disposals of protected land

- 4.1.1 *UUW* owns a significant value and volume of land and buildings which are considered to be regulated assets, held for the purpose of undertaking the role of a regulated water and wastewater business. Profit on disposal of land and buildings is excluded from Totex in annual Regulatory Reporting, and instead, a one off adjustment is made to recognise the proceeds and the fact that we must share these proceeds 50:50 with customers in the following AMP.
- 4.1.2 As per Ofwat updated Final business plan tables guidance, PD4 derives the adjustment needed for the RCV for disposals of interest in land expected in the current control period 2020-25 (less the data reported through table 2L of the APR for financial years 2020/21 & 2021/22). The benefits of such proceeds are split 50:50 between the company and customers via true-up of the RCV at 1 April 2025. Disposals of interest in land include the complete disposal of land as well as the (rental income) creation of an interest or right in or over land – for example, the granting of leases and wayleaves. Proceeds from all such transactions are included.
- 4.1.3 There have been 8 disposals in 2022/23 (none of which are above the minimum threshold of £500k), 1 instance of clawback from the sale of land from the non-regulated business to an external party, 2 changes in covenants, 1 reversion and 3 grants of easement. Also, the rental portfolio managed by an external agent is made up of 584 individual income streams.
- 4.1.4 There are an estimated 12 disposals in 2023/24 (none of which are above the minimum threshold of £500k). Also, the rental portfolio managed by an external agent is made up of c.584 individual income streams.
- 4.1.5 2024/25 is estimated to be in line with 2023/24.
- #### Basis of forecast
- 4.1.6 For the purposes of table PD4, the values for 2022/23 represent actual values reported within table 2L, whereas 2023/24 and 2024/25 are based upon a forward forecast aligned the Company Business Plan based upon outturn (inflated) values re-baselined to 2022/23 base year prices (CPIH adjusted).
- 4.1.7 The forward forecast assumes a reduced level of complete disposals of land and buildings compared to historic values. This is based upon the expectation to provide increased levels of investment (and associated land requirements) in enhancement schemes required to meet the company's regulatory & environmental obligations, hence restricting the company's ability to dispose of existing land stock. The forecast for rental income (and associated costs) assumes broadly consistent levels with that of historic values with the exception of any one-offs

5. PD5 – Revenue reconciliation - wholesale

5.1 Whole table

PD5.1 - 11

- 5.1.1 For 2022/23 all information is sourced directly from Regulatory Reporting Table 2M with the exception of wholesale revenues reported in line PD5.1 Revenue in line PD5.1 has been aligned to the Revenue Forecasting Incentive where we have excluded revenues for rechargeable works from water network plus (£1.224m) and wastewater network plus (£0.426m). In line with the Regulatory Accounting Guidelines issued for 2020/21 onwards we have reported rechargeable works income as price control revenue in the APR in line with the RAGs, but as this income was not included in the revenue control set at PR19 we have excluded it from the RFI mechanism for the purpose of setting charges. This approach means that we will be both compliant with the change in regulatory reporting and also able to continue to recover revenue under the revenue control in line with the approach that underpinned the PR19 final determination. We intend to treat rechargeable works income in the same way for each year remaining in the AMP. We under-recovered wholesale revenues by £53.7m in 2022/23 mainly due to lower than expected consumption, which will be recovered in 2024/25 via the RFI mechanism.
- 5.1.2 Allowed revenues for 2023/24 include ODIs rewards/penalties relating to 2021/22 outperformance, as reflected in Ofwat's 2022 determination and also include an RFI adjustment relating to 2021/22 revenue imbalances. Allowed revenues for 2024/25 include our latest estimate of ODIs rewards/penalties relating to 2022/23 outperformance and include an RFI adjustment relating to 2022/23 revenue imbalances.
- 5.1.3 Actual revenues for both 2023/24 and 2024/25 are assumed to be in line with price controls, therefore the revenue imbalance for these years is forecast to be nil.
- 5.1.4 The PR19 blind year adjustment relating to 2019/20 has been applied in full in 2021/22 and therefore has not been included in any of the years reported in table PD5.
- 5.1.5 All revenues in table PD5 have been reported in a 2022/23 FYA CPIH price base. We have initially calculated revenues in outturn prices based on November CPIH in line with the PR19 Final Determination and Reconciliation Rulebook. Absent of external guidance we have then deflated these to 2022/23 prices using FYA CPIH.

6. PD6 – Bulk supply exports information

6.1 Bulk Supply exports

PD6.1 - 51

- 6.1.1 The basis of the forecast for 2023/24 and 2024/25 is derived from 2022/23 actual reported volumes with material variances below.
- 6.1.2 The main material variance is the non-potable supply to Heronbridge (PD6.1). Heronbridge volumes have been reducing since 2019/20 when volumes were 5,115 MI per annum to 2,428 MI per annum in 2022/23. This is due to customer site undergoing demolition and reconstruction. Redevelopment is expected to be complete in 2024/25 and future demand is expected to start to gradually increase up to the contractual volumes of 28 MI/d towards end 2024/25.
- 6.1.3 There are a number of small supplies with Severn Trent, long-standing individual agreements that pre-date privatisation, where usage is intermittent. The forecast supplies to Congleton Edge (PD6.7), Sitch Lane (PD6.9) and Hayfield Road (PD6.4) are assumed to be nil for 2023/24 and 2024/25.
- 6.1.4 The volume supplied to Northumbria (PD6.6) in 2022/23 is forecast to reduce back to typical average daily consumption levels for 2023/24 onwards.
- 6.1.5 The forecast number of new NAV connections is expected to increase by 10% year on year and assumed increases in volumes for NAV site development across all expected NAV sites are reported in line PD6.15.
- 6.1.6 There are no expected new water trades up to 2024/25 that would qualify for the water trading incentives.

