

## Index

- Abstraction licences 3.3, 3.74  
appeals against refusal 3.64, 3.79, 11.7  
charges 3.80, 3.82, 6.30, 8.8, 8.11, 9.22, 11.35, 13.70  
modification 13.60-13.61
- Accounting requirements-*see* Regulatory accounting guidelines
- Adjustment factor (K)  
calculated by Director 2.3, 2.20, 4.20  
methodology used 9.3, 9.5, 12.82-12.112, 12.118-12.119, 12.127, 13.15, 13.123, App 9.1  
underlying assumptions 4.57, 10.6-10.11  
calculated by MMC 2.90, 2.96-2.97  
methodology used 2.83-2.89  
calculated by Portsmouth 2.31  
methodology used 9.4  
definition 1.1, 2.3  
Q component 4.25  
X component 4.25  
formulae used in setting 4.2-4.6  
guidelines for setting 13.6, 13.57  
initial value 2.10, 4.33  
review procedures 2.11-2.13, 4.7-4.14  
Notified Item 2.13, 2.80, 4.8-4.9, 7.11, 13.62  
Relevant Change in Circumstance 2.13, 4.10, 7.11, 10.10, 13.61-13.62  
shipwreck clause 4.13-4.14  
(*see also* Determinations, Infrastructure charges, Weighted average charges)
- Advance Corporation Tax (ACT) 2.51, 4.32, 4.57, 6.17, 13.154
- Airports Act 1986 4.39
- AMP2 guidelines 3.98, 3.100  
(*see also* Strategic Business Plan)
- Appointments  
conditions 2.2, 2.9-2.14, 3.37-3.41, 3.43-3.49, App 4.1  
Periodic Review 2.14, 3.39  
(*see also* Inset appointments)
- Asset Management Plan (AMP) 6.30  
(*see also* Underground AMP)
- Assets  
depreciation 2.62, 6.30, 9.11, 9.22, 12.124  
renewals accounting 6.56  
valuation 2.18, App 6.10  
current cost book value 2.44-2.45, 2.55  
(*see also* Infrastructure charges, Market to asset ratio, Water distribution, mains network)
- Barclay de Zotte Wedd Group *Equity and Gilt Study* (1994) 12.139
- Barriers to entry 6.55
- Base service provision-*see* Capital expenditure, maintenance of system, Efficiency, operating costs
- Bathing Water Directive (BWD)-*see* European Commission, directives
- Blanchard (1993) 12.139
- Bosworth, Derek, Stoneman, Paul and Roe, Joanne *Water and Sewerage Industries: General Efficiency and the Potential for Improvement* 8.14, App 8.2
- Bristol Water Company Ltd (Bristol), views 12.118-12.126
- British Medical Association (BMA)  
report *Water: A Vital Resource* (1994) 12.156  
views 12.156-12.156
- British Water, views 12.113-12.116
- Brockhampton Holdings Plc Group (Brockhampton)  
costs incurred since inception 6.15  
financial results 2.27-2.28, 6.1-6.17, App 6.1, App 6.2, App 6.3  
shares-*see* Shares  
status 2.25, 5.7
- Brockhampton Property Investments Limited 2.25, 6.4  
(*see also* Brockhampton Holdings Plc)
- Caithness, Lord 2.16, 4.17, 10.69-10.70
- Capital Asset Pricing Model (CAPM) 4.32, 4.41, 12.138, App 4.2
- Capital expenditure  
accounting, need for transparency 12.62-12.65  
discretionary-*see* Service improvements  
financial results of Portsmouth 6.43-6.44  
growth in demand 2.78, 7.4-7.5, 7.17-7.20, 10.52-10.54, 12.60  
views of Portsmouth 13.94-13.98, 13.155  
infrastructure renewals 9.11  
legal requirements-*see* Service improvements  
maintenance of system 2.30, 2.77, 7.4-7.5, 7.12  
new developments 2.79, 7.4-7.5, 7.9-7.10, 7.17-7.20  
projections-*see* Financial projections  
rolling forward 12.85, 12.93  
savings-*see* Efficiency  
views of NCC 12.55-12.60  
(*see also* Expenditure)
- Capital productivity adjustment-*see* Efficiency, capital expenditure, future technological progress
- Capital value  
calculated by Director 2.44-2.47, 2.49, 4.42-4.46, 4.48-4.51, 9.3, 9.12, App 9.4  
views of Portsmouth 4.55-4.56, 9.21, 13.23-13.25, 13.27, 13.33, 13.129-13.138, 13.140  
views of water industry 4.47, 4.54  
calculated by Director General of Electricity Supply 12.127  
views of MMC 2.57, 4.52  
views of WCA 12.86-12.95
- CCA-*see* Current cost accounting
- Centre for the study of Regulated Industries  
*The UK Regulated Industries, Financial Facts, 1922/93* 4.19  
*The UK Water Industry, Charges for Water Services, 1994/95* 5.39
- Charges  
abstraction-*see* Abstraction licences  
affordability  
views of NCC 12.48  
views of ONCC 12.5, 12.7  
views of Portsmouth 13.17-13.20, 13.175, 13.180-13.183  
views of Save the Children 12.162-12.163

