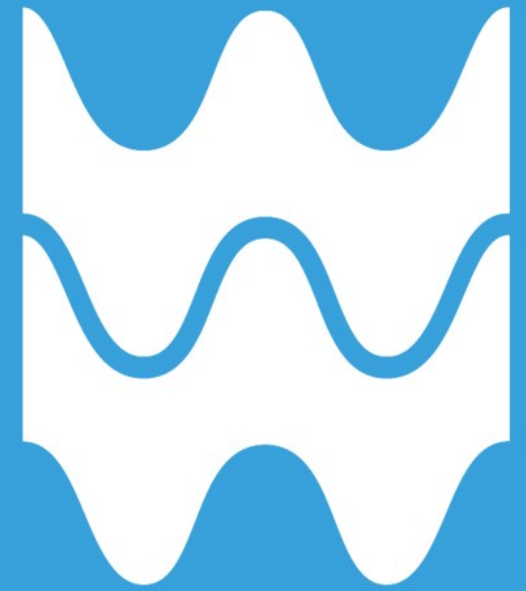


# Part 2 - Price control and other segmental reporting

APR 2023/24



Dŵr Cymru  
Welsh Water



July 2024



Index	Page	
2A Segmental income statement	2	This part disaggregates revenue and costs further than part 1, to allow stakeholders to review our performance against Ofwat's Final Determination.
2B Totex analysis – wholesale	3	
2C Operating cost analysis – retail	4	
2D Historic cost analysis of tangible fixed assets	6	
2E Analysis of 'grants and contributions' – water resources, water network+ and wastewater network+	7	
2F Residential retail	9	
2G Non-household water revenues by tariff type	10	
2H Non-household wastewater revenues by tariff type	12	
2I Revenue analysis	14	
2J Infrastructure network reinforcement costs	15	
2K Infrastructure charges reconciliation	16	
2L Land sales	17	
2M Revenue reconciliation - wholesale	18	
2N Residential retail – social tariffs	20	
2O Historic cost analysis of intangible fixed assets	28	

## 2A – Segmental income statement for the year ended 31 March 2024

		Retail			Wholesale		Bioresources £m	Total £m
		Household £m	Non- household £m	Water resources £m	Water network+ £m	Wastewater network+ £m		
Revenue - price control		43.815	8.001	42.204	302.138	448.946	44.598	<b>889.702</b>
Revenue - non price control		-	-	20.894	-	0.009	-	<b>20.903</b>
		<b>43.815</b>	<b>8.001</b>	<b>63.098</b>	<b>302.138</b>	<b>448.955</b>	<b>44.598</b>	<b>910.605</b>
<b>Operating expenditure</b>								
- excluding PU recharge impact		(58.956)	(5.950)	(30.717)	(217.714)	(155.137)	(20.677)	<b>(489.151)</b>
- PU opex recharge		(0.576)	(0.042)	(1.021)	10.914	(7.056)	(2.217)	<b>0.002</b>
Operating expenditure	2B/2C	(59.532)	(5.992)	(31.738)	(206.800)	(162.193)	(22.894)	<b>(489.149)</b>
Depreciation - tangible fixed assets	2D	(7.488)	(0.670)	(19.223)	(98.870)	(156.506)	(23.772)	<b>(306.529)</b>
Amortisation - intangible fixed	2O	(0.164)	0.105	(2.702)	(14.160)	(19.159)	(5.170)	<b>(41.250)</b>
PU recharge impact		(7.652)	(0.565)	(21.925)	(113.030)	(175.665)	(28.942)	<b>(347.779)</b>
Other operating income		-	-	-	0.138	0.168	-	<b>0.306</b>
<b>Operating (loss)/profit</b>		<b>(23.369)</b>	<b>1.444</b>	<b>9.435</b>	<b>(17.554)</b>	<b>111.265</b>	<b>(7.238)</b>	<b>73.983</b>
Surface water drainage rebates								<b>0.018</b>

### Price control segments

The Regulatory Accounts have been prepared in accordance with RAG 2.08 - Guideline for classification of costs across the price controls.

The tables presented in parts 2 and 4 to 11 of this Annual Performance Report have been prepared in accordance with our Accounting Methodology Statement which can be found at [www.dwrcymru.com](http://www.dwrcymru.com). The Accounting Methodology Statement explains the bases for the allocation of operating and capital expenditure and has been updated to reflect the latest Regulatory Accounting Guidelines. Wherever possible, direct costs and assets have been attributed directly to price controls. Where this has not been possible, appropriate cost allocation drivers have been applied as described in the Accounting Methodology Statement. Any material changes to our approach compared to the previous year are documented in the Accounting Methodology Statement.

