SECTION D

ASSET INFORMATION

Edition 7

ANNUAL RETURN 2008-09

EDITION CHANGES – SECTION D

Edition	Description of Changes
	No changes for Annual Return 2008-09

SECTION D
CHAPTER D1, D2 & D3

WORKLOAD – COMMISSIONED ASSETS - WATER SERVICE, WASTEWATER & SUPPORT SERVICES

Edition 7

SECTION D
CHAPTER D1, D2 & D3
WORKLOAD – COMMISSIONED ASSETS
– WATER SERVICE, WASTEWATER & SUPPORT SERVICES

Tables D1, D2 and D3 have two blocks for information on commissioned assets in the year for the Water, Wastewater and Support Services.

They cover the analysis by asset type of asset additions commissioned during the report year for new and enhanced assets and asset replacement for the purpose of maintaining base service. The tables provide a summary of commissioned assets each year and provide the link between outputs and the related investment for both asset replacement and new or enhanced assets. This information is used in conjunction with pre and post investment condition and performance grades to update the asset inventory year on year. Further explanation is given in Section G definitions.

Definitions

No specific definitions for Tables D1, D2 and D3 are provided. The asset type definitions and size band definitions are those given in the Asset Inventory Reporting requirements line definitions in Tables H2 to H6. Expenditure type definitions are given in Chapter H of these reporting requirements. A guide is provided below to allow easy cross-referencing of Section D line definitions with those from Section H.

Line & definition Relationships between Section D (Tables 1-3) and Section H (specifically tables 2-6)

D1 – Water Treatment Works = H2
D1 – Water Storage = H2
D1 – Water Pumping Stations = H2
D1 – Water Resources = H3
D1 – Water Mains = H3
D2 – Sewers = H4
D2 – Sewer Structures = H4
D2 – Sea Outfalls = H4
D2 – Seage Pumping Stations = H5
D2 – Sewage Treatment Works = H5
D2 – Sludge Treatment Facilities = H5
D3 – Support Services = H6

Projects coded as commissioned in the year are identified by the relevant status code. Each is allocated by asset type and code and size band into the workload block of the tables. (For example, asset replacement/refurbishment of a treatment works to meet existing water quality standards would be

entered as a '1' in the relevant treatment works type and size band box of the first block in Table D1.)

For each project the full commissioned value of the asset is allocated against the relevant asset type and size band.

'Commissioned assets' are to be taken as those where work has been completed and commissioned and beneficial use of the asset has been achieved. The final commissioned value of the asset may not be finally known at this stage, if there are outstanding contract claims to be settled. The value of the asset should be the best available estimate of the final value.

Processing rules

All data should be inputted by Scottish Water – where applicable, total cells will add up all entries from that relevant row or column for that expenditure category.

Methodology statement

In order to allow us to understand better the systems and processes companies use to populate Section D, especially tables D1-D3 we now require Scottish Water to prepare a methodology statement as part of its Section D commentary.

The methodology statement should be a clear and concise explanation of the process involved in producing the reported information. In particular companies should ensure it includes:

- An explanation of what systems Scottish Water has in place to populate section D.

- An explanation of how the data from Scottish Water's system, is processed to populate section D. Any additional analysis or adjustments should be explained in full.

- An explanation of any assumptions made in Scottish Water's methodology. The company should also define the basis of any assumption and explain how management are satisfied the basis is reasonable.

- An explanation of what the limitations are within the process and future plans to address these limitations.

- An explanation of when the methodology was last amended and how.

- An explanation of Scottish Water's policy for assessing and reviewing asset lives. It should include an explanation of how accounting asset lives are assessed to ensure that they reflect operational asset lives.

Guidance for the Reporter

In this Section, the Reporter should verify consistency of information with that provided in Sections G and H. For example, the Reporter should seek confirmation that the asset numbers, units or lengths reported in Section D are as costed in Section H. Also, the Reporter should check that the MEAV summaries presented by percentage for assets in condition grades 4 and 5 are indeed comparable across the Sections.

The Reporter is asked to check that the size band definitions provided in reference tables H2-H6 are applied and adhered to as appropriate.