Charges, affordability-*contd*  
 views of Southern CSC 2.37, 12.15, 12.18, 12.31-12.34  
 billing enquiries-*see* Customers  
 commercial 5.38-5.40  
 comparisons between companies, WoCs and WaSCs 2.20, 2.24, 4.19  
 connection 4.15  
 cumulative underrecovery 2.12  
 domestic 5.35-5.37  
 comparisons between companies 5.35  
 effects on public health 12.156-12.161  
 increase, allowed 2.9-2.10, 2.19, 4.18-4.21  
 limit 2.9, 3.44, 4.3  
 methods  
 costs of new scheme 8.10, 13.83  
 metering-*see* Metering  
 views of Portsmouth 13.177-13.178  
 views of Southern CSC 12.37-12.38  
 miscellaneous services 5.42  
 Periodic Review 2.14-2.15, 2.17-2.22  
 price cap 2.12, 2.41, 2.51, 4.29, 12.3, 12.53, 12.138, 12.141, 13.38, App 5.1  
 regulation-*see* Adjustment factor, Infrastructure charges  
 requisitioning-*see* Water distribution  
 sewerage 2.37, 5.36, 12.16, 12.31, 12.44, 13.18, 13.176  
 structure 3.44, 4.6, 6.27, 9.8  
 views of public 12.71-12.77  
 voluntary abatement 2.12  
 weighted average-*see* Weighted average charges  
 willingness to pay 5.53-5.54, 12.6, 12.16, 12.18, 12.20-12.22, 12.120  
 Civil Aviation Authority 4.39  
 Codes of practice-*see* Standards of Service  
 Companies Act 1985 2.25, 6.3  
 Comparative competition 2.15, 2.33, 2.39, 2.48, 4.55, 10.33  
 econometric studies 2.67, 8.16-8.20, 12.100-12.102, App 8.1, App 8.2  
 criticism of methodology 12.99-12.102, 12.128-12.134, 12.144  
 use of cost yardsticks 7.6, 7.30, 10.8, 12.103, App 6.10, App 7.1  
 views of Portsmouth 13.3, 13.35-13.41  
 views of Southern CSC 12.41  
 (*see also* Efficiency, Stewart, Professor, econometric modelling)  
 Competition, need to be effective 13.12-13.14, 13.38, 13.123  
 Competition and Service (Utilities) Act 1992 3.48  
 Computer systems  
 costs 2.68, 2.74, 6.30, 13.69  
 (*see also* Operating expenditure, increases required)  
 Computerized Street Works Register 8.12, 13.81-13.82  
 Consents to discharge 3.81  
 appeals against refusal 3.64, 3.83, 11.7  
 charges 3.82  
 Construction  
 costs 2.12-2.13, 4.20, 12.94  
 price index 2.13, 9.17  
 Cost base adjustment-*see* Efficiency, capital expenditure, specimen project  
 Cost of capital  
 views of Director 2.41-2.43, 2.51, 4.29-4.37, 9.3  
 views of MMC 1.4, 2.53-2.54, 2.61, 2.86, 4.38-4.41  
 views of NCC 12.66-12.67  
 views of Portsmouth 13.139-13.147  
 views of Southern CSC 12.12  
 views of Wessex 12.136-12.141  
 Current cost accounting (CCA) 6.19, 6.55  
 asset ratio-*see* Market to asset ratio  
 effects on financial results of Portsmouth 6.20-6.21  
 reconciliation of CCA-based and HCA-based financial results 6.10, App 6.6  
 views of Portsmouth 13.146, 13.150  
 Customer Service Committees (CSCs)  
 functions 3.50-3.52, 12.9  
 Southern CSC, views-*see* Southern Customer Service Committee  
 Customers  
 billing enquiries 5.49, 12.27, 13.174  
 complaints 3.60, 5.49, 12.5, 12.10-12.11, 12.108  
 interests 2.33, 10.12-10.16, 13.8-13.11  
 lacking access to information 12.62-12.65  
 market research  
 by OFWAT 12.16  
 by Portsmouth 5.53-5.54, 13.174  
 representation-*see* Customer Service Committees (*see also* Charges)  
 Demand forecasts 3.1-3.2, 5.26-5.27, 10.65-10.67, App 9.2  
 commercial 1.4, 2.31, 2.34, 2.63-2.65, 5.30-5.31, 5.34, 9.22, App 5.1  
 Admiralty 5.32-5.33, 13.106-13.107  
 comparisons between companies 2.64  
 views of Director 10.55-10.57  
 views of Portsmouth 13.3, 13.99-13.109  
 domestic 5.28-5.29  
 methodology 11.36-11.38  
 views of Portsmouth 13.124-13.125  
 views of MMC 2.61, 2.65, 2.83-2.84  
 views of NRA 11.36-11.38  
 views of Southern CSC 12.29, 12.35, 13.101  
 views of WCA 12.99  
 Department of the Environment (DoE)  
 functions 2.8, 3.37-3.38, 3.41-3.42  
 (*see also* Water Directorate)  
 Department of the Environment and the Welsh Office, *Water Charges: The Quality Framework* (Memorandum to OFWAT) (1993) 3.97, 11.11, 11.29  
 Determinations  
 calculated by Director 1.2, 2.3, 2.19-2.20, 2.29-2.32, 4.23-4.25  
 financial modelling 2.34  
 underlying assumptions 2.18, 3.99-3.104, 4.57  
 views of Portsmouth 2.33-2.34, 2.39  
 calculated by MMC 1.7, 2.96-2.98  
 relevant issues 2.38-2.98  
 calculated by Portsmouth 1.2, 2.31  
 interim 2.12-2.13, 3.39, 4.8-4.14, 7.9  
 views of Portsmouth 7.11, 13.62  
 (*see also* Adjustment factor, Infrastructure charges)  
 Digital mapping

