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SCOTTISH STATUTORY INSTRUMENTS

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**2006 No. 120**

**The Provision of Water and Sewerage Services  
(Reasonable Cost) (Scotland) Regulations 2006**

**Calculation of Reasonable Cost: the 1968 Act**

- 4.—(1) The reasonable cost of a connection to the public sewerage system shall be the lower of—
- (a) the cost calculated in accordance with regulation 6; or
  - (b) subject to paragraph (3), the cost as calculated in accordance with the formula specified in paragraph (2).

(2) The formula is—

$$\text{£ cost} = \frac{A}{c} \left[ 1 - \left( \frac{1}{1+c} \right)^{12} \right]$$

Where—

“A” is the average of sewerage charges calculated in accordance with the following formula—

$$A = \frac{X + Y}{2}$$

Where—

“X” is the amount specified in a charges scheme in respect of sewerage charges payable in respect of a Band B dwelling for the financial year in which the connection is requested; and

“Y” is the amount specified in a charges scheme in respect of sewerage charges payable for a Band C dwelling for the financial year in which the connection is requested; and

“c” is 3.75%(1).

(3) Where a connection to the public sewerage system will serve more than one dwelling, the reasonable cost calculated in accordance with the formula specified in paragraph (2) shall be multiplied by the number of dwellings to be served by the connection.

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(1) The figure of 3.75% represents the real cost of capital allowed for by the Water Industry Commission for Scotland in its determination made on 30th November 2005 under section 29B(1)(a) of the [Water Services etc. \(Scotland\) Act 2005](#) (asp 3).