## 2B – Totex analysis for the year ended 31 March 2024 – wholesale

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	Total £m
<b>Operating expenditure</b>					
Power	10.717	33.301	43.709	2.984	<b>90.711</b>
Income treated as negative expenditure	(7.315)	(4.348)	(0.823)	(6.782)	<b>(19.268)</b>
Service charges/discharge consents	10.170	0.247	5.422	0.036	<b>15.875</b>
Bulk supply/bulk discharge	0.307	1.915	-	-	<b>2.222</b>
Renewals expenses in year (Infrastructure)	0.524	77.886	24.130	-	<b>102.540</b>
Other operating expenditure – renewals expensed in	-	-	-	-	-
Other operating expenditure	11.032	68.293	77.136	24.564	<b>181.025</b>
Local authority and cumulo rates	2.646	13.435	7.695	0.791	<b>24.567</b>
<b>Total base operating expenditure services</b>	<b>28.081</b>	<b>190.729</b>	<b>157.269</b>	<b>21.593</b>	<b>397.672</b>
<b>Other operating expenditure</b>					
Enhancement operating expenditure	0.109	0.189	1.289	1.301	<b>2.888</b>
Developer services operating expenditure	-	13.810	3.248	-	<b>17.058</b>
Total operating expenditure excluding third party	28.190	204.728	161.806	22.894	<b>417.618</b>
Third party services	3.548	2.072	0.387	-	<b>6.007</b>
<b>Total operating expenditure</b>	<b>31.738</b>	<b>206.800</b>	<b>162.193</b>	<b>22.894</b>	<b>423.625</b>
Grants and contributions-operating expenditure	-	9.955	2.484	-	<b>12.439</b>
<b>Capital expenditure</b>					
Base capital expenditure	10.984	115.986	76.660	11.753	<b>215.383</b>
Enhancement capital expenditure	12.472	47.548	96.285	0.560	<b>156.865</b>
Developer services capital expenditure	-	11.789	6.923	-	<b>18.712</b>
<b>Total gross capital expenditure excluding third party</b>	<b>23.456</b>	<b>175.323</b>	<b>179.868</b>	<b>12.313</b>	<b>390.960</b>
Third party services	11.574	0.862	-	-	<b>12.436</b>
<b>Total gross capital expenditure</b>	<b>35.030</b>	<b>176.185</b>	<b>179.868</b>	<b>12.313</b>	<b>403.396</b>
Grants and contributions - capital expenditure	11.077	10.332	4.573	-	<b>25.982</b>
<b>Net totex</b>	<b>55.691</b>	<b>362.698</b>	<b>335.004</b>	<b>35.207</b>	<b>788.600</b>
Capital expenditure	-	-	-	-	-
<b>Totex including cash items</b>	<b>55.691</b>	<b>362.698</b>	<b>335.004</b>	<b>35.207</b>	<b>788.600</b>

Further details can be found in the Accounting Methodology statement section 2.4. The documents referred to above are available on our website [www.dwrcymru.com](http://www.dwrcymru.com).

A comparison of wholesale totex against Ofwat's Final Determination is reported in table 4C, which is located in part 4.

Water resources: £24m (30%) decrease; £3m lower opex largely due to a reduction in other operating expenditure, plus smaller reductions in combined power costs (power and income treated as negative expenditure) offset by increases in cumulo rates. Capex has decreased by £21m, with a large proportion of work in the year recoverable through grants and contributions £9m and a reduction on Dam Safety work together with lower spend on visitor attractions £12m.

Water network+: £28m increase (8%). Opex decrease of £9m predominantly related to £12m reduction in Developer Services due to last year's exceptional large spend on NRWSA schemes. We have also reallocated leakage costs from Other Operating Expenditure with a net reduction across both areas of £2m, plus a £1m increase in income treated as negative expenditure because of a wetter year, allowing us to generate more electricity, this is off set by a reduction in income of £6m. Capex has increased by £37m which mainly relate to ancillaries and base maintenance work with significant expenditure at Felindre of £24m. Enhancement expenditure on the zonal studies programme has also increased by £11m.

Waste network+: £45m increase (16%). Opex is £2m higher than last year; Renewals expensed in the year (infrastructure) up £2m, Power up £1m, the increase due to higher annual rainfall, which led to higher power demand at pumping stations increasing the volume of treated flow at treatment works. Cost increases offset by £2m reduction in developer services costs. Capex costs have increased by £43m which mainly relates to Enhancement expenditure £34m with increases seen mainly on phosphorus removal schemes £19m, storage schemes to reduce CSO spill frequency £4m, reducing flooding risk £4m & investigations (WINEP/NEP) £4m together with a £5m reduction in income receivable through grants and contributions.

Sludge: £1m increase (4%). Opex has increased by £3m of which £2m relate to power and £1m income treated as negative expenditure. Capex costs have fallen by £2m driven by a reduced spend on enhancement.

## 2C – Operating cost analysis for the year ended 31 March 2024 – retail

	Household £m	Non- household £m	Total £m
<b>Operating expenditure</b>			
Customer services	15.355	2.073	<b>17.428</b>
Debt management	4.708	0.866	<b>5.574</b>
Doubtful debts	26.427	1.204	<b>27.631</b>
Meter reading	2.188	0.482	<b>2.670</b>
Services to developers	-	0.375	<b>0.375</b>
Other operating expenditure	10.080	0.931	<b>11.011</b>
Local authority and cumulo rates	0.198	0.019	<b>0.217</b>
	<b>58.956</b>	<b>5.950</b>	<b>64.906</b>
Depreciation – tangible fixed assets existing at 31 March 2015	1.741	0.126	<b>1.867</b>
Depreciation – tangible fixed assets acquired after 1 April 2015	5.746	0.544	<b>6.290</b>
Amortisation – intangible fixed assets existing at 31 March 2015	-	-	-
Amortisation – intangible fixed assets acquired after 1 April 2015	0.164	(0.105)	<b>0.059</b>
<b>Recharges</b>			
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	-	-	-
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	-	-	-
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	0.612	0.044	<b>0.656</b>
Income from wholesale assets acquired after 1 April 2015 principally used by retail	0.036	0.002	<b>0.038</b>
<b>Net recharge costs</b>	<b>0.576</b>	<b>0.042</b>	<b>0.618</b>
<b>Total retail costs excluding third party and pension deficit repair</b>	<b>67.183</b>	<b>6.557</b>	<b>73.740</b>
Third party services operating expenditure	-	-	-
Pension deficit repair costs	-	-	-
<b>Total retail costs including third party and pension deficit repair</b>	<b>67.183</b>	<b>6.557</b>	<b>73.740</b>
Debt written off	22.403	1.634	<b>24.037</b>
Capital expenditure	2.480	0.180	<b>2.659</b>

The differences between the values reported for total operating costs and the allowed retail cost to serve in price limits are as follow:

	Household £m	Non- household £m	Total £m
Final	41.384	6.250	47.634
Actual operating	<u>67.183</u>	<u>6.557</u>	<u>73.740</u>
Difference <sup>1</sup>	<u>25.799</u>	<u>0.307</u>	<u>26.106</u>

<sup>1</sup> including pre AMP5 depreciation and amortisation.