costs 2.68, 2.74, 6.30, 8.9, 8.12, 13.81-13.82  
 (*see also* Operating expenditure, increases required)

Director General of Electricity Supply-*see* Regional electricity companies

Director General of Water Services (Director)  
 functions 2.2, 2.5-2.6, 3.39-3.42  
 views 10.1-10.72  
 (*see also* Office of Water Services)

Disconnection rates 5.43, 12.33, 12.51, 13.172

Dividend Growth Model (DGM) 4.32, App 4.2

Drinking Water Inspectorate (DWI)  
 functions 2.8, 3.65-3.73, 11.16-11.19  
 report *Drinking Water 1993* 3.67, 11.19  
 views 11.16-11.29

Drinking water quality  
 definition 3.68-3.69, 11.20  
 standards 2.8, 3.68-3.69, 3.84, 11.4-11.6, 11.20-11.21  
 EC directives-*see* European Commission  
 enforcement action 3.71-3.73, 11.23-11.27  
 Periodic Review 3.91-3.104  
 regulations 3.68, 5.51, 11.20, 11.22  
 undertakings by Portsmouth 5.24, 11.28  
 views of public 12.79  
 technical audit 3.66-3.67, 11.17-11.19  
 (*see also* Drinking Water Inspectorate, Water Directorate, National Rivers Authority)

Economies of scale 12.40, App 8.2

Efficiency  
 capital expenditure  
 future technological progress 7.4, 7.6, 7.37-7.40, 12.145  
 specimen projects 7.4, 7.6, 7.26-7.36  
 views of Portsmouth 13.89, 13.159  
 views of WCA 12.103-12.105  
 debt recovery 12.25, 13.20, 13.68, 13.171  
 operating costs  
 manpower 8.28-8.34, 13.73-13.79, 13.170  
 views of Director 1.3, 2.18, 2.67-2.69, 4.23, 8.1-8.2, 8.6-8.20, 10.43-10.44  
 views of MMC 1.4, 2.70-2.75, 2.83  
 views of Portsmouth 8.21-8.27, 13.3, 13.65-13.83  
 rewards, views of Director 10.32-10.33  
 targets  
 regional electricity companies 12.99  
 views of Bristol 12.121  
 views of Portsmouth 2.48, 13.171  
 views of WCA 12.99  
 views of NCC 12.61  
 views of Southern CSC 12.23-12.28  
 (*see also* Standard costs)  
 (*see also* Comparative efficiency, Stewart, Mark, econometric modelling)

Electricity industry-*see* Regional electricity companies

ENGE expenditure, definition App 6.10

Enhanced service level-*see* Service improvements, discretionary

Environmental standards 2.8, 2.10, 11.4-11.7  
 Periodic Review process 3.91-3.104  
 views of the Water Directorate 11.4-11.7  
 (*see also* Consents to discharge, Drinking water quality, European Commission)

European Commission  
 directives 3.63, 11.5-11.6  
 Bathing Water (BWD) 2.20  
 Drinking Water (80/778/EEC) 3.69, 3.84, 11.21  
 European Commission, directives-*contd*  
 Urban Waste Water Treatment (UWWTD) (91/271/EEC) 2.20, 11.11, 12.19, 13.176  
 European Court of Justice 3.63, 11.5

Expenditure  
 categorized by Director 2.30, 2.32, 2.76, 7.4  
 differences between Portsmouth and Director 13.94-13.98