The Reporter should note that due attention is paid to specific guidance outlined in the Reporting Requirements. In particular, it should be checked that there are no incidences of 'double counting' of Support Services assets by correct apportionment of the '600' series of codes. Similarly, the Reporter should check that guidance on air valve replacement is followed correctly, with the use of existing asset codes fully detailed in the submitted commentary.

The Reporter is asked to comment on the confidence grades assigned to data in this Section, together with supporting commentary and against previous submissions.

SECTION D
CHAPTER D5

ACTIVITIES – WATER SERVICE

Edition 7

SECTION D
CHAPTER D5
ACTIVITIES – WATER SERVICE

General

Table D5 covers:

- Mains- Asset Balance
- Water Resource planning

Guidance to SW

On completion of Table D5 SW should ensure that no input cell is left blank. If the information is unknown or not applicable, then a zero should be entered in the cell with an appropriate CG.

Guidance to Reporters

Reporters should:

- assess confidence grades on data in the context of the magnitudes of adjustments made to data in the past;

- comment on the lengths of mains relined, renewed or new mains laid for quality reasons, the reported lengths carried out in these zones for non-quality reasons and on the proportion of replaced communication pipes which are of lead material;

- comment on company information on the proportion of the reported length of mains relined, renewed or new mains being carried out for quality reasons;

- comment on the company policy for carrying out rehabilitation for quality reasons where the company balance of relining/replacing has changed by more than 10% during the course of the four year review period. Reporters should give their opinion on the reasons given by the company for any changes.

SECTION D
CHAPTER D6

ACTIVITIES - WASTEWATER SERVICE

Edition 7

SECTION D
CHAPTER D6
ACTIVITIES – WASTEWATER SERVICE

Table D6 covers:

Activities – Critical sewers
Activities – Drainage Studies

Guidance to SW

On completion of Table D6 SW should ensure that no input cell is left blank. If the information is unknown or not applicable, then a zero should be entered in the cell with an appropriate CG.

Activities – Critical sewers

The table includes a breakdown of sewer lengths defined as "critical". It will record the opening balance, changes in the year and the end of year result.

Activities – Drainage Studies

Information supplied under this block on Drainage Area Studies will provide confirmation of SW's approach to the development and evolution of asset management planning, and demonstrate a rolling programme of Drainage Area Planning. SW should report on methods and procedures adopted where these differ from the standards specified in the definitions.

This table should include any drainage studies related to the Meadowhead, Stevenston, Portobello and Glasgow catchment areas.

Guidance to Reporters

Reporters should:

- Review the updated Drainage Area studies, and comment on the adequacy of each updated study as a basis for identifying, prioritising and monitoring capital maintenance work. Reporters should check that the most up-to-date information has been used in the study and that assumptions have been reviewed and revised as appropriate. They should also check that the conclusions have been verified, updated and confirmed as appropriate as at the study update date.

- assess Confidence Grades on data in the context of the magnitude of adjustments made to data in the past.

SECTION D
CHAPTER D7

WASTEWATER - CAPITAL MAINTENANCE EXPENDITURE

Edition 7

SECTION D
CHAPTER D7
WASTEWATER CAPITAL MAINTENANCE EXPENDITURE

Table D7 has five blocks and a total of 37 lines. It covers the expenditure at sub-regional level for the renewal or replacement of sewerage assets (infrastructure and non-infrastructure), sewage treatment assets, sludge treatment and disposal assets and sewerage management and general assets for the purpose of maintaining base service.

Definitions:

Accounting asset type definitions

- **Infrastructure assets** cover the following: underground systems of mains and sewers, impounding and pumped raw storage reservoirs, dams, sludge pipelines and sea outfalls. Information about infrastructure assets is also to be regarded as an infrastructure asset.

- **Non-infrastructure assets** cover the following: intake works, pumping stations, treatment works, boreholes, operational land, offices, depots, workshops, residential properties directly connected with water and sewerage services and land held for the purpose of protecting the wholesomeness of water supplies. Land which is not currently in operational use but is expected to come into use in the foreseeable future, should be included, as should plant and machinery inherent in the nature of the works. It also includes, non-operational plant, machinery, vehicles, surplus land and all other assets not listed above

Capital maintenance expenditure in Sewerage infrastructure assets: The preservation and (where necessary) the replacement of sewerage infrastructure assets to maintain serviceability. Infrastructure Renewals Expenditure recorded should be reported net of grants and contributions.

