

MOD 186 Report WWU: July 08

£m	20078	20089	200910	201011	201112	201213
	Current Prices					
Core Allowed	228.8	220.9	232.6	235	238	240.1
Cost Pass Through	27.3	25.0	24.9	24.9	24.8	24.8
Shrinkage Allowance	7.1	11.8	9.3	9	8.8	8.5
Final Allowed Rev per PCR	263.2	257.7	266.8	268.9	271.6	273.4
Inflation Assumed		1.11	1.14	1.17	1.21	1.25
Final Allowed Rev per PCR at prices of year	263.2	285.3	304.3	315.9	328.6	340.7
Cost Pass through Movements	0.0	0.8	0.0	0.0	0.0	0.0
Incentives Movement	1.8	2.7	2.0	0.0	0.0	0.0
K Movement	3.4	3.0	0.0	0.0	0.0	0.0
Final Allowed Revenue Latest Forecast	268.5	291.8	306.3	315.9	328.6	340.7
% of previous year	1.0	108.7%	104.9%	103.1%	104.0%	103.7%
Forecast Collected Revenue	265.6	291.8	306.3	315.9	328.6	340.7
Forecast Under / Over Recovery (K)	2.9	0.0	0.0	0.0	0.0	0.0
Arithmetical October Price level change needed for Collected to = Allowed	26%	10%	-6%	3%	4%	4%

Commentaries

Final Allowed revenue per final proposals decision document
 K brought forward driven by better than expected exit capacity incentive and reduced collected due to Shipper AQ process
 Final K brought forward for 2007/8 will not be finalised until July 2008.
 Price change for 2008/9 is based on 1st Oct 08.
 Significant increase in Shrinkage costs based on latest market prices.
 2008/9 volumes assumption equal to actual experience of last two years.
 The cost pass through movement is estimated formula rate increases.
 The price adjustment for 2008/9 and 2009/10 assumes an AQ reduction of 5%.

This report is published as a goodwill gesture from Wales & West Utilities to all Shippers following the implementation of Mod 186.
 It is published on a without prejudice basis and whilst every effort has been made to ensure the accuracy of the information contained here, it is primarily a forecast and will not necessarily bear any relation to either the indicative or the actual price change that WWU will announce on 1st August 08.