Template action tracker

Instructions and guidance

Actions tracker:
Slow-track and significant scrutiny companies must complete and submit this action tracker by the 10am on 1 April 2019 for review. Please see the tracker for guidance on what to submit in each line.
Fast-track companies are not required to submit a completed action tracker to us. However, they may use this as a way to demonstrate completing the actions if desired.

Key

	Input required
	Prepopulated or content to be copied across from company actions summary tables and detailed actions documents
	Not used

Action types
Agreed actions: that fast-track companies committed to implement to ensure that their plans meet the threshold for fast-track status
Required actions: for companies which in general are required so that we can make draft determinations (or final determinations for some aspects of past delivery)
Advised actions: for companies to do by a specific date but that are not required for our draft determinations.

Action reference: Each action has a unique reference. The first acronym denotes the company and the central acronym references the test area where the action has been identified, please see the ‘PR19 initial assessment of plans: Glossary’ for a key of these acronyms. Actions whose numbers are preceded with an ‘A’ denote agreed or required actions and actions whose numbers are preceded with a ‘B’ denote advised actions.

Assurance
Assurance must be provided where requested as part of an action.
Companies must indicate the assurance that they have undertaken for all changes to data tables.
Where Customer Challenge Groups have provided assurance this should be indicated here.
If additional assurance is not required, companies may still provide it if they deem it appropriate.

Action Tracker

Company: Portsmouth Water Ltd (PRT)