Farlington Treatment Works 5.10-5.11, 5.17  
 (*see also* Water quality)

Federation of Master Builders, views 12.155

Financial indicators 10.34-10.36  
 (*see also* Key financial ratios)

Financial projections  
 calculated by Director 4.57-4.59, 9.18-9.19  
 methodology used 9.1-9.3, 9.5  
 calculated by MMC 2.82, 7.3-7.6, 9.22-9.23  
 calculated by Portsmouth 9.20-9.21  
 methodology used 9.4  
 data inputs required  
 capital value 9.12  
 expenditure 9.10-9.11  
 revenue 9.7-9.9, App 9.2, App 9.3  
 differences between Director and Portsmouth 2.34-2.36, 2.66-2.69, 2.81, 7.1-7.2, 7.7-7.40, 8.3-8.4, 13.63-13.89, 13.126-13.154  
 underlying assumptions  
 economic 9.17  
 financial 9.13-9.16

Folkestone and Dover Water Services Ltd 2.21

Future technological progress adjustment-*see* Efficiency

Gas industry, cost of capital-*see* Monopolies and Mergers Commission, reports *Gas* and *British Gas plc*

GDP deflator-*see* Gross domestic product deflator

Gosport Waterworks Company, amalgamation with Portsmouth 5.3

Green dowry-*see* Water and sewerage companies, cash injection

Gross domestic product deflator (GDP) App 8.1, App 8.2

Guaranteed Standards Scheme 5.49, 5.52

Harris, Richard, *Growth Prospects in the Portsmouth Water Area* (University of Portsmouth) 13.104-13.105, 13.108-13.109, App 5.1

HCA-*see* Historical cost accounting

Historical cost accounting (HCA) 6.1  
 views of Portsmouth 13.146, 13.153  
 (*see also* Current cost accounting)

Hosepipe bans-*see* Water distribution, restrictions on use

Hotel in Portsmouth area, views 12.156

House Builders Federation, views 12.150-12.154

Howard, Michael 13.10

Indicative value 2.45, 2.49, 4.43  
 method of calculation App 4.3

- views of Director 10.21-10.22, 10.25-10.27
- views of Portsmouth 13.131-13.138
- views of Water Directorate 11.14-11.15
- views of WCA 12.87-12.91
- Infrastructure charges
  - accounting 6.56, App 6.10
  - calculations
    - by Director 2.3, 2.21, 4.22, 4.26-4.27, 5.41, 9.9
    - by MMC 1.6, 2.95, 2.98
    - by Portsmouth 2.31, 9.9
    - methodology used 2.91-2.95, 9.9, App 9.3
  - comparisons between WaSCs and WOCs 4.23
  - definition 1.1, 2.16, 3.47, 4.15
  - effects on adjustment factor 10.71-10.72
    - views of Portsmouth 13.120
  - growth in demand 10.65-10.67
    - views of Portsmouth 13.163
  - interim review 4.16
  - limit 3.44, 4.16-4.17
  - regulation 4.15-4.17
  - restricted to local network costs 10.58-10.64, 10.68-10.70
    - views of Portsmouth 13.110-13.119
  - views of Director 10.58-10.72
  - views of Federation of Master Builders 12.155
  - views of House Builders Federation 12.150-12.154
  - views of public 12.81
  - views of Southern CSC 12.35
  - views of Wessex 12.146-12.147
- Initial value
  - WaSCs 2.45, 4.44-4.45
  - WoCs 2.44-2.45, 10.17-10.27
    - views of Bristol 12.125
    - views of MMC 2.57
    - views of Portsmouth 13.21-13.27, 13.133-13.138
    - views of WCA 2.47, 12.85-12.93, 12.96, 12.98
- Inset appointments, unfair competition from WaSCs 12.111
- Instrument of Appointment-*see* Appointments
- Investment programme, cost allowance 2.18
- Itchen Treatment Works 5.10, 5.14, 5.18-5.19, 13.88 (*see also* Water quality)
  
- K-*see* Adjustment factor
- Key financial ratios
  - comparisons between companies 13.152
  - debt equity ratio 9.3
  - dividend cover 2.28, 2.42-2.43, 4.31, 4.33, 6.47-6.48, 9.3, 9.16, 9.21, 13.52, 13.54, 13.150
  - gearing 4.31, 4.33, 4.37, 6.49-6.50, 12.56
  - interest cover 4.31, 4.33, 4.36, 6.51, 9.3, 9.21
  - projections 2.89, 4.37, 4.57
  - return on equity 6.14
    - comparisons between companies 6.52
    - views of Portsmouth 13.42-13.49, 13.126-13.154
    - views of water industry 4.34, App 4.2
  