Total operating costs for retail activities closed at £73.7m; a reduction of £0.9m (1%) from 2022/23 of which Household costs reduced by £0.9m and NHH remained unchanged.

The main movements from last year are customer services costs which increased by £0.5m driven by increased headcount to handle customer queries following the repatriation of some 40,000 customers from local authorities and increased inflationary pressures on salaries and postage costs.

Total doubtful debt costs increased by £3.5m, mainly due to a £2.8m increase in aged debt reflective of the 4% rise in the tariff basket together with a change in the timings of collections which has resulted in a £0.5m increase in the charge. A £2m cost of living provision has also been retained to reflect a risk in our collection rates next year.

Other operating expenditure decreased by £6.6m predominately due to incurring an atypical cost in relation to pension recovery in the prior year of £5.7m along with a reduction in IT and legal costs.

Lastly, an increase in depreciation of £1.6m due to a number of projects going live in the year.

## 2C – Operating cost analysis for the year ended 31 March 2024 – retail (continued)

	Residential
	£m
Demand-side water efficiency - gross expenditure	0.813
Demand-side water efficiency - expenditure funded by wholesale	0.109
Demand-side water efficiency - net retail expenditure	0.704
Customer-side leak repairs - gross expenditure	6.442
Customer-side leak repairs - expenditure funded by wholesale	6.442
Customer-side leak repairs - net retail expenditure	-
	£m
Cumulative actual retail expenditure to reporting year end	254.603
Cumulative allowed expenditure to reporting year end	162.642
<b>Total allowed expenditure 2020-25</b>	<b>204.444</b>

In 2023/24 the cost of operating the retail price control was £25.8m greater than the total retail Final Determination allowance. This is predominately due to an increased doubtful debt charge driven by the challenging economic environment experienced over AMP 7. The pandemic followed by the cost of living crisis were both unforeseen at the time of the FD and have put significant pressure on customers finances, inflated bills and put risk in customers ability to pay. Further to this, our customer base is over-represented in low-income groups, which is amplified in the current economic climate, as a result this requires significant effort in terms of recovery activity, above that allowed in the Final Determination (FD).

The high levels of inflation have also caused significant cost pressures on the business, particularly within salaries and postage costs, which were not anticipated in the FD.

We have also continued to increase the number of customers on our priority services by a further 23,000 to a record 168,000. We are supporting a further 130,000 customers with help in paying their bill, via our social tariffs, HelpU and WaterSure Wales. Recognising the impact of the cost of living crisis on working households, we also introduced a new grant that will provide some short-term financial relief to working households who find themselves in a negative budget.

The costs associated with identifying and engaging with these customers (£1.2m) continue to be funded from company reserves as directed by the Board. These costs were not included in our allowed revenues at PR19.

Finally, our retail costs include depreciation totalling £1.9m on assets acquired before 1 April 2015. These costs are excluded from the retail PR19 cost allowance.

## 2D – Historic cost analysis of tangible fixed assets at 31 March 2024

	Wholesale				Retail		Total
	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	Household £m	Non- household £m	
<b>Cost or valuation</b>							
At 1 April 2023	361.823	3,383.890	4,133.200	470.169	57.152	8.518	<b>8,414.752</b>
Disposals	(0.123)	(1.314)	(0.795)	(0.268)	-	-	<b>(2.500)</b>
Additions	20.969	141.552	169.706	9.906	-	-	<b>342.133</b>
Adjustments - revaluation <sup>1</sup>	-	-	14.306	-	-	-	<b>14.306</b>
Assets adopted at nil cost	-	-	162.094	-	-	-	<b>162.094</b>
<b>At 31 March 2024</b>	<b>382.669</b>	<b>3,524.128</b>	<b>4,478.511</b>	<b>479.807</b>	<b>57.152</b>	<b>8.518</b>	<b>8,930.785</b>
<b>Depreciation</b>							
At 1 April 2023	(66.812)	(1,378.441)	130.034	(242.592)	(14.003)	(2.125)	<b>(1,573.939)</b>
Disposals	0.123	1.308	0.781	0.261	-	-	<b>2.473</b>
Adjustments - revaluation <sup>1</sup>	33.910	36.488	25.691	31.405	-	-	<b>127.494</b>
Charge for year	(19.223)	(98.870)	(156.506)	(23.772)	(7.488)	(0.670)	<b>(306.529)</b>
<b>At 31 March 2024</b>	<b>(52.002)</b>	<b>(1,439.515)</b>	<b>-</b>	<b>(234.698)</b>	<b>(21.491)</b>	<b>(2.795)</b>	<b>(1,750.501)</b>
<b>Net book values<sup>2</sup></b>							
<b>At 31 March 2024</b>	<b>330.667</b>	<b>2,084.613</b>	<b>4,478.511</b>	<b>245.109</b>	<b>35.661</b>	<b>5.723</b>	<b>7,180.284</b>
At 1 April 2023	295.011	2,005.449	4,263.234	227.577	43.149	6.393	<b>6,840.813</b>
<b>Depreciation charge for</b>							
Principal services	(18.719)	(98.805)	(156.506)	(23.772)	(7.488)	(0.670)	<b>(305.960)</b>
Third party services	(0.504)	(0.065)	-	-	-	-	<b>(0.569)</b>
<b>Total</b>	<b>(19.223)</b>	<b>(98.870)</b>	<b>(156.506)</b>	<b>(23.772)</b>	<b>(7.488)</b>	<b>(0.670)</b>	<b>(306.529)</b>

<sup>1</sup> Adjustments: the Company has revalued its asset base as of 31 March 2024; for further details see 'Property, plant and equipment' in the accounting policies section of parts 4 to 11 (Notes to the regulatory accounts).