6.2 Bulk supply imports information

PD6.52 - 102

- 6.2.1 The basis of the forecast for 2023/24 and 2024/25 is derived from 2022/23 actual reported volumes with no material change in forecast volumes expected.

7. PD7 and PD7a – Impact of Green recovery on RCV

7.1 Whole table

Approved bid

- 7.1.1 The Green Recovery allowance as published by Ofwat in the Green Economic Recovery final decision document in July 2021. £64.402 million (2017/18 prices) additional investment on top of our existing PR19 determination, focussing on three specific schemes which are detailed in Table 1 below:

Table 1: Green recovery allowance

Green Recovery scheme	Investment allowed
Accelerating partnerships to deliver natural solutions	£14.943 million to protect habitats, enhance raw water quality, improve drainage and reduce phosphorus
AMP8 WINEP investments at Bury	£44.060 million to provide additional wastewater storage to improve water quality in the Manchester Ship Canal
Tackling storm overflows	£5.399 million to help tackle storm overflows and improve river water quality

- 7.1.2 The allowance has been inflated to 2022/23 prices in tables PD7 and PD7a.

Actual totex

- 7.1.3 Actual totex sourced from APR tables 4S and 4T for years 2021/22 and 2022/23, and PR24 data tables SUP4 and SUP5 for forecast years, reported in 2022/23 prices.

Company share of totex

- 7.1.4 PD7 / PD7a lines 10 and 11 (company share of totex out/under performance) calculations should only populate the outperformance lines if the variance is <0, and the underperformance lines if the variance is >0 (consistent with how the customer share of totex lines 8 and 9 are calculated), however this does not impact the calculation of the increase /decrease to RCV as the company share is not a component of the calculation.

Variance due to timing of expenditure

- 7.1.5 The variance is classified as timing which reflects that the forecast spend profile differs to our original proposed spend profile. The majority of spend incurred to date relates to the 'define phase' to progress the development of solutions and negotiation of new commercial agreements, which has taken longer than originally anticipated. Contracts are now in place or commercial discussions are progressing and we do not anticipate this to have an impact on overall project delivery. We anticipate the Green Recovery programme will be delivered within AMP7, with the exception of the WINEP investments at Bury as completion of the project may be delayed until 2025/26.

Accelerating partnerships to deliver natural solutions

- 7.1.6 The accelerating partnerships to deliver natural solutions programme is not currently forecasting to overspend or underspend.
- 7.1.7 Table 2 below shows the variance between the initial planned and current forecast spend profiles (resulting in timing variances reported in table PD7) principally due to time spent focussed on completing preparatory works to identify an accurate list of viable locations and delays with getting the new, complex commercial agreements in place with partners.

Table 2: Variance of initial plan to current forecast

Variance (%)	2021/22	2022/23	2023/24	2024/25
Planned spend profile	10%	25%	51%	14%
Actual and forecast spend profile	1%	3%	59%	38%
Variance	-9%	-22%	8%	24%

AMP8 WINEP investments at Bury

7.1.8 For both projects, Nuttall Hall and Bury Wastewater Treatment Works (WwTW), there is now some risk that the final delivery will be delayed beyond the original timescales, however, the early commencement of work on the schemes means that in both cases we still anticipate delivering them sooner than if they had not been part of the Green Recovery process. This is detailed in Table 3.

Table 3: Planned versus forecast expenditure

Variance (%)	2021/22	2022/23	2023/24	2024/25	AMP8
Planned spend profile	7%	8%	36%	50%	-
Actual and forecast spend profile	1%	33%	16%	34%	46%
Variance	-6%	-5%	-20%	-16%	46%

Tackling storm overflows

7.1.9 The tackling storm overflows scheme is not currently forecasting to overspend or underspend. Spend has been delayed later in AMP7, principally due to preparatory work and environmental surveys required. This is detailed in Table 4.

Table 4: Planned versus forecast expenditure

Variance (%)	2021/22	2022/23	2023/24	2024/25	AMP8
Planned spend profile	-	-	51%	49%	-
Actual and forecast spend profile	3%	13%	36%	48%	-
Variance	3%	13%	-15%	-1%	-

7.1.10 We have published a detailed overview of our Green Recovery activity and expenditure for 2022/23 and the future, which satisfies all the requirements as detailed in the Green Recovery final decisions document².

² <https://www.unitedutilities.com/globalassets/documents/pdf/green-recovery-2023/download>

8. PD8 – Totex analysis - wholesale

8.1 Whole table

PD8.1-26

- 8.1.1 Historic costs have been aligned to previous APR submissions, and forecast costs have been aligned to the most recent internal company business plan, updated with the latest information from our company management accounts.
- 8.1.2 The table has been prepared on the basis of the RAG 4.11 approach. A reconciliation has been included below in Table 5, Table 6 and Table 7 between PD8 and CW1 / CWW1 which has been prepared taking into account the guidance on improving cost allocation between the sewage treatment and bioresources units in relation to sludge liquors, energy generation and overheads.

