

Cost adjustment claim summary form

Name of claim	Reservoir Safety	
Name and identifier of related claim submitted in May 2018	WR_001	
Business plan table lines where the totex value of this claim is reported.	£0m in WS1 line 9 (for opex) £0m in WS1 line B12 (for base); £79m in WS2 line 4 (for enhancement)	
Total value of claim for AMP7	£79m	
Total opex of claim for AMP7	£0m	
Total capex of claim for AMP7	£79m	
Depreciation on capex in AMP7 (retail controls only)	n/a	
Remaining capex required after AMP7 to complete construction	£169m	
Whole life totex of claim	£218m	
Do you consider that part of the claim should be covered by our cost baselines? If yes, please provide an estimate	No; our claim is based on the applicable element of our overall Reservoir Safety Investment Case.	
Materiality of claim for AMP7 as percentage of business plan (5 year) totex for the relevant controls.	24% (£79m of £325m Water Resources Price Control)	
Does the claim feature as a Direct Procurement for Customers (DPC) scheme? (please tick)	Yes	No
		✓

	Brief summary of evidence to support claim against relevant test	List of accompanying evidence, including document references, page or section numbers.
Need for investment/ expenditure	The investment will protect the safety of our customers but also ensure that water supply can be protected by continued use of our reservoir assets.	5.8B; Reservoir safety pages 7-10
Need for the adjustment (if relevant)	The proposed investment is a significant up-lift on historic spend so will not be within the data used to develop the cost models.	5.8B; Reservoir safety page 5
Outside management control (if relevant)	The driver for the investment is a combination of new legislation and best practice guidance, which is outside management control, and improved risk assessment practice.	5.8B; Reservoir safety pages 7-10
Best option for customers (if relevant)	Our customers strongly prioritise the quality and reliability of their drinking supply. This investment will ensure that this is secured. The size of the investment has been determined by the scale of the risk of	Document; Reservoir safety pages 11-12
Robustness and efficiency of claim's costs	The costs have been developed based on our recent experience of delivering improvements to our reservoirs. However, we recognise that every asset is unique and it isn't until detailed investigations are complete, prior to	5.8B; Reservoir safety pages 13-20
Customer protection (if relevant)	We have developed a measure of success and associated ODI in relation to some of this investment. Additional to this we will commit to returning the money to customers if the programme does not progress.	5.5 PR19 Outcome Delivery Incentives
Affordability (if relevant)	We are currently completing our customer research regarding the overall size of our plan and its impact on bills. In general customers seem comfortable with the plan that is being proposed.	3.1 PR19 Affordability strategy
Board assurance (if relevant)	As with all of our investment programme, this proposed investment has been subjected to scrutiny by the Board, with regard to need, options and value for money	5.8B; Reservoir safety page 18