The revaluation in the year amounts to £141.8m and is included in table 2D as follows:

	£m
<b>Cost or valuation</b>	
Adjustments - revaluation	14.3
<b>Depreciation</b>	
Adjustments - revaluation	127.5
	<u>141.8</u>

<sup>2</sup>The net book value at 31 March 2024 includes £292.9m in respect of assets in the course of construction, £699.7m adopted assets and £2,268.7m revaluation.

**2E – Analysis of ‘grants and contributions’ for the year ended 31 March 2024 – water resources, water network+ and wastewater network+**

	Fully recognised in income statement £m	Capitalised and amortised (in income statement) £m	Fully netted off capex £m	Total £m
<b>Grants and contributions – water resources</b>				
Diversions - s185	-	-	-	-
Other contributions (price control) <sup>1</sup>	-	-	11.077	11.077
<b>Price control grants and contributions</b>	-	-	11.077	<b>11.077</b>
Diversions - NRSWA	-	-	-	-
Diversions - other non-price control	-	-	-	-
Other contributions (non-price control)	-	-	-	-
<b>Total</b>	-	-	<b>11.077</b>	<b>11.077</b>
Value of adopted assets	-	-	-	-
<b>Grants and contributions – water network+</b>				
Connection charges	5.198	-	2.184	7.382
Infrastructure charge receipts	-	-	3.692	3.692
Requisitioned mains	0.312	-	3.505	3.817
Diversions - s185	3.588	-	-	3.588
Other contributions (price control)	-	-	0.789	0.789
<b>Price control grants and contributions before deduction of income offset</b>	<b>9.098</b>	-	<b>10.170</b>	19.268
Income offset <sup>2</sup>	-	-	-	-
<b>Price control grants and contributions after deduction of income offset</b>	<b>9.098</b>	-	<b>10.170</b>	19.268
Diversions - NRSWA	0.728	-	-	0.728
Diversions - other non-price control	0.129	-	-	0.129
Other contributions (non-price control)	-	-	0.162	0.162
<b>Total</b>	<b>9.955</b>	-	<b>10.332</b>	<b>20.287</b>
Value of adopted assets	-	-	-	-

<sup>1</sup>This relates to contributions received for work on our reservoirs. These contributions were included in water network+ in PR19, however for this Annual Performance report the income is reported in the same price control as the related costs.

<sup>2</sup> Income offset: Ofwat have confirmed that this value represents the amount of distinct discount when invoicing developers specifically according to the amount shown in the published charges as the ‘income offset’. This arises from the new connection charges rules for English Companies and therefore is not applicable in Wales.



**2E – Analysis of ‘grants and contributions’ for the year ended 31 March 2024 – water resources, water network+ and wastewater network+ (continued)**

	Fully recognised in income statement £m	Capitalised and amortised (in income statement) £m	Fully netted off capex £m	Total £m
<b>Grants and contributions – wastewater</b>				
Receipts for on-site work	-	-	0.516	0.516
Infrastructure charge receipts	-	-	3.539	3.539
Diversions - s185	1.475	-	-	1.475
Other contributions (price control)	0.749	-	-	0.749
<b>Price control grants and contributions before deduction of income offset</b>	<b>2.224</b>	<b>-</b>	<b>4.055</b>	<b>6.279</b>
Income offset <sup>1</sup>	-	-	-	-
<b>Price control grants and contributions after deduction of income offset</b>	<b>2.224</b>	<b>-</b>	<b>4.055</b>	<b>6.279</b>
Diversions - NRSWA	0.260	-	-	<b>0.260</b>
Diversions - other non-price control	-	-	-	-
Other contributions (non-price control)	-	-	0.518	0.518
<b>Total</b>	<b>2.484</b>	<b>-</b>	<b>4.573</b>	<b>7.057</b>
<b>Value of adopted assets</b>	<b>-</b>	<b>162.093</b>	<b>-</b>	<b>162.093</b>

<sup>1</sup> Income offset: Ofwat have confirmed that this value represents the amount of distinct discount when invoicing developers specifically according to the amount shown in the published charges as the ‘income offset’. This arises from the new connection charges rules for English Companies and therefore is not applicable in Wales.

<sup>2</sup> Movements in capitalised grants and contributions do not include assets adopted at nil cost.

	Water resources £m	Water £m	Wastewater £m	Total £m
Movements in capitalised grants and				
Brought forward	-	-	(0.014)	(0.014)
Capitalised in the year	-	-	-	-
Amortisation (in income statement)	-	-	-	-
Carried forward	-	-	-	-
	-	-	(0.014)	(0.014)

## 2F – Residential retail for the year ended 31 March 2024

	Revenue £m
<b>Residential revenue</b>	
Wholesale charges	650.520
Retail revenue	43.815
Total residential revenue	<b>694.335</b>
<b>Retail revenue</b>	
Revenue Recovered ("RR")	43.815
Revenue sacrifice	14.102
Actual revenue (net)	<b>57.917</b>
<b>Adjustment</b>	
Allowed revenue ("R")	48.926
Net adjustment <sup>1</sup>	<b>(8.991)</b>
<b>Customer information</b>	<b>Number of customers (000s)</b>
Actual customers ("AC")	1,454.699
Reforecast customers	1,469.871
<b>Other residential information</b>	<b>Average residential revenues £</b>
Average residential retail revenue per customer	<b>39.814</b>

<sup>1</sup>The net adjustment reflects the lower than forecast take-up of the HelpU tariff. The revenue sacrifice is in line with the FD allowance.

