

2002 No. 165

WATER SUPPLY

The Scottish Water (Rate of Return) (Scotland) Order 2002

<i>Made</i>	<i>27th March 2002</i>
<i>Laid before the Scottish Parliament</i>	<i>28th March 2002</i>
<i>Coming into force</i>	<i>1st April 2002</i>

The Scottish Ministers, in the exercise of the powers conferred by section 41(2) of the Water Industry (Scotland) Act 2002(a) and of all other powers enabling them in that behalf, hereby make the following Order:

Citation and commencement

1. This Order may be cited as the Scottish Water (Rate of Return) (Scotland) Order 2002, and shall come into force on 1st April 2002.

Interpretation

2. In this Order—
- “the Act” means the Water Industry (Scotland) Act 2002;
 - “accounts direction” means a direction given under section 45(2) of the Act.

Value of net assets

3. The value of Scottish Water’s average net assets for the financial year beginning with 1st April 2002 shall, for the purposes of section 41 of the Act, be the aggregate of—
- (a) the deemed value of its capital at the beginning of that year (as shown in the statement of accounts prepared by Scottish Water under section 45 of the Act); and
 - (b) the average level of investment by Scottish Water in net operating assets during that year.

Return on value of net assets

4.—(1) The Scottish Ministers hereby direct Scottish Water to exercise its functions during the financial year beginning with 1st April 2002 with a view to securing that it achieves in respect of that year a rate of return on the value of its average net assets for that year which is not less than that specified in paragraph (2) below.

(2) 6% is hereby specified as the rate of return which the Scottish Ministers consider it reasonable for Scottish Water to achieve on the value of its average net assets for the financial year beginning with 1st April 2002.

St Andrew's House,
Edinburgh
27th March 2002

ROSS FINNIE
A member of the Scottish Executive

EXPLANATORY NOTE

(This note is not part of the Order)

Responsibility for the provision of water and sewerage services in Scotland will on 1st April 2002 transfer from the new water and sewerage authorities to Scottish Water established under the Water Industry (Scotland) Act 2002. This Order makes provision as to the rate of return on the value of its average net assets which Scottish Water requires to achieve for the financial year beginning with 1st April 2002.

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