

Cost adjustment claim summary form

Name of claim	Cwm Taf Water Supply Strategy	
Name and identifier of related claim submitted in May 2018	WN_001	
Business plan table lines where the totex value of this claim is reported.	<p>Table WS1, line B14, £30.80m infra enhancement</p> <p>Table WS1, line B15, £42.16m (non infra enhancement)</p> <p>Table WS2, line A24, the whole project split between Water Distribution networks and Water Treatment (£33.56m and £39.40m respectively, £72.96m total)</p> <p>Table WS2A, line A24, the total project cost of £72.96m</p> <p>Table Wn6, Lines 1 – 4, £72.96m total project spend</p>	
Total value of claim for AMP7	£72.96 m	
Total opex of claim for AMP7	£0m opex for the new site will not commence until AMP8	
Total capex of claim for AMP7	£72.96 m	
Depreciation on capex in AMP7 (retail controls only)	n/a	
Remaining capex required after AMP7 to complete construction	£123.9m	
Whole life totex of claim	£76.6m (40 year NPC for the new site with totex for maintaining existing sites removed)	
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 Cwm Taf Water Supply Strategy	
Materiality of claim for AMP7 as percentage of business plan (5 year) totex for the relevant controls.	5.6% (£72.96m of £1,303.687m Water Network + 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.	5.8E; Cwm Taf Water Supply Strategy, Sections 1 & 2
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.	5.8E; Cwm Taf Water Supply Strategy, pages 2 & 3
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.	5.8E; Cwm Taf Water Supply Strategy, Sections 3 & 4
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	5.8E; Cwm Taf Water Supply Strategy, Section 1 – Delivering Customer Outcomes Section 3 – Options Section 4 – Preferred Option
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	5.8E; Cwm Taf Water Supply Strategy, Section 8 – Assurance
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.	5.8E; Cwm Taf Water Supply Strategy, Section 7 – Delivery
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.	5.8E; Cwm Taf Water Supply Strategy, Section 6 – Value for Money and Affordability
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	5.8E; Cwm Taf Water Supply Strategy, Section 8 - Assurance