

APPENDIX 8.9
(referred to in paragraph 8.65)

The company's projections

1. Table 1 summarizes the company's Business Plan projections.

TABLE 1 MKW's projections in its BP

£ million, 1997/98 prices

	2000/01	2001/02	2002/03	2003/04	2004/05	Total	Average
<i>Opex and revenue</i>							
Opex (after efficiencies):							
Base opex							
Quality enhancement							
Enhanced service level							
Supply/demand balance							
Total							
CCD							
Infrastructure renewals charge							
Return on capital							
Total revenue							
K(%)							
<i>Capex (after efficiencies, before real capex prices)</i>							
Infrastructure renewals expenditure							
Base-non-infrastructure							
Quality enhancement							
Enhanced service level							
Supply/demand balance (net of contributions)							
Total							
<i>Figures omitted. See note on page iv.</i>							
<i>RCV</i>							
RCV (end-year)							
RCV (average)							
<i>Rate of return</i>							
Accounting pre-tax return on RCV (%)							
Accounting post-tax return on RCV (%)							
Effective tax rate (regulatory*) (%)							
<i>Financial ratios</i>							
HCA interest cover (times)							
HCA ordinary dividend cover (times)							
Ordinary dividend							
Net debt (end year)							

Source: CC based on MKW data.

*Tax charge used in computing post-tax rate of return divided by return on capital less net interest paid less exceptional items.

Note: Return on capital is revenue less opex less CCD less infrastructure renewals charge. It differs from operating profit quoted by Ofwat by the monetary working capital adjustment. Consequently the percentage return on RCV also differs.