

PR19 Bill Waterfall Model Covering Note

Ofwat's bill waterfall model compares the 2019-20 average household bill from the PR14 financial model with the 2024-25 average household bill from the PR19 financial model.

The model is populated from our PR19 financial model "PR19 Ofwat Financial Model PR19-14h_WSH.xlsb" used to populate the business plan tables, please see the PR19 Financial Model cover note for further information.

We have made two adjustments to the model:

- We have used the 'override' function to remove the double-counting of the retail reconciliation adjustment following the guidance from Ofwat; and
- We have updated the inflation indices to reflect our PR19 inflation forecasts.

Ofwat's model produces an average household bill for 2019-20 of £448 for dual service customers. Our 2019-20 average household bill is £439. Our average household bill is different for several reasons, including:

- The impact of the Wholesale Revenue Forecasting Incentive Mechanism (WRFIM) in-period adjustment;
- Updated forecasts of 2019-20 customer numbers ;
- A different approach for combining single and dual customers for household retail; and
- The bill is inflated by November RPI instead of financial year average.