- Lead pipes 5.24-5.25, 11.28, 12.20 (*see also* Drinking water quality, Water distribution)
- Leakage-*see* Water distribution
- Levels of service-*see* Standards of service
- Low river flow alleviation schemes 2.80, 7.9-7.10, 7.21-7.24, 9.22, 10.41-10.42, 10.53-10.54
- views of NRA 11.39-11.41
- views of Portsmouth 13.59-13.62, 13.87, 13.156-13.158, 13.167
- views of Southern CSC 12.30
  
- Manpower
  - costs 2.69-2.71, 6.30, 8.28
  - comparisons between companies 2.69-2.70, 8.33-8.34
  - earnings 8.22-8.27, 8.32-8.34, 13.3, 13.75-13.79
  - directors 12.80
  - numbers 3.59, 8.28-8.31
  - productivity
    - comparisons between companies App 8.2 (*see also* Efficiency, Operating expenditure, Real price effect)
- Market Plans 3.88, 5.53, 12.4, 12.14, 12.16-12.18, 12.21-12.23, 12.27, 12.108, 13.19, 13.164, 13.174
- Market testing App 6.10
- Market to asset ratio (MAR) 4.52
  - views of WCA 12.97
  - views of Wessex 12.140
- Metering
  - coverage 5.30, 5.37
  - effects on revenue 6.23-6.26, 6.28
  - views of NCC 12.48, 12.52, 12.68-12.69
  - views of Portsmouth 13.173, 13.177
  - views of public 12.78
  - views of Southern CSC 12.36-12.37 (*see also* Charges, commercial)
- Middlesex Flood Hazard Research Unit-*see* Customers, market research, by OFWAT
- Monopolies and Mergers Commission (MMC)
  - conclusions 2.1-2.89
  - functions 10.3-10.5, 13.5-13.15
  - report *BAA plc: a report on the economic regulation of the South-East airports companies (Heathrow Airport Ltd, Gatwick Airport Ltd and Stansted Airport Ltd)* (MMC2) (Civil Aviation Authority, 1991), response of Civil Aviation Authority 4.39
  - report *BAA plc: a report on the economic regulation of the South-East airports companies (Heathrow Airport Ltd, Gatwick Airport Ltd and Stansted Airport Ltd)* (MMC2) (Civil Aviation Authority, 1991) 4.39-4.40
  - report *Economic regulation of Manchester Airport PLC* (MMC3) (Civil Aviation Authority, 1992) 4.39
  - reports *Gas and British Gas plc* (Cm 2314, 1993 and Cm 2315, 1993) 2.51, 2.53, 4.38, 4.40-4.41, 4.52, 12.140-12.141
  - report *General Utilities PLC, The Colne Valley Water Company and Rickmansworth Water Company* (Cm 1029, 1990) App 4.3
  - report *Southern Water Authority, The Eastbourne Waterworks Company, Folkestone and District Company, The Mid Kent Water Company, Mid-Sussex Water Company, Portsmouth Water Company and West Kent Water Company: a report on water supply and distribution services of the Authority and the companies* (Cmnd 9765, 1986) 2.24
  - terms of reference 1.1, 2.2, App 1.1