## 2G – Non-household water revenues by tariff type for the year ended 31 March 2024

	Wholesale charges revenue	Retail revenue	Total revenue	Number of connections
	£m	£m	£m	(000s)
<b>Default tariffs - customer group 1</b>				
Tariff type 1	70.978	3.732	74.710	98.596
Tariff type 2	-	-	-	-
<b>Total default tariffs customer group 1</b>	<b>70.978</b>	<b>3.732</b>	<b>74.710</b>	<b>98.596</b>
<b>Default tariffs - customer group 2</b>				
Tariff type 1	25.205	0.251	25.456	0.110
<b>Total default tariffs</b>	<b>96.183</b>	<b>3.983</b>	<b>100.166</b>	<b>98.706</b>
<b>Non-Default tariffs</b>				
Total non-default tariffs	-	-	-	-
<b>Total</b>	<b>96.183</b>	<b>3.983</b>	<b>100.166</b>	<b>98.706</b>

## 2G – Non-household water revenues by tariff type for the year ended 31 March 2024 (continued)

	Average non-household retail revenue per connection	Allowed average non-household retail cost	Outcome delivery incentive (ODI) payment	Allowed average non-household retail cost after ODI payment	Allowed margin	Allowed average non-household retail revenue per connection
	£	£	£	£	%	£
<b>Default tariffs - customer group 1<sup>2</sup></b>						
Tariff type 1	37.851	30.017	0.473	30.490	1.000%	37.689
Tariff type 2	-	-	-	-	-	-
<b>Total default tariffs customer group 1</b>	<b>37.851</b>	<b>30.017</b>	<b>0.473</b>	<b>30.490</b>	<b>1.000%</b>	<b>37.689</b>
<b>Default tariffs - customer group 2</b>						
Tariff type 1	2,281.818	-	-	-	3.300%	-
<b>Total default tariffs</b>	<b>40.352</b>	<b>30.017</b>	<b>0.473</b>	<b>29.544</b>	<b>4.300%</b>	<b>37.689</b>
<b>Non-Default tariffs</b>						
Total non-default tariffs	-					
<b>Total</b>	<b>40.352</b>					

	Number of customers	Average non-household retail revenue per customer
	(000s)	£
Revenue per customer <sup>1</sup>	98.697	40.356

<sup>1</sup> The difference of nine between the total number of connections and the number of customers relates to customers billed by other retailers.

<sup>2</sup> We have amended the formulas for Average non-household retail revenue per connection to correct for formula error in the Total default tariffs and Total non-default tariffs calculations.

## 2H – Non-household wastewater revenues by tariff type for the year ended 31 March 2024

	Wholesale charges revenue	Retail revenue	Total revenue	Number of connections
	£m	£m	£m	(000s)
<b>Default tariffs - customer group 1</b>				
Tariff type 1	90.642	3.888	94.530	71.394
Tariff type 2	-	-	-	-
<b>Total default tariffs customer group 1</b>	90.642	3.888	94.530	71.394
<b>Default tariffs - customer group 2</b>				
Tariff type 1	-	-	-	-
<b>Total default tariffs</b>	90.642	3.888	94.530	71.394
<b>Non-Default tariffs</b>				
Total non-default tariffs	-	-	-	-
<b>Total</b>	90.642	3.888	94.530	71.394

## 2H – Non-household wastewater revenues by tariff type for the year ended 31 March 2024 (continued)

	Average non-household retail revenue per connection	Allowed average non-household retail cost	Outcome delivery incentive (ODI) payment	Allowed average non-household retail cost after ODI payment	Allowed margin	Allowed average non-household retail revenue per connection
	£	£	£	£	%	£
<b>Default tariffs - customer group 1</b>						
Tariff type 1	54.458	39.783	0.667	40.450	1.000%	53.146
Tariff type 2	-	-	-	-	-	-
<b>Total default tariffs customer group 1</b>	<b>54.458</b>	<b>39.783</b>	<b>0.667</b>	<b>40.450</b>	<b>1.000%</b>	<b>53.146</b>
<b>Non-Default tariffs</b>						
Total non-default tariffs	-					
<b>Total</b>	<b>54.458</b>					
			Number of customers	Average non-household retail revenue per customer		
			(000s)	£		
<b>Revenue per customer</b>			71.394	54.458		

## 2I – Revenue analysis for the year ended 31 March 2024

		Household	Non-household	Total	Water resources	Water network+	Total
		£m	£m	£m	£m	£m	£m
<b>Wholesale charge – water</b>							
Unmeasured		156.197	2.200	<b>158.397</b>	22.209	136.188	<b>158.397</b>
Measured		91.752	87.756	<b>179.508</b>	17.952	161.556	<b>179.508</b>
Third party revenue		-	6.437	<b>6.437</b>	2.043	4.394	<b>6.437</b>
Total wholesale water revenue	2A	247.949	96.393	<b>344.342</b>	42.204	302.138	<b>344.342</b>
		Household	Non-household	Total	Waste water network+	Bio-resources	Total
		£m	£m	£m	£m	£m	£m
<b>Wholesale charge – wastewater</b>							
Unmeasured - foul charges		225.592	2.171	<b>227.763</b>	201.833	25.930	<b>227.763</b>
Unmeasured - surface water		11.785	0.534	<b>12.319</b>	12.319	-	<b>12.319</b>
Unmeasured - highway drainage		6.742	0.210	<b>6.952</b>	6.952	-	<b>6.952</b>
Measured - foul charges		140.770	80.136	<b>220.906</b>	202.238	18.668	<b>220.906</b>
Measured - surface water		10.495	5.465	<b>15.960</b>	15.960	-	<b>15.960</b>
Measured - highway drainage		7.187	2.126	<b>9.313</b>	9.313	-	<b>9.313</b>
Third party revenue		-	0.331	<b>0.331</b>	0.331	-	<b>0.331</b>
Total wholesale wastewater	2A	402.571	90.973	<b>493.544</b>	448.946	44.598	<b>493.544</b>
<b>Wholesale total<sup>1</sup></b>		<b>650.520</b>	<b>187.366</b>	<b>837.886</b>			
<b>Retail revenue</b>							
Unmeasured		10.527	0.622	<b>11.149</b>			
Measured		33.288	7.251	<b>40.539</b>			
Other third party revenue		0.000	0.128	<b>0.128</b>			
<b>Retail total<sup>1,2</sup></b>	2A	<b>43.815</b>	<b>8.001</b>	<b>51.816</b>			
<b>Third party revenue – non-price</b>							
Bulk supplies - water				9.409			
Bulk supplies - wastewater				0.009			
Other third party revenue				10.070			
<b>Principal services – non price</b>							
Other appointed revenue				1.413			
<b>Total appointed revenue</b>	1A			<b>910.603</b>			

