

Model where K is smoothed over 4 years

Wales & West K based on actual price increases plus estimate for 2012/13					
Formula Year	2008/09	2009/10	2010/11	2011/12	2012/13
Actual Price change:					
April		-9.3%	3.8%	15.1%	7.8%
October					
	£m	£m	£m	£m	£m
Allowed Revenue before K	285.9	309.2	312.2	333.2	354.2
K	3.1	-8.1	-3.0	5.1	-0.5
Final Allowed Revenue	289.0	301.1	309.3	338.3	353.7
Collected Revenue	296.9	304.1	304.2	338.8	353.7
Under/Over Recovery	7.9	2.9	-5.0	0.4	0.0
Under/Over Recovery as % of Allowed		1.0%	-1.6%	0.1%	0.0%

Wales & West K spread over 4 years					
Formula Year	2008/09	2009/10	2010/11	2011/12	2012/13
Price change % generating same K		-7.3%	1.9%	12.7%	9.4%
Initial K b/f	3.1	-8.1	-3.0	5.1	-0.5
	£m	£m	£m	£m	£m
Allowed Revenue before K	285.9	309.2	312.2	333.2	354.2
K b/f from 2007/8	0.8	0.8	0.8	0.8	
K b/f from 2008/9		-2.0	-2.0	-2.0	-2.0
K b/f from 2009/10			-0.7	-0.7	-0.7
K b/f from 2010/11				1.3	1.3
K b/f from 2011/12					-0.1
Total smoothed K	0.8	-1.2	-2.0	-0.7	-1.6
Final Allowed Revenue	286.7	308.0	310.3	332.5	352.6
Revised Collected	294.6	310.9	305.3	333.0	352.6
Under/Over Recovery	7.9	2.9	-5.0	0.4	0.0
Under/Over Recovery as % of Allowed		1.0%	-1.6%	0.1%	0.0%