- National Association of Colitis and Crohn's Disease, views 12.160-12.161
- National Consumer Council (NCC)  
views 12.45-12.69  
*Water Price Controls: Key Consumer Concerns* (1994) 12.45
- National Rivers Authority (NRA)  
abstraction licences-*see* Abstraction licences  
consents to discharge-*see* Consents to discharge  
Demand Management Centre  
*Review of Water Company AMP2 Demand Forecasts* (1994) 11.37  
*Water: Nature's Precious Resource* (1994) 11.38  
functions 2.8, 3.74-3.83, 11.30-11.33  
funding 3.76, 11.32  
structure 3.78, 11.33  
views 11.30-11.42
- Net present value (NPV) App 4.3
- New Roads and Streetworks Act 1991 8.12, 13.81, 13.83
- Northumbrian Water Ltd 2.21
- Notified Item-*see* Adjustment factor, changes
- Office of Water Services (OFWAT)  
*1993/94 Report on the Cost of Water Delivered and Sewerage Collected* (1994) 2.24  
consultation paper *Assessing Capital Values at the Periodic Review* (1992) 4.43-4.46  
response of water industry 4.47  
consultation paper *Cost of Capital* (1991) 2.42-2.43, 4.31-4.33, 12.66, 13.54  
response of water industry 4.34  
consultation paper *The Cost of Quality* (1992) 3.94-3.95, 12.64  
consultation paper *Operating Expenditure in the Water Industry, trends and implications* 8.14, App 8.1  
consultation paper *Setting Price Limits for Water and Sewerage Services* (1993) 4.22, 4.35, 4.48-4.51, 7.17, 10.35, 12.84  
functions 2.8  
report *Future Charges for Water and Sewerage Services: The Outcome of the Periodic Review* (1994) 2.29, 3.99-3.104, 4.23, 4.37, 10.5, 12.147, App 5.1  
report *Paying for Quality: The Political Perspective* (1993) 3.96  
response of Secretaries of State 3.97  
(*see also* Director General of Water Services)
- OFWAT National Consumer Council (ONCC)  
functions 3.51  
views 12.2-12.8
- Operating costs  
discretionary-*see* Service improvements  
effects of privatization 8.15, App 8.1  
financial results of Portsmouth 6.29-6.32  
growth in demand 8.1, 8.5, 10.53-10.54  
increases required 2.68, 2.74, 8.6, 13.69, 13.81-13.83  
legal requirements-*see* Service improvements  
maintenance of system-*see* Efficiency  
new developments 8.1, 8.5  
projections-*see* Financial projections  
(*see also* Expenditure)  
Operating expenditure-*see* Operating costs
- PA Cambridge Economic Consultants, *The economy of the Portsmouth Water area and employment forecasts* 13.104-13.107, 13.109, App 5.1
- Pension scheme 2.26  
contributions holiday 2.26, 2.72-2.73, 6.30, 6.32  
views of MMC 2.83  
views of Portsmouth 13.80, 13.90-13.93  
views of Director 10.46-10.49  
(*see also* Portsmouth Water Company Retirement Benefits Scheme)
- Periodic Review  
process of 1994 review 3.85-3.104, 10.3-10.11  
(*see also* Charges, Appointments, Quadripartite process)
- Portsmouth Water Company Retirement Benefits Scheme 2.26, 6.7-6.8, 6.10-6.12, 12.39  
(*see also* Pension scheme)
- Portsmouth Water plc (Portsmouth)  
appointment-*see* Appointments  
area 1.3, 2.23, 5.2-5.3  
charges-*see* Charges  
debt recovery-*see* Efficiency  
financial results 2.27-2.28, 6.18-6.52, App 6.4, App 6.5, App 6.6, App 6.7, App 6.8, App 6.9  
capital employed 6.36  
capital expenditure-*see* Capital expenditure, Expenditure  
dividend growth-*see* Shares  
earnings per share-*see* Shares  
external debt 6.37-6.40  
indicative value-*see* Indicative value  
interest payments 9.14-9.15, 13.145  
key financial ratios-*see* Key financial ratios  
net cash flow from operations 6.45-6.46  
net debt 9.13-9.14  
operating costs-*see* Operating costs, Expenditure  
operating profit 6.33, 13.4  
profit after tax 6.35  
profitability-*see* Profitability  
profits allowed by Director 4.29, 10.7  
rate of return-*see* Rate of return  
revenue-*see* Revenue  
functions 3.100-3.101, 7.7  
history 2.7, 5.2-5.7  
initial value-*see* Initial value  
levels of service-*see* Standards of service  
manpower-*see* Manpower  
market plans-*see* Market Plans  
pension scheme-*see* Pension scheme  
ring-fencing 6.3  
standards of service-*see* Standards of service  
status 2.25, 5.6, 6.2  
Strategic Business Plan-*see* Strategic Business Plan  
submission to MMC *Employment and productivity trends at Portsmouth Water plc* (1994) 13.170  
submission to MMC *Portsmouth Water's performance since 1989 in the context of the reform of privatization of the water industry* (1994) 13.6

tax payments-*see* Tax payments  
 views 13.1-13.183  
 Price cap-*see* Charges  
 Price control-*see* Adjustment factor  
 Prices-*see* Charges  
 Profitability 1.3, 2.33-2.34, 2.40-2.41, 2.49, 6.14, 10.32-10.33, 10.46  
 views of Portsmouth 13.27, 13.35-13.41, 13.128, 13.147, 13.149  
 Public, views 12.70-12.81  
  
 Quadripartite process 2.8, 3.88, 3.92  
 views of Water Directorate 3.93, 11.8-11.13, 11.29  
 Quality enhancements-*see* Service improvements, legal requirements  
  
