

## United Utilities - NAV tariff avoided cost checklist

### Water

|      |   |   |   |
|------|---|---|---|
| WD1  | Routine and adhoc water quality sampling          | ✓ |   |
| WD2  | DWI - Drinking Water Safety Regulations           | ✓ |   |
| WD3  | Monitoring and auditing of Laboratory performance | ✓ |   |
| WD4  | Water Fittings inspections                        | ✓ |   |
| WD5  | Supplementary water quality monitoring            | ✓ |   |
| WD6  | Additional flushing/sampling                      | ✓ |   |
| WD7  | Local Authority and Public Health England Liaison | ✓ |   |
| WD8  | Planned Maintenance - e.g. flushing activities    | ✓ |   |
| WD9  | Unplanned Maintenance                             | ✓ |   |
| WD10 | Emergency Response                                | ✓ |   |
| WD11 | Meter maintenance / replacement                   | ✓ |   |
| WD12 | Meter accuracy testing costs                      | ✓ |   |
| WD13 | Meter reading                                     | ✗ | Retail cost. Not included in wholesale starting point           |
| WD14 | Battery replacement                               | ✓ |   |
| WD15 | Arrangements for sharing meter data               | ✗ | Retail cost. Not included in wholesale starting point           |
| WD16 | Standby arrangements                              | ✓ |   |
| WD17 | Incumbent bulk metering costs                     | ✗ | Additional cost to incumbent, not an avoided cost on a NAV site |
| WD18 | Financial penalties for GSS failure               | ✓ |   |
| WD19 | Network losses / unaccounted for water            | ✓ |   |
| WD20 | Activities to monitor and control leakage         | ✓ |   |
| WD21 | Wholesale cost of social tariffs                  | ✗ | Retail cost. Not included in wholesale starting point           |
| WD22 | Offsite network maintenance                       | ✗ | Not an avoided cost   |
| WD23 | Water resource planning and drought plans         | ✓ |   |

### Wastewater

|       |   |   |   |
|-------|---|---|---|
| WWD1  | Planned / unplanned pumping station maintenance     | ✓ | We apply an additional discount where a NAV has adopted a pumping station |
| WWD2  | Planned sewer jetting maintenance                   | ✓ |   |
| WWD3  | Unplanned / emergency response / maintenance        | ✓ |   |
| WWD4  | Telemetry   | ✓ |   |
| WWD5  | Planned / unplanned sewer jetting, blockage removal | ✓ |   |
| WWD6  | Incumbent customer meter data costs                 | ✗ | Retail cost. Not included in wholesale starting point                     |
| WWD7  | Water losses not returned to sewer                  | ✓ |   |
| WWD8  | Capital replacement in made up ground               | ✓ |   |
| WWD9  | Wholesale cost for social tariffs                   | ✗ | Retail cost. Not included in wholesale starting point                     |
| WWD10 | Sewer flooding remediation and compensation         | ✓ |   |
| WWD11 | Financial penalties for GSS failure                 | ✓ |   |
| WWD12 | Offsite network maintenance / repair                | ✗ | Not an avoided cost on a NAV site   |
| WWD13 | Tankering incl. pre NAV approval                    | ✗ | We do not assume that a NAV site requires tankering services              |
| WWD14 | Trade effluent costs - admin, monitoring            | ✓ |   |

### Surface Water / Highways Drainage

|       |   |   |   |
|-------|---|---|---|
| WWD17 | Planned / unplanned pumping station maintenance | ✓ |   |
| WWD18 | Planned sewer jetting maintenance               | ✓ |   |
| WWD19 | Incidence response sewer jetting                | ✓ |   |
| WWD20 | De-silting                                      | ✓ |   |
| WWD21 | Clearing and maintenance of drainage areas.     | ✓ |   |
| WWD22 | Capital replacement in made up ground           | ✓ |   |
| WWD23 | Wholesale cost for social tariffs               | ✗ | Retail cost. Not included in wholesale starting point |
| WWD24 | Sewer flooding remediation and compensation     | ✓ |   |
| WWD25 | Offsite network maintenance / repair            | ✗ | Not an avoided cost on a NAV site                     |
| WWD26 | Discharge permits/costs                         | ✓ |   |

### Central Costs

|     |   |   |   |
|-----|---|---|---|
| C1  | Finance/ HR / Legal and IT staff resource costs | ✓ |   |
| C2  | Regulatory Costs / Licence fees                 | ✓ |   |
| C3  | NAV application and administration costs.       | ✗ | Not an avoided cost on a NAV site                     |
| C4  | End customer billing and customer service costs | ✗ | Retail cost. Not included in wholesale starting point |
| C5  | Management costs                                | ✓ |   |
| C6  | External consultancy                            | ✓ |   |
| C7  | IT systems and development                      | ✓ |   |
| C8  | Travel and subsistence                          | ✓ |   |
| C9  | Vehicle fleet costs                             | ✓ |   |
| C10 | Plant, tools and equipment                      | ✓ |   |

|     |  |   |   |
|-----|--|---|---|
| C11 | Health and Safety                            | ✓ |   |
| C12 | Insurance                                    | ✓ |   |
| C13 | Employer pension                             | ✓ |   |
| C14 | Employer NI                                  | ✓ |   |
| C15 | Premises and utilities                       | ✓ |   |
| C16 | Telecommunication costs                      | ✓ |   |
| C17 | Business Rates                               | ✓ |   |
| C18 | Recruitment                                  | ✓ |   |
| C19 | Training and Development                     | ✓ |   |
| C20 | Bank charges                                 | ✗ | Retail cost. Not included in wholesale starting point |
| C21 | Customer bad debt and debt recovery costs    | ✗ | Retail cost. Not included in wholesale starting point |
| C22 | Revenue protection and voids management      | ✗ | Retail cost. Not included in wholesale starting point |
| C23 | External audit / accountancy costs           | ✓ |   |
| C24 | Asset Financing Costs                        | ✓ |   |
| C25 | Working Capital                              | ✓ |   |
| C26 | Incumbent Working Capital                    | ✓ |   |
| C27 | Marketing, Branding and Customer Relations   | ✓ |   |
| C28 | Billing systems costs                        | ✗ | Retail cost. Not included in wholesale starting point |
| C29 | Billing and other postage / stationery costs | ✗ | Retail cost. Not included in wholesale starting point |
| C30 | Cost of Debt                                 | ✓ |   |