Actions details					Business plan adjustment				
Test area	**Action reference**	**Action type**	**Action**	**Date required**	**Nature of adjustment**	**Revised business plan reference**	**Data table reference**	**Additional evidence (please elaborate/reference)**	**Assurance (please elaborate/reference)**
Companies to copy from their actions summary table and detailed actions documents					Summarise how you have responded to this action	Document name(s), page number(s), paragraph number(s)	App number(s), line description(s), cell reference(s)	Please include where appropriate	Please include where required (see cover) or if it is deemed appropriate
Addressing Affordability and Vulnerability	PRT.AV.A1	Required	Portsmouth Water has not proposed a performance commitment on Priority Services Register (PSR) growth. It is proposing to increase its PSR reach from 0.1% in 2019/20 to 0.2% of households in 2024/25. We consider this to be an insufficiently ambitious target. In addition, the company has checked no PSR data over the past two years. We propose to introduce a Common Performance Commitment on the Priority Services Register (PSR): Portsmouth Water should include a Performance Commitment to increase its PSR reach to at least 7% of its customer base (measured by households) by 2024/25. It should also commit to checking at least 90% of PSR data every 2 years via its Performance Commitment. For further information on the performance commitment definition, and reporting guidelines, please refer to 'Common performance commitment outline for the Priority Service Register ("PSR")', published on the initial assessment of plans webpage	01-Apr-19	**We have set a stretching target of 9% of customers to be on our PSR register by 2025, and have committed to ensure that at least 90% of those on the register are confirmed at least once every two years.** This target was set following consultation with local support agencies and other organisations that support the vulnerable.	PRT.AV.A1 Chapter 3, 3.1 Pages - 126 - 127	Table Changes App1 – This new Performance commitment has been added to the table App4 – Line 13. This has been updated to reflect new target. App4 – Lines 15 – 18. We have assumed that the percentage registered for each service grouping remains as per 2017/18. It should be noted that overall numbers in these lines exceeds line 13, as customers are often registered for more than one service. The percentage of customers featuring on each line is (as a % of line 13) as follows:- 15 – 67% 16 – 32% 17 – 32% 18 – 6%	DWP Invalidity benefits data is provided as an appendix (PRT.AV.A1 appendix 1), as this has been used to assist in setting our target.	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance
Delivering Outcomes for customers	PRT.OC.A1	Required	If the company demonstrates that the Havant Thicket reservoir should be added to its regulatory capital value (RCV) then it should propose at least one PC and outcome delivery incentive (ODI) to protect customers if the scheme is not delivered, or delivered and not needed.	01-Apr-19	The Performance Commitment proposed would therefore be "to protect customers from bill impacts as a result of TOTEX overspend on the HTWSR programme" during AMP7. The ODI penalty attached to this ODI would therefore be to make customers whole, in terms of bill levels, for any residual impact on customer bills of HTWSR TOTEX overspend.	PRT.OC.A1 Chapter 1, 1.7 pages 81 - 83 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App 1 line 30. App1a line 30	We have referenced customer views from a Customer Advisory Panel, undertaken in June 2017 - Page 17 of appendix - PRT.OC.A1 Appendix 1	Board Assurance
	PRT.OC.A2	Required	The company should provide further evidence for the calculation of its ODI rates, including any input values (with particular reference to the triangulation of customer valuations and marginal cost estimates), and adjustments made. For bespoke PCs, the company should provide further customer evidence, either from its own customer base or wider industry studies, to demonstrate that its marginal benefit estimates are representative of the underlying preferences of its customer base and that the resulting ODI rates provide adequate incentives for the company to deliver. The company should consider revising its ODI rates to reflect this wider range of evidence, and justify the levels proposed. The company should provide further evidence to detail the estimation of forecast efficient marginal costs within its ODI rate calculations, in line with our PR19 Final Methodology. In particular, the company should provide evidence to demonstrate how these marginal cost estimates relate to the cost adjustment claims or enhancement expenditure proposed by the company, if applicable.	01-Apr-19	The company has revised its ODI package significantly in light of the IAP,. We have used the rates published in the IAP Technical Appendix 1 as the basis of our revised rates, and futher scaled in relation to our bill level.	PRT.OC.A2 - 4.3 pages 144 - 146 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1, App 1a & App 1b	New customer Research is provided within an appendix (OC.Appendix 1), covering post IAP Research undertaken.	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A3	Required	The company should provide general and PC-specific justification for its usage of deadbands, caps and collars. The company should provide ODI-specific evidence to support its use of caps and/or collars on individual ODIs, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company should reconsider its widespread application of collars to financial PCs and it should consider applying these features more selectively.The company should provide justification for the levels at which all of its caps and collars are set, with the company explaining why these levels are appropriate and in customers' interests.	