Table 5: Reconciliation of PD8 and CW1/CWW1 2022/23

Line description	2022/23					Total
	WR	WN+	WWN+	Bio	Add Control	
Base opex per CW2/CWW3	84.8	386.5	286.3	59.9	-	817.6
Adj. – Ofwat Licence fee	(0.3)	0.1	0.3	(0.2)	-	(0.1)
Adj. – Sludge liquors	-	-	11.2	(11.2)	-	0.0
Adj. – Energy generation	-	-	-	-	-	-
Base opex per PD8 source Total	84.5	386.6	297.8	48.5	-	817.5

Table 6: Reconciliation of PD8 and CW1/CWW1 2023/24

Line description	2022/23					Total
	WR	WN+	WWN+	Bio	Add Control	
Base opex per CW2/CWW3	76.0	347.1	278.7	56.9	-	758.7
Adj. – Ofwat Licence fee	(0.3)	0.1	0.3	(0.2)	-	(0.1)
Adj. – Sludge liquors	-	-	11.5	(11.5)	-	0.0
Adj. – Energy generation	-	-	-	-	-	-
Base opex per PD8 source Total	75.7	347.2	290.5	45.2	-	758.6

Table 7: Reconciliation of PD8 and CW1/CWW1 2024/25

Line description	2022/23					Total
	WR	WN+	WWN+	Bio	Add Control	
Base opex per CW2/CWW3	83.2	333.8	251.2	71.4	-	739.7
Adj. – Ofwat Licence fee	(0.3)	0.1	0.3	(0.2)	-	(0.1)
Adj. – Sludge liquors	-	-	11.9	(11.9)	-	0.0
Adj. – Energy generation	-	-	-	-	-	-
Base opex per PD8 source Total	82.9	333.9	263.4	59.3	-	739.6

- 8.1.3 Base operating costs are higher in 2022/23 than the latter two years, as a result of specific incident and one-off costs in 2022/23, and efficiency built into 2023/24 and 2024/25.
- 8.1.4 The movement in the power costs year on year throughout the remaining three years of the AMP is primarily as a result of real price effects of the unit price of power.

- 8.1.5 Renewals expensed in year reduces in the remaining two years due to efficiency within the reactive repairs process.
- 8.1.6 Other operating expenditure results as a result of chemical price reductions and other efficiencies.
- 8.1.7 Movement in local authority and cumulo rates is caused by a reduction in the central list RV in 2023/24 and an increase in the Business Rates Multiplier in 2024/25 above CPIH.
- 8.1.8 Enhancement operating expenditure increases in 2023/24 and 2024/25 primarily due to growth in Wastewater Network Plus as a consequence of capital schemes having completed in AMP.
- 8.1.9 Third party services operating expenditure movements are predominantly due to client driven diversions, with significant increased activity expected in the remaining years of the AMP.
- 8.1.10 The impact of the increased diversions activity is leading increased grants and contributions (operating expenditure) due to the majority of these cost being recoverable.
- 8.1.11 Developer services capital expenditure movements predominantly relate to increased network reinforcement spend, which is expected to address the current surplus position in table 2K (Infrastructure charges reconciliation).
- 8.1.12 Grants and contributions (capital expenditure) movements are predominantly related to improved cost recovery, leading to increased income.
- 8.1.13 Base capital expenditure reduces in the last two years, this is a result of forecast efficiencies and reduced activity as the period ends. This reduction is partially offset by increased investment in Bioresources to complete the Industrial Emissions Directive (IED) programme.
- 8.1.14 Enhancement capital expenditure in the Wastewater Network Plus price control reduces in the last two years, this is a result of forecasted efficiencies and reduced activity as the period ends. The Water Network Plus price control shows a smaller reduction as activity on large programmes including Vyrnwy continue to the end of the period. These reductions are partially offset by increased investment in Water Resources related to the Strategic Regional Resources programme.

8.2 Capital Expenditure

PD8.17 Enhancement capital expenditure

- 8.2.1 The enhancement capital expenditure reporting line is comprised of specific investment reporting lines in each of CW3 and CWW3. The levels and profiling of expenditure across each of these lines differs widely as a consequence of the individual project portfolios. For example, some will include a high level of unfunded AMP6 carry over expenditure, each will have a portfolio of projects with different regulatory delivery dates and the level of complexity of each project will be reflected in the annual spend profiling and project mobilisation.

CW3 Enhancement expenditure - water resources and water network+

CW3.1 Biodiversity and conservation; (WINEP/NEP) water capex

- All expenditure previously assigned to line 4L.1 Ecological improvements at abstractions has been assigned to this new line.
- The actual expenditure in the 2022/23 report year is largely associated with the settlement of accounts on the AMP6 carry over portfolio.
- The planned expenditure for the 2023/24 and 2024/25 report years is wholly associated with a small population of named SSSI and safeguard zone schemes.

CW3.4 Eels/fish entrainment screens; (WINEP/NEP) water capex)

- All expenditure previously assigned to line 4L.4 Eels Regulations (measures at intakes) has been assigned to this line.

- The actual expenditure in the 2022/23 report year is largely associated with the settlement of accounts on the AMP6 carry over portfolio, specifically the AMP 6 Eels and Elvers – Windermere scheme.
- The planned expenditure for the 2023/24 and 2024/25 report years is primarily associated with investment activity at Huntington on the River Dee and the River Lune at Halton.