 Rate of return  
 allowed by Director 4.23  
 comparisons between companies 4.40  
 convergence 2.18, 2.58-2.61, 9.3, 12.85  
 views of Portsmouth 13.141  
 views of WCA 12.85, 12.98  
 equity investments 4.41  
 financial results of Brockhampton 6.14-6.15  
 methodology 7.11  
 projections 2.35-2.36, 2.88  
 replacement costs 4.40  
 views of BMA 12.158  
 views of Civil Aviation Authority 4.39  
 views of Director 4.29-4.37, 10.28-10.31  
 views of MMC 1.5, 1.5-1.6, 2.41, 2.45-2.46, 2.51, 2.54-2.62, 2.85-2.87  
 views of NCC 12.66-12.69  
 views of Portsmouth 2.48, 9.21, 13.6-13.7, 13.28-13.34, 13.36  
 Real Financial Capital Maintenance (FCM) App 6.10  
 (*see also* Current cost accounting)  
 Real price effect (RPE) 8.26, 13.3, 13.75-13.79  
 Regional electricity companies  
 review by Director General of Electricity Supply  
 capital value 12.127  
 cash flows 12.141  
 efficiency target 12.99  
 Regional Flood Defence Committee-*see* National Rivers Authority  
 Regional Rivers Advisory Committee-*see* National Rivers Authority  
 Regulatory accounting requirements 3.44, 3.48, 6.53-6.56  
 guidelines App 6.10  
 Relevant Change in Circumstance-*see* Adjustment factor, review procedures  
 Retail price index 2.3, 2.9, 2.19, 3.38, 3.44, 4.3, 4.18-4.19, 4.26, 6.28, 6.30, 9.3, 9.17, 10.11  
 Return on capital-*see* Rate of return  
 REV expenditure, definition App 6.10  
 Revenue  
 commercial 2.34  
 domestic 12.54  
 financial analysis 6.23-6.28  
 projections 9.7-9.9, 13.3, App 9.2, App 9.3  
 River Hamble-*see* Low river flow alleviation schemes  
  
 Save the Children, views 12.162-12.163  
 Service improvements expenditure  
  
 discretionary 2.18, 2.30, 2.78, 7.4-7.5, 7.13-7.16  
 views of Portsmouth 13.163-13.167  
 views of Southern CSC 12.19  
 views of Water Directorate 11.11-11.13  
 legal requirements 2.14, 2.18, 2.30, 2.80, 7.4-7.5, 7.7, 7.9-7.10, 7.21-7.24  
 effects on operating costs 7.25, 10.41-10.42  
 views of British Water 12.113-12.116  
 views of Director 3.102-3.104, 4.22  
 (*see also* Low river flow alleviation schemes)  
 Severn Trent Water Company Ltd (Severn Trent), views 12.127-12.128  
 Sewer Renovation Federation 12.65  
 Sewerage industry  
 charges-*see* Charges  
 consents to discharge-*see* Consents to discharge services provided 3.23  
 (*see also* Southern Water Services Ltd, European Commission, directives)  
 Shares  
 dividend cover-*see* Key financial ratios  
 dividend growth 2.28, 2.42, 4.31, 6.14, 9.16  
 proposed by Director 2.33, 10.37-10.40  
 views of Portsmouth 2.50, 2.56, 6.17, 13.50-13.57, 13.142-13.144, 13.179  
 views of Southern CSC 12.39  
 earnings per share 6.14  
 price movements 6.9  
 beta factors 2.53, App 4.2  
 shareholdings 2.25-2.26, 6.5, 6.7-6.8, 6.10-6.12  
 Shipwreck clause-*see* Adjustment factor  
 South West Water Services Ltd 2.12, 2.22  
 Southern Customer Service Committee (CSC)  
 views 2.37, 12.9-12.44  
 response of Portsmouth 13.161-13.179  
 Southern Water Authority 5.4  
 Southern Water Services Limited 5.5  
 charges for sewerage services-*see* Sewerage industry  
 Specimen works adjustment-*see* Efficiency  
 Standard costs  
 definition 7.26-7.27  
 use by Director 7.28-7.33, 7.35-7.36  
 views of Portsmouth 7.34, 13.160  
 views of Wessex 12.143  
 (*see also* Capital expenditure)  
 Standards of service  
 codes of practice 3.44  
 levels of service 3.44, 5.44-5.49, 7.18  
 performance of Portsmouth 5.45-5.54, 12.28, 13.168  
 views of WCA 12.106-12.109  
 Statutory water companies (SWCs) 2.7  
 history 3.24-3.25, 3.30-3.33, 5.4-5.6  
 market capitalization 3.32  
 Stewart, Mark, econometric modelling 8.16, 12.131  
 Strategic Business Plan (SBP) 2.31-2.32, 3.87  
 original figures incorrect 2.31, 2.34, 2.63-2.65, 13.100-13.101, App 5.1  
 Supply and demand expenditure 2.30, 7.4-7.5, 7.9, 13.155-13.157  
 (*see also* Capital expenditure, growth in demand, Capital expenditure, new developments)  
  
 Tariff Action Plan 4.6

(see also Charges)  
 Tariff basket 13.148  
 (see also Charges)  
 Tax payments 1.5, 2.52-2.54, 4.32  
 (see also Advance Corporation Tax)  
 Thames Water Company Ltd (Thames), views 12.129-12.134  
 Transfer pricing, accounting guidelines App 6.10  
 Transparency-see Customers, lacking access to information  
  
 Underground Asset Management Plan 3.87  
 Undertakers-see Appointments  
 UNISON, views 12.148-12.149  
 Urban Waste Water Treatment Directive (UWWTD)-see European Commission  
  
