

DATA TABLE COMMENTARY – PAST DELIVERY



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SUMMARY

Portsmouth Water accepted all the Past Delivery models which were published as part of the Ofwat Draft Determination in July 2024. These versions of the Past Delivery models were then updated for 2023-24 actuals and 2024-25 revised forecasts, where applicable.

Ofwat Model	2022-23	2017-18	Ofwat Model accepted	Updated 2023-24 & 2024-25	2022-23	2017-18
	prices	prices			prices	prices
DD final agreed amounts	Revenue	RCV			DD Representation updated	RCV
Blind Year adjustment - Wholesale RCV		0.385	Yes	n/a		0.385
Blind Year adjustment - Retail	-0.027		Yes	n/a	-0.027	
Revenue Forecasting Incentive model	-0.018		Yes	Yes	-0.216	
C-Mex						
D-Mex						
ODI performance	-3.026		Yes	Yes	-3.641	
WRFIM - correction from PR19 FD	1.988		Yes	n/a	1.988	
Totex reconciliations	-1.708	-0.480	Yes	Yes	0.232	0.218
PR19 Water Trading Incentives						
Developer Services	0.602		Yes	Yes	0.891	
Cost of new debt reconciliation	0.819		Yes	No	0.819	
Gearing outperformance sharing						
Tax reconciliation (Ofwat calculation)	0		Yes	No	0	
RPI-CPIH wedge true-up	0.826	3.049	Yes	Yes	0.753	2.377
Innovation Competition						
Residential Retail reconciliation	0.321		Yes	Yes	0.192	
Land Sales						
Havant Thicket		183.026	Yes	n/a		183.026
Total before tax adjustment in model	-0.223	185.980			0.991	186.006

TABLE PD1 - Inflation

Portsmouth Water has included a best estimate of inflation, using the most recent actual indices. However, Ofwat have said that they will update inflation as part of the Final Determination, and the Portsmouth Water forecast has not been assured.

RETAIL PRICE INDEX (RPI)

This table has been updated to include the actual RPI indices up to June 2024.

The remainder of 2024-25 is forecast to outturn at the same level of inflation as June 2024, which is currently 2.9%.

CONSUMER PRICE INDEX (Including housing) (CPIH)

This table has been updated to include the actual CPIH indices up to June 2024.

The remainder of 2024-25 is forecast to see a gradual reduction in inflation from the 2.8% in June 2024, to 2.1% in March 2025. This brings CPIH back to a normal long term average level.

From 2025-26, the long-term inflation levels are forecast to be 2.0% for CPIH and 3.0% for RPI, which is consistent with our Business Plan assumptions.

TABLE PD5 - Revenue reconciliation - wholesale

This table is consistent with the Revenue Forecasting Incentives Model, but the numbers are deflated to 2022-23 prices.

The data for 2023-24 is taken from the Annual Performance Report (APR) Table 2M but deflated to 2022-23 prices.

Forecast Revenue 2024-25

The allowed revenue for 2024-25 is based on the tariff calculations for that year. These have already been audited. This includes the final determination k factors and actual CPIH for November 2023.

Grants and Contributions for 2024-25 align with the elements in the Developer Services table DS1e which were classified as price control revenue at PR19. There is no change from the Business Plan.

<u>Price Control G&C's</u>	AMP7 methodology		
	2022/23	2023/24	2024/25
S185 diversions	0.009		
Non-s185 diversions			
New Connections	0.822	0.841	0.841
Infrastructure Charges	0.722	0.636	0.620
Income offset - legacy	-0.573	-0.719	-0.664
Developer Contributions	0.345	0.338	0.338
TOTAL	1.325	1.096	1.135

No revenue imbalances are forecast for the last year of the AMP.

TABLE PD8 - Totex analysis - wholesale

The data for 2023-24 is taken directly from the APR but deflated to 2022-23 prices.

Table 2B in the APR is in the same format as PD8 and was used to populate these numbers.

2024-25 Forecast

OPEX

Operating expenditure for this year is aligned with the company budget, which was signed off by the Board in February 2024.

There is an additional cost of £1.284m, compared to the Business Plan submission for that year. The following categories have seen an increase in costs:

- Electricity £0.700m
- Chemicals £0.300m
- Leakage £0.300m

A complete Accounting Separation exercise was undertaken for the 2022-23 APR, and this is the basis for the allocation of Opex across all the Business Units.

The changes from the Business Plan submission have been added to the relevant lines, so that they are consistent with the submitted allocation of costs between the Business Units.