CW3.7 Eels/fish passes; (WINEP/NEP) water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.10 Invasive Non Native Species; (WINEP/NEP) water capex

- All expenditure previously assigned to line 4L.7 Invasive Non Native Species would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.13 Drinking Water Protected Areas; (WINEP/NEP) water capex

- All expenditure previously assigned to line 4L.10 Drinking Water Protected Areas (schemes) would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.16 Water Framework Directive; (WINEP/NEP) water capex

- All expenditure previously assigned to line 4L.13 Water Framework Directive measure would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.19 Wetland creation; (WINEP/NEP) water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.22 Trade effluent discharge flow monitoring; (WINEP/NEP) water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.25 25 year environment plan; (WINEP/NEP) water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.28 Investigations; (WINEP/NEP) - desk based study only water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.31 Investigations; (WINEP/NEP) - survey, monitoring or simple modelling water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.34 Investigations; (WINEP/NEP) - multiple surveys, and/or monitoring locations, and/or complex modelling water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.41 Supply-side improvements delivering benefits in 2025/2030; SDB capex

- All expenditure previously assigned to line 4L.20 Supply-side improvements delivering benefits in 2020 -2025 has been assigned to this line.

- The actual expenditure in the 2022/23 report year is largely associated with the completion of the Williamsgate WTW - Sludge Treatment project, part of the AMP6 West Cumbria programme.
- The planned expenditure for the 2023/24 and 2024/25 report years is wholly associated with the settlement of accounts on this programme.

CW3.44 Demand-side improvements delivering benefits in 2025 - 2030 (excl leakage and metering); SDB capex

- All expenditure previously assigned to line 4L.23 Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering) has been assigned to this line.
- The actual expenditure in the 2022/23 report year is largely associated with the completion of the West Cumbria Strategy and the delivery of the Alston Spade Mill Transfer Pipeline scheme.
- The planned expenditure for the 2023/24 and 2024/25 report years is wholly associated with the settlement of accounts on the AMP6 West Cumbria programme.

CW3.47 Leakage improvements delivering benefits in 2025 - 2030; SDB capex

- All expenditure previously assigned to line 4L.26 Leakage improvements delivering benefits in 2020-2025 has been assigned to this line.
- No actual enhancement allowance was given for this line of expenditure at the time of PR19. Although the company incurred significant cost in the early years of the AMP associated with leakage enhancement this fell sharply in 2022/23 and there is no planned leakage enhancement expenditure in either of the years 2023/24 or 2024/25.

CW3.50 Interconnectors delivering benefits in 2025 - 2030; SDB capex

- All expenditure previously assigned to line 4L.29 internal interconnectors delivering benefits in 2020-2025 has been assigned to this line.
- The actual expenditure in the 2022/23 report year is wholly attributable to the delivery of the WELM 150 Project.
- The planned expenditure for the 2023/24 and 2024/25 report years is wholly associated with the completion of this project.

CW3.53 Supply demand balance improvements delivering benefits starting from 2031; SDB capex

- All expenditure previously assigned to line 4L.32 Supply demand balance improvements delivering benefits starting from 2026 has been assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.56 Strategic regional resource solutions; SDB capex

- All expenditure previously assigned to line 4L.35 Strategic regional water resources has been assigned to this line.
- The actual expenditure in the 2022/23 report year is wholly attributable to the delivery of three specific schemes; Water Trading - Vyrnwy Aqueduct, Water Trading - Joint Transfer and Water Trading - UUW Sources.
- The planned expenditure for the 2023/24 and 2024/25 report years is wholly associated with these same three projects.

CW3.60 New meters requested by existing customers (optants); metering capex

- All expenditure previously assigned to line 4L. New meters requested by existing customers (optants) has been assigned to this line.
- Expenditure on this line is wholly associated with the delivery of the free meter options programme.
- Although the spend in the early years of the AMP was lower than historic trends, primarily as a consequence of the impact of the Covid crisis on the delivery of the programme, the levels of spend

in each of the years 2022/23, 2023/24 and 2024/25 are reflective of the actual and planned levels of optants.

CW3.63 New meters introduced by companies for existing customers; metering capex

- All expenditure previously assigned to line 4L.42 New meters introduced by companies for existing customers would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.66 New meters for existing customers - business; metering capex

- All expenditure previously assigned to line 4L.45 New meters for existing customers – business would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.69 Replacement of existing basic meters with AMR meters for residential customers; metering capex

- All expenditure previously assigned to line 4L.48 Replacement of existing basic meters with AMR or AMI meters for household customers would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.72 Replacement of existing basic meters with AMI meters for residential customers; metering capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.75 Replacement of existing AMR meters with AMI meters for residential customers; metering capex

- All expenditure previously assigned to line 4L.51 Replacement of existing AMR meters with AMI meters for household customers would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.78 Replacement of existing basic meters with AMR meters for business customers; metering capex

- All expenditure previously assigned to line 4L.54 Replacement of existing basic meters with AMR or AMI meters for business customers would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.81 Replacement of existing basic meters with AMI meters for business customers; metering capex

- All expenditure previously assigned to line 4L.57 Replacement of existing AMR meters with AMI meters for business customers would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.84 Replacement of existing basic meters with AMR meters for business customers; metering capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.87 Smart meter infrastructure; metering capex

- All expenditure previously assigned to line 4L.60 Smart meter infrastructure would be assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.91 Improvements to taste, odour and colour (grey solutions); enhancement capex

- All expenditure previously assigned to line 4L.64 Improvements to taste, odour and colour would be assigned to this line.
- The actual expenditure in the 2022/23 report year is largely associated with the delivery of a number of high value Water Treatment schemes, notably Oswestry WTW AMP7 WQ Imps & SUTW and the GAC programme at Castle Carrock, Laneshaw and Mitchells together with the delivery of Treated Water Distribution improvements through the Vyrnwy LDTM AMP7 Lining and Cleaning and the AMP7 Cast Iron Mains Replacement– Batch2 projects.
- The planned expenditure for the 2023/24 and 2024/25 report years is primarily associated with the continued delivery of the GAC programme and further Vyrnwy LDTM AMP7 Lining and Cleaning activity.