### <sup>1</sup> Revenue reconciliation

	Ref	Wholesale £m	Retail £m
Household	2F	650.520	43.815
Non-household water	2G	96.183	3.983
Non-household waste	2H	90.642	3.888
		<b>837.345</b>	<b>51.686</b>
Third party		0.541	
New connections (retail)		-	0.130
		<b>837.886</b>	<b>51.816</b>

### <sup>2</sup> Non-household retail reconciliation

	Ref	Non-household £m
Non-household water	2G	3.983
Non-household waste	2H	3.888
Developer services		0.130
		<b>8.001</b>

## 2J – Infrastructure network reinforcement costs for the year ended 31 March 2024

	Network reinforcement capex £m	On site/ site-specific capex (memo only) £m
<b>Wholesale water network+ (treated water distribution)</b>		
Distribution and trunk mains	1.444	-
Pumping and storage facilities	0.010	-
Other	0.113	-
<b>Total</b>	<b>1.567</b>	<b>-</b>
<b>Wholesale wastewater network+ (sewage collection)</b>		
Foul and combined systems	4.462	-
Surface water only systems	0.300	-
Pumping and storage facilities	0.540	-
Other	0.546	-
<b>Total</b>	<b>5.848</b>	<b>-</b>

This table includes costs associated with the network reinforcement of new developments and costs for the onsite/site specific capex.



## 2K – Infrastructure charges reconciliation for the year ended 31 March 2024

	Water £m	Waste water £m	Total £m
<b>Impact of infrastructure charge discounts</b>			
Infrastructure charges	3.692	3.539	<b>7.231</b>
Discounts applied to infrastructure charges	-	-	-
<b>Gross infrastructure charges</b>	<b>3.692</b>	<b>3.539</b>	<b>7.231</b>
<b>Comparison of revenue and costs</b>			
Variance brought forward <sup>1</sup>	-	-	-
Revenue	3.692	3.539	<b>7.231</b>
Costs	(1.567)	(5.848)	<b>(7.415)</b>
<b>Variance carried forward</b>	<b>2.125</b>	<b>(2.309)</b>	<b>(0.184)</b>

The purpose of this table is to provide evidence for compliance with charging rules for new connections for English Companies. The rules require revenue from infrastructure charges to be aligned to costs over a period of time i.e. the variance reported is expected to be small over the long term. The rules do not apply in Wales where the infrastructure charge is set in accordance with the terms of our licence and is not directly aligned to costs. The variance shown between revenue and costs in the table reflects this.

<sup>1</sup>There is no variance being reported as Welsh companies' infrastructure has not been redefined. As such, there is no relationship between income and costs and therefore there is no variance to carry over.

2L - Analysis of land sales for the year to 31 March 2024

Land sales	Water resources	Water network+	Wastewater network+	Total
	£m	£m	£m	£m
Proceeds from disposals of protected land	0.050	0.002	-	0.052

There were two land sales during the year, both were below the threshold for reporting to Ofwat

## 2M – Revenue reconciliation for the year ended 31 March 2024 – wholesale

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources	Total £m
<b>Revenue recognised</b>					
Wholesale revenue governed by price control	42.204	302.138	448.946	44.598	<b>837.886</b>
Grants and contributions (price control) <sup>1</sup>	11.077	19.268	6.279	-	<b>36.624</b>
<b>Total revenue governed by wholesale price control</b>	<b>53.281</b>	<b>321.406</b>	<b>455.225</b>	<b>44.598</b>	<b>874.510</b>
<b>Calculation of the revenue cap</b>					
Allowed wholesale revenue before adjustments (or modified by CMA)	48.276	283.540	437.092	42.462	811.370
Allowed grants and contributions before adjustments (or modified by CMA)	-	16.842	9.044	-	25.886
Revenue adjustment	(7.896)	1.694	5.496	1.856	1.150
Other adjustments	-	0.752	(0.218)	-	0.534
<b>Revenue cap</b>	<b>- 40.380</b>	<b>302.828</b>	<b>451.414</b>	<b>44.318</b>	<b>838.940</b>
<b>Calculation of the revenue imbalance</b>					
Revenue cap	40.380	302.828	451.414	44.318	838.940
Revenue recovered	53.281	321.406	455.225	44.598	874.510
Revenue imbalance	(12.901)	(18.578)	(3.811)	(0.280)	(35.570)

<sup>1</sup> Grants and contributions are revenues from new connections, requisitions and infrastructure charges for properties which have connected in the year.

<sup>2</sup> This is the difference between total revenue governed by revenue control and the total assumed revenue.

### Variance analysis

The total revenue over-recovery is £35.570m, which is in line with the forecast provided for PR24 table PD5. The PD5 figure is £32.976m in 2022/23 prices, inflating this to outturn is £35.690. Therefore, the over recovery is slightly lower than previously assumed.

The over-recovery is principally a consequence of the phased approach to revenue under-recovery in 2020/21 as a result of the Covid-19 pandemic. We under-recovered revenue by £35m in that year, primarily due to the reduction in non-household revenue due to periods of business closure during lockdowns. We considered it was in customers' interests not to recover this in full in 2022/23, as the RFI formula assumes, and so decided to collect £15m in 2022/23 and £20m in 2023/24. However, the RFI formula assumed that to be an under-recovery of the remaining £20m in 2022/23, which would then be collected in 2024/25, no amendment to the allowance is made for 2023/24 (as 2021/22 revenue recovered was close to the allowance) which generated c£20m of the over-recovery in 2023/24.

An additional factor contributing to the over-recovery against the allowance is that the outturn level of grants and contributions at £38.421 is significantly higher than the PR19 allowance of £25.886m. This is principally due to high value developer services projects and contributions received for work on our reservoirs.