CAPEX

The capex for this year is aligned with the company budget process, which was signed off by the Board in February 2024. This is the same total capex that was included in the Business Plan, except that it is now deflated by a revised CPIH forecast.

The budget is made up of a detailed list of capital schemes, which have been categorised into Base, Enhancement and Developer expenditure, and then categorised by Business Unit.

The Enhancement capital expenditure line includes amounts relating to the Accelerated Programme. These are for Smart Metering and the CRM system. The amount is included in Water Network+ as follows:

2024-25	£4.753m	Business Plan
2024-25	£5.800m	Draft Determination Representation

The increase in 2024-25 is due to a lower spend in 2023-24, which will now be incurred in the following year.

There is also a new Transition spend amount of £1.519m. This relates to Maindell UV, WINEP and eCAF. This has been included in Water Network+. See PR24 Draft Determination representations - Expenditure Allowances for more details.

There is no change to the Business Plan Grants and Contributions.

HAVANT THICKET

There is no change from the Business Plan, just a timing adjustment between 2023-24 and 2024-25.

TABLE PD9 - Totex performance

The data for 2023-24 is taken from Table 4C in the APR, as well as the Ofwat Financial Flows Data Source document.

The APR data is deflated to 2022-23 prices, using the revised Table PD1 amounts. There is one additional adjustment to the Water Network+ column, which is the removal of the Income offset amount of £0.584m, which was included in error in the APR.

2024-25 Forecast

The Final Determination data for lines 1, 7 and 9 are from the Ofwat Financial Flows Data Source. This data is in 2017-18 prices and was indexed up to 2022-23 prices for the final year of the AMP. There is no change to these amounts from the Business Plan submission.

The forecast data is aligned to Table PD8. The costs not subject to cost sharing are Third Party costs as reported in PD8 and are unchanged from the Business Plan submission.

2024-25 transition expenditure, and accelerated programme expenditure, are excluded from this table.

The table below shows the reconciliation of the data from PD8 to Line 2 of PD9.

	W Res	W Net+	TOTAL		W Res	W Net+	TOTAL	
	2023/24	2023/24	2023/24		2024/25	2024/25	2024/25	
OPEX	6.193	20.180	26.373		6.206	21.487	27.693	PD8.14
Local authority rates	0.027	0.099	0.126		-0.283	-1.029	-1.312	
Abstraction Charges	-1.428		-1.428		-1.641		-1.641	
THIRD PARTY - Bulk Supply		-0.252	-0.252			-0.251	-0.251	
THIRD PARTY - other		-0.009	-0.009			0.000	0.000	
THIRD PARTY - non s185 diversions		0.000	0.000			-2.049	-2.049	
	0.000	-0.009	-0.009		0.000	-2.049	-2.049	
OPEX G&C's		-0.845	-0.845			-0.841	-0.841	
OPEX G&C's - non s185 diversions		0.000	0.000			-2.000	-2.000	
OPEX G&C's - s185 diversions		0.000	0.000			0.000	0.000	
	4.792	19.173	23.965		4.282	15.317	19.599	
CAPEX	1.574	24.243	25.817		0.600	24.678	25.278	PD8.21
CAPEX G&C's - income offset		0.548	0.548			0.664	0.664	
CAPEX G&C's		-1.238	-1.238			-0.958	-0.958	
	1.574	23.553	25.127		0.600	24.384	24.984	
TOTEX less third party costs and Rates	6.366	42.726	49.092		4.882	39.701	44.583	
Less accelerated programme		-4.498	-4.498			-7.320	-7.320	
Add s185 third party services		0.000	0.000			0.000	0.000	
Less Income offset G&C's		-0.548	-0.548			-0.664	-0.664	
Less non-price control G&C's		0.000	0.000			2.000	2.000	
Prior year adjustment	-0.218	0.218	0.000					
Actual Totex	6.148	37.898	44.046		4.882	33.717	38.599	PD9.2

TABLE PD11 - RCV midnight adjustments

Several numbers have been changed from the Business Plan submission tables in October 2023.

PR19 FD RCV balances as of 31 March 2025

These amounts are taken from the RCV model 'PR19RCV-PRT', tab 'PR19FDPublishedTables'. The example below is for the RPI inflated RCV, Water Resources.

PR19FDPublishedTables			31 Mar 21	31 Mar 22	31 Mar 23	31 Mar 24	31 Mar 25
Model Period END			Forecast	Forecast	Forecast	Forecast	Forecast
Pre Forecast vs Forecast			2021	2022	2023	2024	2025
Financial Year Ending	Constant	Unit	4	5	6	7	8
Model column counter							
Opening RCV (RPI inflated RCV) - WR - real	-	£m	2.241	2.113	1.994	1.883	1.778
less RCV - CPI(H) + RPI wedge bf depreciation - WR - real	-	£m	0.148	0.139	0.132	0.124	0.117
Closing RCV (RPI inflated RCV) - WR - real		£m	2.093	1.974	1.863	1.759	1.660

There is no change from the Business Plan submission.