CW3.94 Improvements to taste, odour and colour (green solutions); enhancement capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.97 Addressing raw water quality deterioration (grey solutions); enhancement capex

- All expenditure previously assigned to line 4L.67 Addressing raw water deterioration (grey solutions) is assigned to this line.
- The actual expenditure in the 2022/23 report year is wholly associated with settlement of accounts on historic AMPs carry over programmes.
- There is no planned expenditure for the 2023/24 and 2024/25 report years.

CW3.100 Addressing raw water quality deterioration (green solutions); enhancement capex

- All expenditure previously assigned to line 4L.70 Addressing raw water deterioration (green solutions) is assigned to this line.
- The actual expenditure in the 2022/23 report year is wholly associated with the green recovery Catchment Peatland project.
- The planned expenditure for the 2023/24 and 2024/25 report years is wholly associated with the completion of this project.

CW3.103 Conditioning water to reduce plumbosolvency for water quality; enhancement capex

- All expenditure previously assigned to line 4L.82 Conditioning water to reduce plumbosolvency is assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.106 Lead communication pipes replaced or relined; enhancement capex

- All expenditure previously assigned to line 4L.85 Lead communication pipes replaced or relined for water quality is assigned to this line.
- The actual expenditure in the 2022/23 report year is wholly associated with meeting lead standards and the delivery of the lead common supply pipe programme.
- The planned expenditure for the 2023/24 and 2024/25 report years is wholly associated with the ongoing delivery of this programme.

CW3.109 External lead supply pipes replaced or relined; enhancement capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.112 Internal lead supply pipes replaced or relined; enhancement capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.115 Other lead reduction related activity; enhancement capex

- All expenditure previously assigned to line 4L.88 Other lead reduction related activity is assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.118 Resilience; enhancement water capex

- All expenditure previously assigned to line 4L.79 Enhancing resilience to low probability high consequence events is assigned to this line.
- The actual expenditure in the 2022/23 report year is primarily associated with the delivery of the Haweswater Aqueduct Resilience Programme.
- The planned expenditure for the 2023/24 and 2024/25 report years is primarily associated with continued delivery of this programme.

CW3.121 Security - SEMD; enhancement water capex

- All expenditure previously assigned to line 4L.94 Security - SEMD is assigned to this line.
- The actual expenditure in the 2022/23 report year is primarily associated with completion of the carry over programme.
- There is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.124 Security - Cyber; enhancement water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CW3.127 Security - Cyber; enhancement water capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

Additional Line 1 - Innovation

- All expenditure previously assigned to line 4L.100 Innovation Competition is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is wholly associated with the innovation initiatives within the Water programme.

Additional Line 2 – Concessionary Supplies

- All expenditure previously assigned to line 4L.102 Concessionary Supplies is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is wholly associated with the completion of the carry over programme.

CWW3 Enhancement expenditure - wastewater network+ and bioresources**CWW3.1 Event duration monitoring at intermittent discharges (WINEP/NEP) wastewater capex**

- All expenditure previously assigned to line 4M.4 Event Duration Monitoring at intermittent discharges is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is wholly associated with the Flow Programme - MON3 - AMP7 scheme.

CWW3.4 Flow monitoring at sewage treatment works; (WINEP/NEP) wastewater capex

- All expenditure previously assigned to line 4M.7 Flow monitoring at sewage treatment works is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is wholly associated with the Flow Programme - MON4 Flow Meters - AMP7 scheme.

CWW3.7 Continuous river water quality monitoring (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CWW3.10 MCERTs monitoring at emergency sewage pumping station overflows (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CWW3.13 Increase flow to full treatment; (WINEP/NEP) wastewater capex

- All expenditure previously assigned to line 4M.10 Schemes to increase flow to full treatment is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is wholly associated with the Burnley WwTW - WFD - AMP7 scheme.

CWW3.16 Increase storm tank capacity at STWs - grey solution; (WINEP/NEP) wastewater capex

- All expenditure previously assigned to line 4M.13 Schemes to increase storm tank capacity is assigned to this line.
- The actual expenditure incurred in 2022/23 is primarily associated with the high value Burnley WwTW - WFD - AMP7, Castleton WwTW - WFD - AMP7, Rossendale WwTW Storm Tanks - WFD - AMP7 and Carlisle WwTW - Shellfish Waters - AMP7 schemes.
- The planned expenditure in each of the years 2023/24 or 2024/25 is primarily associated with the delivery of the Burnley WwTW - WFD - AMP7, Newbiggin WwTW - BW /SFW Spill Frequency and the Bolton WwTW Q schemes together with the Green Recovery Bury WwTW Storm Tanks project.

CWW3.19 Increase storm system attenuation / treatment on a STW - green solution; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report against this line.

