



WALES&WEST
UTILITIES



MOD186 explanatory report

April 2015

Key Drivers from January 2015 to April 2015

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | Comment |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--|
| Allowed Revenue (inc Exit Capacity) in January | 406.3 | 411.1 | 392.4 | 416.2 | 442.9 | 452.7 | Per line 25 of January 2015 MOD186 |
| £ impact on change in inflation | | | | - 7.5 | - 4.7 | - 4.6 | £ impact of reduced forecast inflation on predominantly BR, pass through and Shrinkage |
| Shinkage change in model | | | | 0.1 | - 0.0 | 0.0 | Changing from model 1.3 to model 1.4 resulted in small changes to SHR |
| Movements in K | | | | 0.4 | | | Based on under collection estimate in 14/15 |
| Other small adjustments based on latest view | - | - 0.2 | - 0.0 | 0.1 | - 0.0 | - 0.1 | Other small tweaks based on latest internal views |
| Exit Capacity | | | | | | | |
| Exit Capacity Allowance Adjustment | | | 0.1 | 0.2 | 0.7 | 0.8 | Impact of the arithmetic average of Published RPI |
| April Adjusted Allowed Revenue | 406.3 | 411.0 | 392.4 | 409.4 | 438.8 | 448.9 | Adjusting for the above |
| Allowed Revenue (inc Exit Capacity in April) | 406.3 | 411.0 | 392.5 | 409.4 | 438.8 | 448.9 | Per line 25 of April 2015 MOD186 |