PR14 Blind Year adjustments

There is a minor change from the Business plan submission, and we accept the Ofwat numbers.

PR19 reconciliation end-of-period RCV midnight adjustments as of 31 March 2025

These are amounts taken from the Past Delivery models, Output tabs. They are the RCV adjustment elements and are entered here in the price base that they appear in the models. This is mainly in 2017-18 CPIH deflated prices.

The Past Delivery Models have been updated for 2023-24 actual data and reforecast 2024-25 data. This includes a revised series of CPIH and RPI indices. The models which have changed, and have RCV adjustments are:

1. Costs reconciliation model
2. RPI-CPIH wedge reconciliation model

PR24 end-of period RCV midnight adjustments as of 31 March 2025

The amount of £8.723m in Water Network+ is for the Smart Metering, CRM and Billing project.

This amount has been approved by DEFRA for the Accelerated Programme and will be incurred in AMP7. This will generate a midnight adjustment to the RCV at the beginning of AMP8.

The amount of £1.287m is Transition expenditure relating to Maindell UV, WINEP and eCAF. It is included in Water Network+.

PR24 RCV adjustments feeder model

This model is used to convert the output from the Past Delivery models into 2022-23 prices, for upload to the Ofwat Financial Model, and is populated with data from Tables PD1 and PD11.

The output from this model can then be used to populate the remaining sections of PD11 in both 2017-18 and 2022-23 prices.

TABLE PD12 - PR19 reconciliation adjustments summary

Several numbers have been changed from the Business Plan submission tables in October 2023.

PR19 reconciliation end-of-period RCV midnight adjustments as of 31 March 2025

This table is linked to Table PD11.

PR14 Blind Year reconciliation end-of period revenue adjustments

There is no change from the Business Plan submission.

PR19 reconciliation adjustments

These are amounts taken from the Past Delivery models, Output tabs. They are the revenue adjustment elements and are entered here in the price base that they appear in the models. This is mainly in 2017-18 CPIH deflated prices.

The C-Mex and D-Mex amounts are now zero, as Ofwat are making these adjustments as part of the PR19 Blind Year true-up, in the next AMP.

All the amounts in this part of the table have changed, to reflect the 2023-24 actuals and 2024-25 latest forecast data.

PR24 Revenue adjustments feeder model

This model is used to convert the output from the Past Delivery models into 2022-23 prices, for upload to the Ofwat Financial Model.

This model is populated with data from Tables PD1, PD11 and PD12.

The output from this model can then be used to populate the remaining sections of PD12 in the 2022-23 price base. The output also populates Table RR6, for upload to the Ofwat Financial Model.

OFWAT PAST DELIVERY MODELS: RFI

The Ofwat Draft Determination published version has been accepted and used for the revised Draft Determination representation.

ACTUAL REVENUE

The actual data for 2023-24 has been added and comes from Table 2M.3 of the APR for that year. The inputs to the model are in outturn prices.

The forecast allowed revenue for 2024-25 comes from the final Tariff workings for that year and there is no forecast imbalance between actual and allowed revenue. The inputs are in the same price base as the tariff workings.

The Revised K factors are from the most recent in-period determination model, published in November 2023. See file: [Portsmouth-In-period-adjustments-model-IPD2023-FD](#).

CPIH for November has been updated to reflect the revised forecast in Table PD1.

In the Wholesale Water tab, the allowed revenue has been adjusted slightly to remove the Bulk Supply customers, who were incorrectly included in the PR19 Business Plan. There is also an adjustment to reflect the reduced allowed Grants and Contributions in each year.

The output from this model is in November 2023 prices and is added to Table PD12.16. The Revenue adjustments models will convert this to 2022-23 average prices.

OFWAT PAST DELIVERY MODELS: COST SHARING AND TOTAL COSTS RECONCILIATION MODEL

We accept the Ofwat version of this model, however the revised forecast data they included was not accurate and has been replaced in the Draft Determination representation.

'InpActive' tab

This tab has been pre-populated by Ofwat but updated for 2023-24 actual data and 2024-25 reforecast data, as requested. The following commentary highlights the changes from the published model, and these numbers are in red in the revised model. Refer to the commentary for Table PD8 for the detail of the 2024-25 revised Totex forecast.