Sewerage infrastructure assets include all foul water, combined, relevant surface water, interceptor sewers, manholes, overflows, tank sewers, siphons and sewage pumping mains.

Capital maintenance expenditure in Sewerage non-infrastructure assets: The preservation and (where necessary) the replacement of sewerage non-infrastructure assets to maintain serviceability.

Sewerage non-infrastructure assets include all pumping stations associated with the sewerage system but exclude all terminal pumping stations.

Capital maintenance expenditure in Sewage treatment assets: The preservation and (where necessary) the replacement of sewage treatment

assets to maintain serviceability. Infrastructure Renewals Expenditure recorded in this line should be reported net of grants and contributions. Sewage treatment assets include all sea outfalls and headworks, all sewage treatment works and all terminal pumping stations.

Sea outfalls are all pipelines used for the disposal of foul and surface water and sewage effluent to the marine environment. Sea outfalls includes the length of pipeline below the spring tide high water mark, with the section of pipeline above the spring tide high water mark being included within the Sewers category.

Sewage treatment works are all sewage treatment works with one or more treatment stages including preliminary, primary, secondary and tertiary treatment. Any interstage pumping facilities and sludge holding tanks with provision for dewatering are to be included. Any sludge facilities other than holding tanks to be included under Sludge treatment.

Terminal pumping stations includes all terminal and storm pumping stations, including terminal stations on sewage treatment works sites, but excluding interstage pumping within treatment works.

Capital maintenance expenditure in Sludge treatment and disposal assets:

The preservation and (where necessary) the replacement of sludge treatment and disposal assets to maintain serviceability. Infrastructure Renewals Expenditure recorded in this line should be reported net of grants and contributions.

Sludge treatment and disposal assets include all sludge treatment works and all sludge disposal assets.

Sludge treatment assets are all sludge treatment plant that changes the nature of the raw sludge prior to its final disposal, excluding sludge holding tanks included under Sewage treatment works.

Sludge disposal assets are all plant and transfer arrangements associated with the final disposal of treated sludge including long and short sludge sea outfalls. Sludge disposal vehicles are included as Management and General.

Capital maintenance expenditure in Sewerage management and general assets:

The preservation and (where necessary) the replacement of sewerage management and general assets by accounting asset type to maintain serviceability. Infrastructure Renewals Expenditure recorded in column 4 should be reported net of grants and contributions.

Sewerage management and general assets include any asset, which cannot be allocated to a specific service area, e.g.

- offices and depots (offices, central laboratories and depots);
- vehicles (cars, vans, lorries and mobile plant);
- telemetry systems and outstations (all plant and equipment associated with telemetry, communications equipment and regional ICA systems); and
- computers (all PCs, workstations and mainframe computers are to be included).

Management and General assets related to both water and sewerage should be allocated between services in the same way as in published Regulatory Accounts.

Guidance

SW is required to submit expenditure information in report year prices, using geographical areas. No negative entries should be made for expenditure. If there are please explain this.

Grants and capital contributions

The position with respect to grants and capital contributions is as follows:

- Base service provision - non-infrastructure. Gross of grants and capital contributions; and

- Base service provision - infrastructure renewals. Net of grants and capital contributions.

Commentary

SW must explain the methods used to report costs for these areas, setting out clearly any allocation rules used. SW must reveal any assumptions made in arriving at cost information.

Guidance to Reporters

The Reporter should:

- confirm that SW has set rules for proportional allocation of expenditure, and that these are reasonable;
- indicate the extent to which SW has used proportional allocation versus prime purpose allocation;
- confirm that the number of regions reported is the same as those in the past and comment on the significance of any differences from the past; and

- confirm that SW's procedures for expenditure allocation are consistent with those used in the past.

