

Glossary

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| 1991 Act | The Water Industry Act 1991. |
| abstraction licence | A licence granted under the Water Resources Act 1991 to abstract water from a source of supply. |
| appointment | The instrument by which a person is appointed under the Water Act 1989 or 1991 Act to be the water or sewerage undertaker for the area described in that instrument. |
| BST | Bulk supply transfer of water. Under a BST agreement a supplier provides water (which may be either raw or treated) from a source (of which it retains the ownership) to a recipient company at a commercial rate, payable on a per cubic metre of water supplied basis. |
| CCA | Current cost accounting. |
| CGE | Compagnie Générale des Eaux SA. |
| chalk | The geological name for the thick, upper cretaceous formation of fine-grained, fissured, cream and white limestone which constitutes the principal aquifer of southern England. |
| common carriage | A proposal by the Government to increase the potential for competition by enabling persons or bodies who are not the existing undertaker for a particular area to supply customers in that area through the existing undertaker's pipe networks under commercial conditions which are agreed between the existing and incoming suppliers or, in the absence of such agreement, are determined by the DGWS . |
| comparator principle | The principle referred to in section 34(3)(a) of the 1991 Act ; that is 'the principle that the [DGWS's] ability in carrying out his functions by virtue of [the 1991 Act] to make comparisons between different water enterprises should not be prejudiced'. |
| conjunctive use | The practice of operating a number of sources together with the objective of maximizing yield and minimizing risk by varying the output of sources so that one source can be used at maximum capacity while another is 'rested'. |
| CSC | Customer Service Committee. A committee appointed by the DGWS under section 28 of the 1991 Act in respect of one or more water or sewerage undertakers and having the duties set out in section 29 of that Act in respect of the customers and potential customers of those undertakers. |
| DEA | Data envelopment analysis. |
| DG1-9 | A series of numbered reports on levels of service which the DGWS requires annually from water undertakers , as follows: DG1 The availability of raw water DG2 The pressure of mains water DG3 Interruptions to supply DG4 Water usage restrictions DG5 Properties at risk of flooding from sewers (<i>this is not applicable to WoCs</i>) |

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| | DG6 Response to written and telephoned billing enquiries |
| | DG7 Response to written complaints |
| | DG8 Response to telephone contact from customers |
| | DG9 Proportion of metered accounts based on actual meter readings. |
| DGWS | Director General of Water Services. |
| EA | The Environment Agency, established under the Environment Act 1995. Succeeded the NRA on 1 April 1996. |
| FDWS | Folkestone & Dover Water Services Limited, a 74 per cent owned subsidiary of GU . |
| FTA | Fair Trading Act 1973. |
| GU | General Utilities PLC, a subsidiary of CGE . |
| GU/Mid Kent report 1990 | <i>General Utilities PLC and The Mid Kent Water Company: a report on the merger situation</i> , HMSO, Cm 1125, July 1990. |
| HCA | Historical cost accounting. |
| infrastructure assets | Underground mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines and sea outfalls. This is the definition used by OFWAT . |
| inset appointment | Appointment appointing a water or sewerage undertaker in respect of an area <i>previously</i> forming part of the area of supply of another undertaker. |
| JRC | Joint resources company proposed by GU and SAUR to hold certain water resource assets of MKW and to be jointly owned by FDWS and SEW . |
| JVA | The Joint Venture Agreement entered into by GU and SAUR on 20 December 1995. |
| K | The amount by which the weighted average charges for the supply of water or sewerage services are allowed to increase or decrease relative to the RPI, as determined by or under Condition B of the appointment . K can be positive, zero or negative. |
| K1 | The five-year period of price regulation from 1990/91 to 1994/95. |
| K2 | Originally, the ten-year period of price regulation from 1995/96 to 2004/05. Now a five-year period (to 1999/2000) as a result of the announcement of a Periodic Review for 1999. |
| K3 | The third five-year period of price regulation (2000/01 to 2004/05). |
| lower greensand | A group of lower cretaceous formations that underlie the chalk beneath an intervening layer of (Gault) clay. |
| l/prop/d | Litres per property per day, a measure of leakage occurring on consumers' properties. |
| l/prop/h | Litres per property per hour, a measure of leakage occurring on consumers' properties; for technical reasons this is one-twentieth of the daily rate. |
| Lyonnaise report | <i>Lyonnaise des Eaux SA and Northumbrian Water Group PLC: a report on</i> |

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| | <i>the merger situation</i> , HMSO, Cm 2936, July 1995. |
| MKH | Mid Kent Holdings plc. |
| MKW | Mid Kent Water plc, the 99.5 per cent owned water undertaker subsidiary of MKH . |
| MKEast | That part of the business of MKW which would be acquired by FDWS at Stage 2 . (See paragraph 2.47.) |
| MKWest | That part of the business of MKW which would be acquired by SEW at Stage 2 . (See paragraph 2.47.) |
| MI | Megalitre (1 million litres, 1,000 cubic metres, 1,000 tonnes or 220,000 gallons). |
| MI/d | Megalitres a day. |
| Morgan Grenfell | Morgan Grenfell & Co, Limited, a merchant bank whose ultimate holding company is Deutsche Bank AG. |
| NRA | National Rivers Authority. A body formed under the Water Act 1989, whose functions concern, among other things, water resources, water pollution and flood defence. Replaced by the EA in April 1996. |
| OFWAT | Office of Water Services. |
| outage/supply outage | The allowance made, in the assessment of overall resource capacity, for temporary loss of sources due to breakdown, pollution, alterations or repairs. |
| Periodic Review | The review of K by the DGWS at five- or ten-yearly intervals, as provided for by Condition B of the appointment . |
| region, the | The areas within Kent, East Sussex and West Sussex in which FDWS , SEW , MKW and SWS supply water. |
| regulated business | Those water or sewerage activities which are the subject of an appointment by the DGWS . |
| SAUR | SAUR Water Services plc, a wholly-owned subsidiary of SAUR International SA. |
| SAUR Group | SAUR SA and its subsidiaries including SAUR International SA. |
| SEW | South East Water Services plc, a wholly-owned subsidiary of SAUR . |
| sewerage undertaker | A company appointed under the Water Act 1989 or the 1991 Act to provide sewerage services in England or Wales. |
| Southern Region | An administrative region of the EA . It includes most of Kent and Hampshire, East and West Sussex and the Isle of Wight, part of south-east London and small parts of Wiltshire, Berkshire and Surrey (see Map 2, 3 or 6). |
| Stage 1 | The first stage of the arrangement proposed by GU and SAUR at which GU and SAUR acquire the entire issued share capital of MKH through a new company which is to be specially formed for the purpose of the bid. |
| Stage 2 | The second stage of the arrangements proposed by GU and SAUR at which |

the business of **MKW** would be restructured dividing the water supply business into approximately equal halves and transferring the eastern half to **FDWS** and the western half to **SEW**; certain of the water resource assets would be transferred to the **JRC**.

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| Stock Exchange | International Stock Exchange, London. |
| supply area/area of supply | The area for which a water undertaker holds appointment . |
| SWC | Statutory water company, a company incorporated by an Act of Parliament for the purposes of supplying water. (Such companies were not incorporated under Companies Acts.) |
| SWS | Southern Water Services Limited. |
| WaSC | Water and sewerage company. A company appointed as a water undertaker and a sewerage undertaker . |
| water undertaker | A company appointed under the Water Act 1989 or the 1991 Act to provide water services in England and Wales. |
| WoC | Water-only company. A company appointed as a water undertaker but not a sewerage undertaker . |
| yield | The reliable rate at which water can be drawn from a water source. |