TOTEX INPUTS

Net totex for cost sharing reconciliation

Water Resources Row 42
Water Network Row 83

These are the actual/forecast totex amounts, excluding Business Rates and Abstraction Charges, and other costs not subject to cost sharing. The actual amounts are taken from the Annual Performance Report Table 4C, Line 5 and the forecast amounts are from the revised Table PD9, uplifted to outturn prices.

	W Res 2023/24	W Net+ 2023/24	TOTAL 2023/24	W Res 2024/25	W Net+ 2024/25	TOTAL 2024/25
Less accelerated programme		-4.498	-4.498		-7.320	-7.320
Add s185 third party services		0.000	0.000		0.000	0.000
Less Income offset G&C's		-0.548	-0.548		-0.664	-0.664
Less non-price control G&C's		0.000	0.000		2.000	2.000
Prior year adjustment	-0.218	0.218	0.000			
Actual Totex	6.148	37.898	44.046	4.882	33.717	38.599 PD9.2
Outturn prices	6.489	40.000		5.278	36.450	

Business Rates – Actual

Water Resources Row 52
Water Network Row 93

The actual 2023-24 amounts come from the APR working files, which have already been audited. The forecast 2024-25 amounts come from Table PD9, uplifted to outturn prices.

Abstraction Charges - Actual

Water Resources Row 53

The actual amounts come from the APR working files, which have been audited by KPMG. The forecast amounts come from Table PD09, uplifted to outturn prices.

INFLATION

These amounts are in line with the updated inflation assumptions in Table PD1

WAGE GROWTH

OBR Forecast wage growth for PR19 FD – Line 249.

These amounts were pre-populated by Ofwat and have not been changed.

OFWAT PAST DELIVERY MODELS: RPI-CPIH WEDGE TRUE-UP MODEL

Ofwat Draft Determination published version 5.5 July 2024

INPUTS

The Final Determination assumptions have been pre-populated by Ofwat.

The RPI and CPIH actual and forecast data for 2023-24 and 2024-25 is copied from Table PD1, which has been updated for the Draft Determination representation.

COMPANY SPECIFIC INPUTS

2020 RCV- CPIH + RPI wedge initial balance WR and WN
Run-off rate – CPIH + RPI wedge WR and WN
Real RPI based wholesale WACC WR and WN
Real CPIH based wholesale WACC WR and WN
2019-20 wedge adjustment

This data has been populated by Ofwat and is consistent with the Company view.

The output from this model is in 2017-18 prices and is added to Table PD11.15 and PD12.30.

OFWAT PAST DELIVERY MODELS: DEVELOPER SERVICES MODEL

Ofwat Draft Determination published version 2.0 July 2024

InpCol

This tab was pre-populated by Ofwat.

InpRows

Forecast number of new properties connected to water services.

This is the number of new properties forecast by Ofwat in the Final Determination and there is no change to this.

Actual number of new properties connected to water services.

This is the actual number of new properties as reported in the Annual Performance Report for the years 2020-21 – 2023-24. This can be found on Table 4Q, line 11.

The forecast number of new properties in 2024-25 is from the PWL PR19 Business Plan – see table below:

WS3 - Wholesale water properties and population									
Line description	Item reference	Units	DPs	2020-21	2021-22	2022-23	2023-24	2024-25	
13	Total number of new business connections	BP3405	000	3	0.024	0.024	0.024	0.024	0.024
14	Total number of new residential connections	BP3400	000	3	1.892	1.860	1.873	1.910	1.974

Revenue per connection (unit rate)

This is from the Final Determination and included to 2 decimal places by Ofwat, which we have agreed.

The output from this model is in 2017-18 prices and is added to Table PD12.26.

OFWAT PAST DELIVERY MODELS: RESIDENTIAL RETAIL MODEL

Ofwat Draft Determination published version 2.0 July 2024

INFLATION

The CPIH actual and forecast data for 2023-24 and 2024-25 is copied from Table PD1, which has been updated for the Draft Determination representation.

Forecast Customer Numbers

These are the forecast numbers from the PR19 Business Plan, with Table WS3 below part of the submission to Ofwat in September 2018.

WS3 - Wholesale water properties and population									
Line description	Item reference	Units	DPs	2020-21	2021-22	2022-23	2023-24	2024-25	
1 Residential properties billed for measured water (external meter)	BN2110	000	3	85.034	91.894	98.767	105.677	112.651	
2 Residential properties billed for measured water (not external meter)	BN2115	000	3	22.578	22.578	22.578	22.578	22.578	
4 Residential properties billed for unmeasured water	BN2100	000	3	192.605	187.605	182.605	177.605	172.605	
	TOTAL			300.217	302.077	303.950	305.860	307.834	

Reforecast Customer Numbers

These are the forecast property numbers at the time of tariff setting. They are the Company's most accurate forecast and are used to set tariffs at the correct level to recover the Ofwat allowed revenue.