SECTION D
CHAPTER D8

WATER - CAPITAL MAINTENANCE EXPENDITURE

Edition 7

SECTION D
CHAPTER D8
WATER CAPITAL MAINTENANCE EXPENDITURE

Table D8 has four blocks and a total of 28 lines. It covers the expenditure at sub-regional level for the renewal or replacement of water distribution assets (infrastructure and non-infrastructure), water resources and treatment assets and water management and general assets for the purpose of maintaining base service.

Definitions:

Accounting asset type definitions

- **Infrastructure assets** cover the following: underground systems of mains and sewers, impounding and pumped raw storage reservoirs, dams, sludge pipelines and sea outfalls. Information about infrastructure assets is also to be regarded as an infrastructure asset.

- **Non-infrastructure assets** cover the following: intake works, pumping stations, treatment works, boreholes, operational land, offices, depots, workshops, residential properties directly connected with water and sewerage services and land held for the purpose of protecting the wholesomeness of water supplies. Land which is not currently in operational use but is expected to come into use in the foreseeable future, should be included, as should plant and machinery inherent in the nature of the works. It also includes, non-operational plant, machinery, vehicles, surplus land and all other assets not listed above

Capital maintenance expenditure in water distribution (infrastructure):
The preservation and (where necessary) the replacement of water distribution mains by accounting asset type to maintain serviceability. Infrastructure Renewals Expenditure should be reported net of grants and contributions.

Water distribution mains include all mains associated with the supply of water for both industrial and domestic uses, including associated pipe bridges, tunnels/conduits, service tunnels and culverts, valves/chambers and system ancillaries.

Capital maintenance expenditure in water distribution (non-infrastructure): The preservation and (where necessary) the replacement of water distribution (non infrastructure) assets. This includes water storage assets, water pumping stations and any non-infrastructure investment in water distribution mains (i.e. metering)

Water storage assets include all treated water service reservoirs and towers within the water supply system, including treated water reservoirs at water

treatment works and any secondary disinfection plant on reservoir sites. Include break pressure tanks.

Water pumping stations include all pumping stations drawing on treated water storage.

Capital maintenance expenditure in water resources and treatment assets: The preservation and (where necessary) the replacement of water resources and treatment assets to maintain serviceability. Any Infrastructure Renewals Expenditure included should be net of grants and contributions.

Water resource assets are all dams and impounding reservoirs holding raw water; all pumping stations in raw water systems which include in-line transfer pumping, river intakes, boreholes and wells requiring simple disinfection prior to forwarding into the supply system; and all mains or aqueducts associated with the transfer of raw water either between sources or from source to treatment.

Water treatment assets are all water treatment works, but excluding simple disinfection associated with groundwater boreholes and wells or secondary disinfection within the distribution system.

Capital maintenance expenditure in water management and general assets: The preservation and (where necessary) the replacement of water management and general assets by accounting asset type to maintain serviceability. Any Infrastructure Renewals Expenditure included should be reported net of grants and contributions.

Water management and general assets include any asset, which cannot be allocated to a specific service area, e.g.

- offices and depots (offices, central laboratories and depots);
- vehicles (cars, vans, lorries and mobile plant);
- telemetry systems and outstations (all plant and equipment associated with telemetry, communications equipment and regional ICA systems); and
- computers (all PCs, workstations and mainframe computers are to be included).

Management and General assets related to both water and sewerage should be allocated between services in the same way as in published Regulatory Accounts.

Guidance

SW is required to submit expenditure information in report year prices, using geographical areas.

No negative entries should be made for expenditure. If there are please explain this.

Grants and capital contributions

The position with respect to grants and capital contributions is as follows:

- Base service provision - non-infrastructure. Gross of grants and capital contributions; and

- Base service provision - infrastructure renewals. Net of grants and capital contributions.

Commentary

SW must explain the methods used to report costs for these areas, setting out clearly any allocation rules used. SW must reveal any assumptions made in arriving at cost information.

Guidance to Reporters

The Reporter should:

- confirm that SW has set rules for proportional allocation of expenditure, and that these are reasonable;
- indicate the extent to which SW has used proportional allocation versus prime purpose allocation;
- confirm that the number of regions reported is the same as those in the past and comment on the significance of any differences from the past; and
- confirm that SW's procedures for expenditure allocation are consistent with those used in the past.