## 2M – Revenue reconciliation for the year ended 31 March 2024 (continued) – wholesale

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	Total £m
<b>Additional revenue adjustments</b>					
Rebalancing Grants and contribution to water resources	2.246	(2.246)	-	-	-
<b>Other adjustments</b>	2.246	(2.246)	-	-	-
<b>Revised Revenue Cap for RFI comparison</b>					
Revenue Cap	40.380	302.828	451.414	44.318	<b>838.940</b>
Other adjustments <sup>1</sup>	2.246	(2.246)	-	-	-
Revised Revenue cap	42.626	300.582	451.414	44.318	<b>838.940</b>
Revenue recovered	53.281	321.406	455.225	44.598	<b>874.510</b>
<b>Revenue imbalance for RFI comparison</b>	<b>(10.655)</b>	<b>(20.824)</b>	<b>(3.811)</b>	<b>(0.280)</b>	<b>(35.570)</b>
<b>Over/(under) recovery (%)</b>	<b>(25.0%)</b>	<b>(6.9%)</b>	<b>(0.8%)</b>	<b>(0.6%)</b>	<b>(4.2%)</b>

At PR19, water resources grants and contributions for reservoir safety were incorrectly included in the water network+ price control. This table reallocates the allowance to water resources to calculate a revised revenue cap and reports the revenue over/under recovery compared to the revised revenue cap. Allowance for reservoir safety grants and contributions reallocated from water network+ to water resources

## 2N – Residential retail – social tariffs for the year ended 31 March 2024

Section A – social tariffs	Revenue £m	Number of customers (000s)	Average amount per customer £m
<b>Number of residential customers on social tariffs</b>			
Residential water only social tariffs	-	0.827	-
Residential wastewater only social tariffs	-	1.555	-
Residential dual service social tariffs	-	93.375	-
<b>Number of residential customers not on social tariffs</b>			
Residential water only no social tariffs	-	84.875	-
Residential wastewater only no social tariffs	-	127.647	-
Residential dual service no social tariffs	-	1,114.702	-
<b>Social tariff discount</b>			
Average discount per water only social tariffs customer	-	-	143.894
Average discount per wastewater only social tariffs customer	-	-	46.302
Average discount per dual service social tariffs customer	-	-	293.526
<b>Social tariff cross-subsidy - residential customers</b>			
Total customer funded cross-subsidies for water only social tariffs customers	0.069	-	-
Total customer funded cross-subsidies for wastewater only social tariffs customers	0.042	-	-
Total customer funded cross-subsidies for dual service social tariffs customers	15.908	-	-
Average customer funded cross-subsidy per water only social tariffs customer	-	-	0.805
Average customer funded cross-subsidy per wastewater only social tariffs customer	-	-	0.325
Average customer funded cross-subsidy per dual service social tariffs customer	-	-	13.168

## 2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

### Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers

Social tariff cross-subsidy – company (continued)	Revenue	Number of customers	Average amount per customer
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	0.050	-	-
Total revenue forgone by company to fund cross-subsidies for wastewater only social tariffs customers	0.030	-	-
Total revenue foregone by company to fund cross-subsidies for dual service social tariffs customers	11.500	-	-
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer	-	-	60.459
Average revenue forgone by company to fund cross-subsidy per wastewater only social tariffs customer	-	-	19.293
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer	-	-	123.159
<b>Social tariff support – willingness to pay</b>			
Level of support for social tariff customers reflected in business plan	-	-	18.190
Maximum contribution to social tariffs supported by customer engagement	-	-	27.236
<b>Section B – WaterSure tariffs</b>			
Number of unique customers on WaterSure	-	31.717	-
Total reduction in bills for WaterSure customers	3.521	-	-
Average reduction in bills for WaterSure customers	-	-	111.013

## 2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

### Section C – other direct bill reduction schemes for household customers struggling to pay

#### Other bill reduction schemes

Scheme	Target Households	Number of unique households helped by the scheme (000s)	Total amount bills reduced by through the scheme £m	Funding source Text	2N.27b: For direct bill reduction scheme customers, we have calculated the customers supported by the scheme in year, rather than a year average. If we were to provide year average numbers, we would be missing a 2N massive chunk of supported customers because of the way the scheme works, i.e. customer go on and fall off the scheme in 3 months etc. Therefore, the value of bill reductions would also look odd in comparison to supported customer. Therefore, we are seeking clarity if we able to go with the numbers supported in year.  2N.27c: CAF does not reduce customers on going charges but it helps them clear past due bills by reducing the value. The purpose of this scheme is to encourage customers to develop the habit of making regular payments to us, with the incentive of reducing their debt.
DWP	Households in financial hardship who have fallen into arrears	17.339	0.428	Revenue	
CYMUNED	Cymuned is aimed at working households who are struggling to make ends meet and are in a budgetary deficit by the end of the month	0.183	0.019	Revenue	
CAF	CAF is designed to help those households in severe financial hardship	0.951	0.920	Debt write off	

#### Household customers in arrears

	Water only (000s)	Wastewater only (000s)	Dual service (000s)
Number of household customers served – active accounts	77.460	0.258	1,240.771
Number of household customers served – final accounts	0.298	0.030	26.231

## 2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

### Section D – debt metrics

#### Household customers in arrears

	Number of households	Total amount of debt
	(000s)	£m
Households in arrears – active accounts with debt repayment arrangements	23.124	19.628
Households in arrears – final accounts with debt repayment arrangements	2.045	1.376
Households in arrears – active accounts without debt repayment arrangements	91.566	142.737
Households in arrears – final accounts without debt repayment arrangements	20.553	22.124
Households not having made any payment for the year – active accounts	44.661	99.773
Households not having made any payments for the year – final accounts	13.219	17.693

#### Temporary payment suspension

	Number of households	Total amount deferred
	(000s)	£m
Households with temporarily suspended payments – payment break payments	-	-
Households with temporarily suspended payments – payment break payments	1.196	1.619