2024-25 has been updated to reflect the final tariffs for that year.

Actual Customer Numbers

The actual customer numbers are taken from the Annual Performance Report 4R, line 4, excluding voids. The actual number for 2024-25 is the same as the reforecast amount.

Revised Total Revenue

#	Input	Description	Source	Units
1	Revised total revenue (TRt)	The total unadjusted allowed revenue	Output of the in-period adjustments model.	£m, Outturn

The guidance says, 'Output of the in-period adjustments model,' which means that we include any adjustments relating to in-period ODI's, including C-Mex. There are adjustments for 2022-23 – 2024-25. On the next page is this output for each of these years from the most recent version of that model.

Residential retail			Portsmouth Water		
			31 Mar 23	31 Mar 24	31 Mar 25
			Forecast	Forecast	Forecast
			2023	2024	2025
Model Period END			8	9	10
Pre Forecast vs Forecast					
Financial Year Ending					
Model column counter					
	Con Unit	Total			
ODI value nominal prices	- £m (nominal)	- -	-	-	0.28
Tax on Tax geometric uplift	- Percentage	- -	23.46%	33.33%	33.33%
Tax on nominal ODI	£m (nominal)	0.09	-	-	0.09
ODI value nominal prices	- £m (nominal)	- -	-	-	0.28
Tax on nominal ODI	- £m (nominal)	0.09 -	-	-	0.09
Total value of ODI	£m (nominal)	0.37	-	-	0.37
Revised total revenue					
Total revenue (TRt in last determination) - residential retail	£m (nominal)		5.182	5.178	5.023
Total value of ODI	- £m (nominal)	0.37 -	-	-	0.373
Revised total revenue (TRt)	£m (nominal)		5.182	5.178	5.396

The output from this model is in nominal prices and is added to Table PD12.22.

OFWAT PAST DELIVERY MODELS: COST OF NEW DEBT RECONCILIATION MODEL

This model has been populated with the Final Determination data. However, it does not take account of the CAM adjustment for Havant Thicket.

InpC

This data has either been pre-populated by Ofwat, or they have suggested a default value for each line item. The Company specific adjustment only applies to Water Resources and Water Network Plus, which have embedded debt.

InpR

RCV data is in 2017-18 prices and comes straight from the Final Determination Allowed Revenue appendix.

Cost of Debt

These amounts are from the FD Allowed return on capital technical appendix, Table 1.1. The model also gives the values as suggested defaults.

1-year average of iBoxx adjusted for 'outperformance wedge' (base)

These amounts have been populated by Ofwat.

We have not updated or corrected any data in the Ofwat published model.

However, we do not consider that this model is correct for Havant Thicket, which has all new debt.

The output from this model is in 2017-18 prices and is added to Table PD12.29.

ACCELERATED PROGRAMME

We have included the Accelerated programme costs in Table PD11.21 in 2017-18 prices.

This is the sum of the actual spend in 2023-24 £3.810m and the reforecast amount in 2024-25 £4.913m.

The Accelerated spend relates to the Smar Metering programme and is all included in Water Network+.

TRANSITION EXPENDITURE

We have included the Transition spend in Table PD11.20 in 2017-18 prices.

This is all included in 2024-25 and is £1.287m.

The transition spend relates to Maindell UV, WINEP and eCAF and is all included in Water Network+.

ODI ADJUSTMENTS

The table below shows the final adjustments for AMP7, to be included in the revenue adjustments.

ODIs	2017-18 prices	2023-24	2024-25	TOTAL	
Water Supply Interruptions		0.243	0.190	0.433	WN
Compliance Risk Index		-0.848	-0.005	-0.853	WN
Leakage (TYRA)		-0.672	-0.648	-1.320	WN
PCC (TYRA)			-1.310	-1.310	WR
Catchment Management		-0.006	0.006	0.000	WN
Biodiversity Penalty		-0.034		-0.034	WR
Household Voids		0	0	0.000	
		-1.317	-1.767	-3.084	
WN		-1.283	-0.457	-1.74	
WR		-0.034	-1.31	-1.344	
		-1.317	-1.767	-3.084	
2022-23 prices		-1.555	-2.086	-3.641	

End of AMP

These amounts are included in Table PD12 in 2017-18 prices and 2022-23 prices.



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pr24@portsmouthwater.co.uk



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