CWW3.22 Storage schemes to reduce spill frequency at CSOs etc - grey solution; (WINEP/NEP) wastewater capex

- All expenditure previously assigned to line 4M.19 Storage in the network to reduce spill frequency at CSOs etc (grey solutions) is assigned to this line.
- The actual expenditure incurred in 2022/23 and the planned expenditure in each of the years 2023/24 or 2024/25 is primarily associated with the delivery of the aesthetic screening programme, completion of the AMP6 carry over programme and the delivery of the green recovery programme, particularly the Green Recovery - BRY0002 and Sustainable Drainage Solutions schemes.

CWW3.25 Storage to reduce spill frequency at CSOs etc - green solution; (WINEP/NEP) wastewater capex

- The actual expenditure incurred in 2022/23 is wholly associated with the Sustainable Drainage Solutions scheme.

CWW3.28 Storm overflow - discharge relocation (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report

CWW3.31 Storm overflow - increase in combined sewer / trunk sewer capacity; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.34 Storm overflow - sustainable drainage / attenuation in the network; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23.
- The planned expenditure in either 2023/24 or 2024/25 is wholly attributable to the Sustainable Drainage Solutions scheme.

CWW3.37 Storm overflow - source surface water separation; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.40 Storm overflow - infiltration management: wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.43 Storm overflow - sewer flow management and control; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.46 Storm overflow - new / upgraded screens (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.49 Treatment for chemical removal (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.52 Chemicals and emerging contaminants monitoring, investigations, options appraisals; (WINEP/NEP) wastewater capex

- All expenditure previously assigned to line 4M.29 Chemicals monitoring/ investigations/ options appraisals is assigned to this line.
- The actual expenditure incurred in 2022/23 and the planned expenditure in each of the years 2023/24 or 2024/25 is wholly attributable to the CIP3-Quality Investigations-AMP7 scheme.

CWW3.55 Treatment for total nitrogen removal (chemical) (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.58 Treatment for total nitrogen removal (biological) (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.61 Nitrogen technically achievable limit monitoring, investigation or options appraisal; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.64 Treatment for phosphorus removal (chemical) (WINEP/NEP) wastewater capex

- All expenditure previously assigned to line 4M.35 Phosphorus removal is assigned to this line.
- The actual expenditure incurred in 2022/23 and the planned expenditure in each of the years 2023/24 or 2024/25 is wholly attributable to the delivery of the high value P removal programme.

CWW3.67 Treatment for phosphorus removal (biological) (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022-23; costs for this year have been reported in line 64 above.
- The planned expenditure in either 2023/24 or 2024/25 is wholly attributable to the delivery of the Blackburn WwTW, Failsworth WwTW, Kendal WwTW and Macclesfield WwTW P removal projects.

CWW3.70 Treatment for nutrients (N or P) and / or sanitary determinands, nature based solution (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report

CWW3.73 Treatment for tightening of sanitary parameters (WINEP/NEP) wastewater capex

- All expenditure previously assigned to line 4M.38 Reduction of sanitary parameters is assigned to this line.
- The actual expenditure incurred in 2022/23 is primarily associated with the delivery of the Chipping WwTW, Alsager WwTW and Macclesfield WwTW enhancement projects.
- The planned expenditure in either 2023/24 or 2024/25 is primarily attributable to the delivery of the Audley WwTW, Alsager WwTW, Colne WwTW, Mossley WwTW, Macclesfield WwTW and Saddleworth WwTW enhancement projects.

CWW3.76 Catchment management - chemicals source control; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.79 Catchment management - nutrient balancing; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.82 Catchment management - catchment permitting; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.85 Catchment management - habitat restoration; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.88 Microbiological treatment - bathing waters, coastal and inland (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23.
- The planned expenditure in either 2023/24 or 2024/25 is wholly attributable to the delivery of the Carlisle WwTW - Shellfish Waters - AMP7 scheme.

CWW3.91 Septic tank replacements - treatment solution; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.94 Septic tank replacements - flow diversion; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.97 Fish outfall screens; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.100 25 year environment plan; (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.103 Investigations, other (WINEP/NEP) - desk-based studies only wastewater capex

- All expenditure previously assigned to line 4M.44 Investigations is assigned to this line.
- The actual expenditure incurred in 2022/23 is primarily associated with the delivery of the MB,R&W-Quality Investigations-AMP7, Pennington Flash-ICM Models-AMP7, Green Recovery ICM models and Green Recovery SOAF Investigations schemes.
- The planned expenditure in either 2023/24 or 2024/25 is associated with cost account settlements and completion of the current AMP's investigations programme.

CWW3.106 Investigations, other (WINEP/NEP) - survey, monitoring or simple modelling wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.109 Investigations, other (WINEP/NEP) - multiple surveys, and/or monitoring locations, and/or complex modelling wastewater capex

- There has been no actual expenditure incurred in 2022/23; costs for this year have been reported in line 103 above.
- The planned expenditure in either 2023/24 or 2024/25 is primarily attributable to the delivery of the INV2 Programme - AMP7, Green Recovery ICM models, Green Recovery SOAF Investigations and Catchment Phosphorus Management at Eden and Irwell schemes.

CWW3.115 Contribution to third party schemes under WINEP/NEP only (not covered elsewhere) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.118 River connectivity (e.g. for fish passage); (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.121 Restoration management (marine conservation zones etc) (WINEP/NEP) wastewater capex

- There has been no actual expenditure incurred in 2022/23.
- The planned expenditure in either 2023/24 or 2024/25 is wholly attributable to the Leigh WwTW AMP7 Biodiversity scheme.