01-Apr-19	**We have revised our proposed ODI package and have not included any dead-bands or caps or collars other than for CRI, Biodiversity and AIM**. CRI is mandated by Ofwat whilst AIM is described in our response to OC.A48.	PRT.OC.A3 - 4.4 pages 146 - 147 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App 1		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A4	Required	The company should provide further evidence to justify the level of the enhanced ODI outperformance and underperformance incentive rates proposed, or consider revising the enhanced rates to be based on a lower multiple applied to the standard incentive rates.	01-Apr-19	We note the Ofwat instruction that enhanced rates should not exceed a multiple of 2. We have revised our ODI package significantly since we submitted our plan, given the IPA feedback and further customer research. **Our ODI package no longer includes enhanced rates, which is reflects our customer's views on incentives.** **We explain our overall ODI package in Chapter 4 of this re-submission and in our response to OC.A2 in particular.**	PRT.OC.A4 - 4.5 pages 147 - 148 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A5	Required	The company should provide clarification of which ODI payments it has uplifted and by how much and clarify why these adjustments are in the best interests of customers, management and stakeholders. The company should provide further explanation of how its ODI package incentivises it, through better aligning the interests of management and shareholders with customers, to deliver on its PCs to customers.	01-Apr-19	**We have completely reviewed our ODI package and can confirm that there are no situations where outperformance payments are greater than underperformance payments.** This is in accordance with the customer research we undertook in preparing the plan and in March 2019 in response to the IAP.	PRT.OC.A5 - 4.6 page 148 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A6	Required	The company should provide ODI-specific evidence to justify the timing of ODIs that have been selected as end of period.	01-Apr-19	Our ODI package no longer includes any end of period ODIs, to ensure we meet Ofwat expectations. **Our ODI package is explained in detail in Chapter 4 of this re-submission and in our response to OC.A2 in particular.**	PRT.OC.A6 - 4.7 page 149 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A7	Required	The company should increase its asset health underperformance payments in order to protect customers from poor performance or provide convincing evidence to demonstrate that its current proposals are in the interests of its customers and the assets. The company should propose a further PC Customer contacts about water quality (taste and odour) from the asset long list with an appropriate ODI. It should change the PC on appearance as set out in Table 2 below. The company should provide sufficient evidence that its customers support its proposed asset health outperformance payments. If it cannot do this, the company should remove the outperformance payments. The company should provide a clear list of what it considers to be its asset health PCs, and state its P10 underperformance payments and P90 outperformance payments for each of its asset health ODIs in £m and as a percentage of RoRE.	01-Apr-19	The Company has reviewed its ODI package, we now propose that Asset Health ODIs will only have underperformance payments.	PRT.OC.A7 - 4.8 pages 150-151 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App 1 liness 11 - 14		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A8	Required	The company should provide further clarity regarding its bill smoothing mechanism and what would happen in the event of continual rollover of outperformance above its 3% per annum RORE cap. The company should apply additional protections through an appropriate outperformance payment sharing mechanism. The payment sharing mechanism should be applied in accordance with guidance provided in Technical appendix 1: Delivering outcomes for customers	01-Apr-19	We have considered both options carefully, however we propose that any incremental outperformance payment in any year above 3% should be rolled forward to be taken later in the AMP period when the 3% threshold is not breeched. If there is still any incremental outperformance at the end of AMP7 we will share it 50:50 between additional expenditure on issues important to customers or lower bills for customers, and the shareholder. We will work with our CCG to determine the balance between additional expenditure and lower customer bills as part of PR24, if required.	PRT.OC.A8 - 4.9 pages 151-152 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	N/A		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A9	Required	Water Quality Compliance PC: The company is required to set the performance level to zero, in line with statutory requirements.	01-Apr-19	We acknowledge the concern raised and have revised our PC to zero. We had proposed this to be 1 to negate the need for a deadband. We proposed that penalties would apply for an annual CRI > 1. OC.A11 requires the deadband to apply at 1.5.	PRT.OC.A9 - 4.10 page 152 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App 1, line 9 - column AQ-AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report