 Water Act 1945 3.25  
 Water Act 1973 3.27-3.29, 5.4  
 Water Act 1989 2.7-2.8, 2.70, 3.32-3.35, 3.37, 3.50, 5.5, 5.7, 5.24, 6.3, 10.25, 11.30, 12.9, 12.155  
 Water authorities (WAs)  
   history 2.7, 3.27-3.30, 3.33, 3.35  
   initial capital value 2.44  
 Water Companies Association (WCA), views 12.82-12.112  
 Water Directorate  
   functions 3.62-3.64, 11.1-11.7  
   paper *Principles of K Setting* (DoE, 1989) 13.6, 13.57  
   views 11.1-11.15  
   (see also Department of the Environment)  
 Water distribution  
   interruptions to supply 5.47  
   investment plans 3.44  
   leakage levels 3.19-3.20  
   mains network 3.15-3.18, 5.21-5.25  
     asset life 12.99  
     pressure of water 5.46, 7.18, 13.95-13.98, 13.155  
     renewal costs 6.30, 13.85  
     requisitioning charges 4.15  
     trends in expenditure 6.42  
   new connections  
     charges-see Charges  
     costs 2.16, 2.21  
   restrictions on use 5.13, 5.48, 12.30  
   security links  
     costs 2.78, 7.10, 7.14, 7.16, 9.22  
     views of Portsmouth 13.95-13.98, 13.166  
     views of Southern CSC 12.30  
 Water industry-see Water and sewerage industry  
 Water Industry Act 1991 2.2-2.3, 2.5-2.6, 2.16, 2.33, 2.39, 2.90, 3.36, 3.41-3.42, 3.50, 3.68, 3.71, 4.15, 4.17, 4.29, 6.3, 6.27, 10.4-10.5, 10.11, 10.14-10.16, 10.59, 10.69, 11.2-11.3, 11.23, 12.9, 13.4, 13.6, 13.38, 13.123, App 3.1  
 Water-only companies (WoCs)  
   activities 3.57-3.60  
   charges 2.10, 2.20  
   definition 3.53, 3.56  
   history 3.37-3.38  
   indicative value-see Indicative value  
 Water quality  
   performance of Portsmouth 5.50-5.51  
   regulation 3.61-3.84  
   treatment processes 3.10-3.14, 3.21-3.22, 5.10-5.11, 5.14-5.20  
   Water resources 3.3-3.9, 5.9-5.14  
   aquifers 3.4, 3.8  
   raw water availability 5.456

Water resources-*contd*  
   reservoirs 3.4-3.6, 5.20  
     extensions 2.78, 7.13, 7.15-7.16  
   rivers 3.4-3.5, 3.7  
   transfer arrangements 3.9  
   views of Southern CSC 12.29-12.30  
 Water Resources Act 1963 3.26  
 Water Resources Act 1991 3.64, 3.75, 7.23, 11.2-11.3, 11.7, 11.30  
 Water Resources Board, functions 3.26  
 Water and sewerage companies (WaSCs)  
   activities 3.57-3.60  
   cash injection 12.110-12.112  
   charges 2.10  
   definition 3.53-3.55  
   green dowry-*see* cash injection  
   history 3.35, 3.37-3.38  
   indicative value-*see* Indicative value  
   initial value-*see* Initial value  
   market capitalization 4.44  
 Water and sewerage industry  
   history 3.24-3.33  
   mergers 2.15, 2.39, 10.14-10.16  
   privatization 2.7  
   regulation 2.7, 2.12  
     economic 2.8-2.9, 2.15  
     quality 2.8  
   (*see also* Director General of Water Services, Drinking Water Quality, National Rivers Authority)  
   risk factors  
     views of Director 4.29  
     views of MMC 1.5, 2.53  
   transfer pricing-*see* Transfer Pricing  
   turnover 3.58  
   undertakers-*see* Appointments  
 Water supply-*see* Water distribution, Water quality, Water resources  
 Water Supply (Water Quality) (Amendment) Regulations 1989 and 1991-*see* Drinking water quality, standards, regulations  
 Water Supply (Water Quality) Regulations 1989-*see* Drinking water quality, standards, regulations  
 Water treatment-*see* Water quality  
 Watermark model 9.5, 9.11, 9.14, App 5.1, App 9.1  
 Weighted average charges 2.3, 2.20, 4.16  
   definition 2.9, 4.3-4.6, App 4.1  
 Weighted average cost of capital (WACC) 13.30, 13.34, 13.55  
   (*see also* Cost of capital, Rate of return)  
 Welsh Office  
   functions 2.8  
   (*see also* Department of the Environment (DoE) and Welsh Office)  
 Wessex Jamaat, views 12.164  
 Wessex Water Company Ltd (Wessex), views 12.135-12.147  
  
 Yardsticks-*see* Comparative competition, use of cost yardsticks