CWW3.124 Access and amenity for WINEP/NEP only (not covered elsewhere) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.127 Advanced WINEP (not covered elsewhere) wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.131 Sludge storage -Tanks (pre-thickening, pre-dewatering or untreated) (WINEP/NEP) capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.134 Sludge storage -Tanks (thickened/dewatered or treated); (WINEP/NEP) capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.137 Sludge storage - Cake pads / bays / other; (WINEP/NEP) bioresources capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.140 Sludge treatment - Anaerobic digestion and/or advanced anaerobic digestion; (WINEP/NEP) bioresources capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.143 Sludge treatment - Thickening and/or dewatering; (WINEP/NEP) capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.149 Sludge investigations and monitoring (NEP only) bioresources capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.153 Growth at sewage treatment works (excluding sludge treatment); enhancement capex

- All expenditure previously assigned to line 4M.48 Growth at sewage treatment works (excluding sludge treatment) is assigned to this line.
- The actual expenditure incurred in 2022/23 is primarily associated with the delivery of the Alsager WwTW and Ww Q Asset Optimisation – Leyland schemes.
- The planned expenditure in either 2023/24 or 2024/25 is primarily attributable to the delivery of the Alsager WwTW, Congleton WwTW, Chipping WwTW, Forton WwTW, Hazel Grove WwTW, Macclesfield WwTW and Ww Q Asset Optimisation – Leyland schemes.

CWW3.156 Reduce flooding risk for properties; enhancement capex

- All expenditure previously assigned to line 4M.51 Reduce flooding risk for properties is assigned to this line.
- The actual expenditure incurred in 2022/23 and the planned expenditure in either 2023/24 or 2024/25 is wholly associated with minimising the risk of flooding within the Wastewater Network.

CWW3.159 First time sewerage; enhancement capex

- All expenditure previously assigned to line 4M.54 First time sewerage is assigned to this line.
- The actual expenditure incurred in 2022/23 and the planned expenditure in either 2023/24 or 2024/25 is primarily associated with the FYLDE-MainsLn,LtISngltn FTS Q Inf scheme.

CWW3.162 Sludge enhancement (growth); enhancement capex

- All expenditure previously assigned to line 4M.60 Sludge enhancement (growth) is assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report

CWW3.165 Odour and other nuisance; enhancement capex

- All expenditure previously assigned to line 4M.63 Odour is assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report

CWW3.168 Resilience; enhancement wastewater capex

- All expenditure previously assigned to line 4M.66 Enhancing resilience to low probability high consequence events is assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report

CWW3.171 Security - SEMD; enhancement wastewater capex

- All expenditure previously assigned to line 4M.69 Security - SEMD is assigned to this line.
- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.174 Security - cyber; enhancement wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3.177 Greenhouse gas reduction (net zero); enhancement wastewater capex

- There has been no actual expenditure incurred in 2022/23 and there is no planned expenditure in either 2023/24 or 2024/25 to report.

CWW3 Additional Line 1 - Conservation drivers capex

- All expenditure previously assigned to line 4M.1 Conservation drivers is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is wholly associated with cost account settlements on historic projects.
- Additional Line 2 - UV disinfection (or similar) capex
- All expenditure previously assigned to line 4M.41 UV disinfection (or similar) is assigned to this line.
- The actual expenditure in the 2022/23 is primarily associated with the delivery of the Carlisle WwTW - Shellfish Waters - AMP7 scheme.
- There is no planned expenditure in either 2023/24 or 2024/25. All future costs associated with Carlisle WwTW - Shellfish Waters - AMP7 are now reported under line Microbiological treatment - bathing waters, coastal and inland (WINEP/NEP) wastewater.

CWW3 Additional Line 3 - Sludge enhancement (quality) capex

- All expenditure previously assigned to line 4M.57 Sludge enhancement (quality) is assigned to this line.
- The actual expenditure in the 2022/23 is primarily associated with cost account settlements on historic projects.
- There is no planned expenditure in either 2023/24 or 2024/25.

CWW3 Additional Line 4 – NEP requirement for bathing water shellfish driver delivered through long sea outfall or increased FTFT capex

- All expenditure previously assigned to line 4M.77 NEP requirement for bathing water shellfish driver delivered through long sea outfall or increased FTFT is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is primarily associated with the delivery of the Blackburn & Darwen WwTW Solution and Ww Flow Compliance.

CWW3 Additional Line 5 – Innovation Competition

- All expenditure previously assigned to line 4M.79 Innovation Competition is assigned to this line.
- The actual expenditure in the 2022/23 and planned expenditure in either 2023/24 or 2024/25 is wholly associated with the innovation initiatives within the Wastewater programme.

9. PD9 – Totex performance

9.1 Whole table

Final determination allowed totex

- 9.1.1 Final Determination (FD) allowances for total expenditure (totex) (PD9.1), business rates (PD9.7) and abstraction licence fees (PD9.9), as published by Ofwat in the financial flows data reference, is inflated to 2022/23 prices using year average Consumer Prices Index including owner occupiers' housing costs (CPIH).
- 9.1.2 Water Industry National Environmental Programme (WINEP) reconciliation adjustment (PD9.6) to allowed totex is sourced directly from the PR19 WINEP reconciliation model outputs, inflated to 2022/23 prices using year average CPIH.