## 2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Household debt collection through third party agents where water companies are the creditors	Number of households	Total amount deferred	
	(000s)	£m	
Debt collected by external agents - active accounts	56.621	36.438	
Debt collected by external agents – final accounts	11.489	8.721	
Number of priority services register customers with debt passed on to external debt collection agents - active and final accounts	7.946	5.351	
<b>Household debt sold to external agencies</b>	<b>Number of payments</b>	<b>Total amount</b>	<b>Number of unique households</b>
	(000s)	£m	(000s)
Debt sold to an external agency/third party debt purchaser – active accounts	N/A	N/A	-
Debt sold to an external agency/third party debt purchaser – final accounts	N/A	N/A	-
Number of Priority Services Register customers with debt sold to an external agency / third party debt purchaser – active and final accounts	N/A	N/A	-

## 2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Unpaid household bills referred to courts	Number of households	Total amount deferred
	(000s)	£m
Number of county court claims	6.668	11.855
Number of county court judgements	6.605	14.061
Number of county court judgement enforcements	1.666	2.551
Number of high court claims	1.113	2.129
Number of high court judgements	1.113	2.129
Number of high court judgement enforcements	1.113	2.129

## 2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

### Section E – Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS)

#### GSS payments to household customers

	Number of Payments (000s)	Total amount £m	Number of unique Household (000s)	
Total value of payments made to household customers under GSS	-	0.514	-	
Total number of payments made to household customers under GSS	14.313	-	-	
Total number of unique household customers receiving GSS payments	-	-	13.679	
Number and value of GSS and other payments to household customers by type in the reporting period	Total number of unique payments made to household customers under GSS  (000s)	Total Value of Payments Made in Relation to column 1  £m	Total value of Unique payments to household customers that could be classed as compensation or goodwill (incl. all payments made under GSS, customer charter payments and/or other payments e.g. goodwill payments) (000s)	Total value of payments made in relation to column 3  £m
Keeping of appointments	2.976	0.066	-	-
Incidences of low water pressure	-	-	0.053	0.008
Incorrect notice of planned interruptions to supply	-	-	-	-
Supply not restored	9.823	0.368	-	-
Written account queries and requests to change payment arrangements not actioned on time	0.550	0.011	-	-
Written complaints not responded to within 10 working days	0.090	0.002	-	-
Properties sewer flooded internally	0.153	0.045	0.185	0.039
Properties sewer flooded externally	0.127	0.022	0.020	0.004

## 2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

### Section E – Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS) (continued)

Number and value of GSS and other payments to household customers by type in the reporting period (continued)	Total number of unique payments made to household customers under GSS	Total Value of Payments Made in Relation to column 1	Total value of Unique payments to household customers that could be classed as compensation or goodwill (incl. all payments made under GSS, customer charter payments and/or other goodwill payments)	Total value of payments in relation to column 1
	(000s)	£m	(000s)	£m
Payment type_1 (extensions of column 3 & 4)			0.016	0.006
Payment type_2 (extensions of column 3 & 4)			0.005	0.008
Payment type_3 (extensions of column 3 & 4)			1.760	0.257
Payment type_4 (extensions of column 3 & 4)			0.053	0.002
Payment type_5 (extensions of column 3 & 4)			0.043	0.002
Payment type_6 (extensions of column 3 & 4)			0.338	0.038
Payment type_7 (extensions of column 3 & 4)			0.044	0.005
Payment type_8 (extensions of column 3 & 4)			0.017	0.001
Payment type_9 (extensions of column 3 & 4)			0.473	0.125
Payment type_10 (extensions of column 3 & 4)			-	-
Late payment penalties (paid in relation to lines 2N.53 to 2N.60)	3.256	0.067		

## 20 – Historic cost analysis of intangible fixed assets at 31 March 2024

	Wholesale			Retail			
	Water resources £m	Water network+ £m	Wastewater network+ £m	Bio- resources £m	Household £m	Non- household £m	Total £m
<b>Cost or valuation</b>							
At 1 April 2023	14.985	294.326	141.883	34.135	33.311	2.420	521.060
Disposals	-	-	-	-	-	-	-
Additions	0.805	24.571	9.705	2.408	1.713	0.124	39.326
Adjustments - revaluation	-	-	-	-	-	-	-
Assets adopted at nil cost	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>15.790</b>	<b>318.897</b>	<b>151.588</b>	<b>36.543</b>	<b>35.024</b>	<b>2.544</b>	<b>560.386</b>
<b>Depreciation</b>							
At 1 April 2023	(11.450)	(156.084)	(103.042)	(24.360)	(33.877)	(2.649)	(331.462)
Disposals	-	-	-	-	-	-	-
Adjustments -	-	-	-	-	-	-	-
Charge for year	(0.866)	(33.014)	(5.837)	(1.474)	(0.164)	0.105	(41.250)
<b>At 31 March 2024</b>	<b>(12.316)</b>	<b>(189.098)</b>	<b>(108.879)</b>	<b>(25.834)</b>	<b>(34.041)</b>	<b>(2.544)</b>	<b>(372.712)</b>
<b>Net book values</b>							
<b>At 31 March 2024</b>	<b>3.474</b>	<b>129.799</b>	<b>42.709</b>	<b>10.709</b>	<b>0.983</b>	<b>-</b>	<b>187.674</b>
At 1 April 2023	3.535	138.242	38.841	9.775	(0.566)	(0.229)	189.598
<b>Depreciation charge for</b>							
Principal services	(0.866)	(33.014)	(5.837)	(1.474)	(0.164)	0.105	(41.250)
Third party services	-	-	-	-	-	-	-
<b>Total</b>	<b>(0.866)</b>	<b>(33.014)</b>	<b>(5.837)</b>	<b>(1.474)</b>	<b>(0.164)</b>	<b>0.105</b>	<b>(41.250)</b>



Dŵr Cymru  
Welsh Water