Actual totex (net of business rates, abstraction licence fees and grants and contributions)

- 9.1.3 Actual totex excluding business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing (PD9.2) are consistent with actual totex reported in PD8.26, less the sum of costs excluded from cost sharing or with separate sharing rates in accordance with table guidance. This is detailed below in Table 8.

Table 8: Actual totex (net of business rates, abstraction licence fees and grants and contributions)

Costs excluded from cost sharing or with separate sharing rates (£m)	2023/24				2024/25			
	WR	WN	WWN	Bio	WR	WN	WWN	Bio
Actual totex - PD8.26	95.9	554.0	786.6	82.7	115.2	522.7	742.3	123.3
Less:								
Abstraction charges and business rates - PD8	36.9	34.9	19.5	5.7	36.7	36.1	21.7	6.5
Income offset payments - DS1e	-	22.3	-	-	-	23.7	-	-
Non price control grants and contributions - DS1e	-	(7.5)	(6.9)	-	-	(8.7)	(11.6)	-
Third party opex (excluding section 185 diversions) and third party capex (nil) - PD8	0.2	7.7	8.9	0.0	0.2	15.0	14.6	0.0
Other cash items and pension deficit recovery costs (nil) - PD8	-	-	-	-	-	-	-	-
Actual expenditure on innovation fund competition projects - CW3 / CWW3	0.5	2.1	0.4	-	0.1	0.4	-	-
Strategic scheme development costs - CW3	7.3	-	-	-	18.9	-	-	-
Green Recovery expenditure - PD7	1.0	-	20.2	-	2.0	-	25.3	-
2023/24 and 2024/25 transition and Defra accelerated programme expenditure – CW12/CWW12/CW17/CWW17	1.5	3.3	79.5	-	7.9	12.0	199.9	-
Actual totex – PD9.2	48.6	491.2	664.9	77.0	49.2	444.3	492.2	116.7

Transition and Department for Environment, Food and Rural Affairs (Defra) accelerated programme expenditure

- 9.1.4 For the early submission, for simplicity and transparency, we provided the totex tables with a zero value for transition investment for AMP8 and accelerated programme expenditure, as these values are obtained from other tables that did not form part of the early submission.
- 9.1.5 We have fully complied with the guidance in our business plan submission, and included the transition investment for AMP8 and accelerated programme expenditure in AMP7 costs in all relevant tables, and then deducted and excluded from the PD9 totex reconciliation. The net impact on the AMP7 totex reconciliation (in comparison to this early submission) is zero.

Totex performance and customer cost sharing

- 9.1.6 Please refer to the commentary on the cost sharing total costs reconciliation within *UUW – PR19 Reconciliation models* for an explanation of totex underperformance and the resultant customer cost sharing adjustments, which is principally driven by the planned additional investment of £610m beyond the PR19 determination allowance over AMP7, including investing to improve services for customers (circa £250m), investing outperformance for environmental improvements (circa £250m) and the Vyrnwy aqueduct scheme (circa £110m).

10. PD10 – Capital allowance super deductions for PR19 tax reconciliation

10.1 Whole table

PD10.1-10

- 10.1.1 As shown, 51% and 34% of plant & machinery expenditure qualifies for enhanced capital allowance rates ('the super-deduction') at either 100% or 50% respectively for the 2021/22 period. The respective percentages are 51% and 36% for the 2022/23 period.
- 10.1.2 The expenditure that does not qualify for the enhanced capital allowances rates is predominantly associated with contracts that were awarded pre-3 March 2021. This is in line with one of the fundamental requirements set out in the legislation relating to super deductions, i.e., that only relevant expenditure relating to contracts that were awarded on or after 3 March 2021 can qualify for super deductions. Due to the long-term nature of many of the projects procured by the company, a significant number of these projects were contracted prior to 3 March 2021 but have expenditure during 2021/22 and 2022/23. This expenditure does not qualify for the super deduction allowance.
- 10.1.3 A third-party advisor, ChandlerKBS, was engaged by the company to carry out a detailed piece of work to assure the capital spend qualifying for super deductions in the 2021/22 period. Of particular relevance during this exercise was the identification and verification of contract award dates. This provided the company with the required assurance prior to the submission of the 2021/22 tax computation to HMRC. The outputs from this work were also utilised for the tax provisions workings included in the audited financial statements for 2022/23. A separate and detailed assurance exercise will be undertaken in the lead up to the 2022/23 year-end tax submission.

11. PD11 – RCV midnight adjustments

11.1 Whole table

PD11.1 - 25

11.1.1 For more information on the values in PD11 please refer to *UUW99 – PR19 Reconciliation models*.

12. PD12 – PR19 reconciliation adjustments summary

12.1 Whole table

PD12.1 - 70

- 12.1.1 We confirm that table PD12 has been populated in accordance with line guidance provided by Ofwat. For more information on the values in PD12 please refer to *UUW99 – PR19 Reconciliation models*.

Appendix A Compliance with reporting requirements

A.1 General

A.1.1 *UUW* has endeavoured to fully comply with all of the reporting requirements. In a small number of instances where this is not the case, we have fully explained this within the table commentaries with appropriate justification.

A.2 Ofwat query response ID-533

A.2.1 *UUW*, in response to query ID-533, has not trimmed our data to match Ofwat's defined number of decimal place requirements. For display purposes data will, however, always conform to the formatting rules as set within the Ofwat PR24 tables. We believe this to be fully aligned to the table requirements.

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