	PRT.OC.A10	Required	Water Quality Compliance PC: The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average that we set out in ‘Technical appendix 1: Delivering outcomes for customers’ and demonstrate that this variation is consistent with customers’ underlying preferences and priorities for service improvements in water quality. The company should also provide the additional information set out in Technical appendix 1: Delivering outcomes for customers to allow us to better understand the causes of variation in ODI rates for Water Quality Compliance and assess the appropriateness of the company’s customer valuation evidence supporting its ODI. The company should explain and evidence how its proposed ODI rate for CRI is coherent with the rates proposed for other asset health PCs.	01-Apr-19	Our incentive rate was established from our customer engagement activity in preparing our plan. We have used the customer valuation of £484k or £1.51 per property over 5 years as our starting point. We calculate the basis our penalty as 50% of the valuation, giving an annual penalty of £48,400. This equates to £0.159 per household, given we expect to serve 303,987 households in AMP7. We are not easily in a position to comment on why our rate is lower than other companies and indeed is below the lower bound of £0.373, but believe it may be that customers set their marginal benefits / cost assessments relative to the level of the bill. At £102 Portsmouth Water’s average household bill is significantly lower than the industry average of £186 in 2018/19. If the incentive rate were scaled up to reflect the relative bill size, the incentive rate would be £0.290, still below the lower bound value in the IAP. For this revised plan we have chosen to use Technical Appendix 1 as the basis of our rates for common ODIs. The proposed CRI rate is scaled for household bills based on the lower bound on page 30. This gives an underperformance rate of £0.205 per unit CRI score over the deadband value of 1.5.	PRT.OC.A10 - 4.11 pages 153-154 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 9, column CU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A11	Required	Water Quality Compliance PC: We propose to intervene to ensure companies perform to the regulatory requirement of 100% compliance against drinking water standards. As set out in the methodology we noted a deadband may be appropriate. It is important that the range of underperformance to the collar is adequate to provide clear incentives for companies to deliver statutory requirements. The company should set a deadband at 1.50 and collar at 9.5 for 2020-25.	01-Apr-19	We note the instruction to set a deadband at 1.50 and a collar at 9.5 for AMP7 and have applied in our re-submission.	PRT.OC.A11 - 4.12 page 154 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 row 9, coloumn BV - CE		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A12	Required	Interruptions to Supply PC: We expect the company’s service levels to reflect the values we have calculated for each year of the 2020 to 2025 period.	01-Apr-19	We note the instruction to set PC targets, as below, for AMP7 and have revised in our re-submission. 2020/21 = 00:04:17 2021/22 = 00:03:58 2022/23 = 00:03:40 2023/24 = 00:03:22 2024/25 = 00:03:00	PRT.OC.A12 - 4.13 pages 154-155 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App 1 line 10, columns AQ-AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A13	Required	Interruptions to Supply PC: The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average that we set out in Technical appendix 1: Delivering outcomes for customers and demonstrate that this variation is consistent with customers’ underlying preferences and priorities for service improvements in supply interruptions.The company should also provide the additional information set out in Technical appendix 1: Delivering outcomes for customers to allow us to better understand the causes ofvariation in ODI rates for supply interruptions and assess the appropriateness of the company’s customer valuation evidence supporting its ODI. The company should provide a clear line of sight from its customer valuation evidence to its ODI rates and provide further evidence to demonstrate and justify any adjustments.	01-Apr-19	**For this re-submissionwe have chosen to use Technical Appendix 1 as the basis of our rates for common ODIs. The proposed Interruptions rate is scaled for household bills based on the lower bound on page 31.** This gives an underperformance rate of £0.129 per minute and an outperformance rate of £0.101 per minute.	PRT.OC.A13 - 4.14 pages 155-156 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1, line 10, CU &CY		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A14	Required	Interruptions to Supply PC: The company should set out the annual thresholds for enhanced outperformance payments and underperformance payments, and provide evidence demonstrating that these are consistent with shifting the frontier and protecting its own customers. The company should provide further evidence to justify the level of the enhanced ODI outperformance and underperformance incentive rates proposed, or consider revising the enhanced rates to be based on a lower multiple applied to the standard incentive rates. The company should clarify the level at which it proposed to set its enhanced outperformance payment cap and enhanced underperformance collar.	01-Apr-19	We have totally reviewed our ODI package and concluded that we will not propose enhanced out or under performance incentive rates as these are not supported by our customers.	PRT.OC.A14 - 4.15 pages 156-157 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1, line 10, colums CX & DB		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A15	Required	Leakage PC: Where there is a subcomponent rated Amber or Red in table 3S of the 2018 APR submission, the company should provide details on the actions needed to comply with the standard definitions of common performance metrics and its timetable for completing them.	01-Apr-19	We can confirm that all components of this measure will comply with the new methodology by March 2020, we will therefore be fully compliant against this common measure in the next AMP.	PRT.OC.A15 - 4.16 pages 157-158 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	N/A	A RAG status preadsheet is included as an appendix (PRT.OC.A15 Appendix 1) tracking the change in RAG rating of components over time.	Board Assurance CCG Report
	PRT.OC.A16	Required	Leakage PC: The company should reconsider its proposed service levels and ensure that they are stretching and meet the upper quartile values or provide compelling evidence to demonstrate why this level cannot be achieved. Based on the forecast data provided by companies in the September 2018 business plansubmission the upper quartile values are 75 litres/property/day and 5.42 m3/km of mains/day. The company should clearly set out the evidence and rationale for the revised targets.	01-Apr-19	The Company have reviewed the Ofwat challenge that leakage should be at least upper quartile by 2024/25. This is based on two different metrics of comparison, litres / property / day and m3 / km / day. Our plan proposed a leakage target of 29.6 Ml/d for 2024/25 with the three year rolling average at 30.6 Ml/d. This equates to 94 l/p/d and 9.0 m3 / km / day **We have revised our plan, moving from a proposed 15% improvement to a more stretching 20% reduction in the target from 2019/20.** We have considered the cost and customer desires to drive leakage further and concluded that our revised proposal of 20% is appropriate.	PRT.OC.A16 - 4.17 pages 158-159 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 7, columns AQ-AU	Leakage stretch paper - PRT.OC.A16 Appendix 1 Qualuitative customer research - PRT.OC.A16 Appendix 2 Company SELL PRT.OC.A16 Appendix 4 Quantitative willingness to pay PRT.OC.A16 Appendix 5	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A17	Required	Leakage PC: The company should provide evidence to justify the larger outperformance rates relative to underperformance rates, or amend these to ensure that the outperformance rate is no higher than the underperformance rate. In either case the company should set out the evidence and rationale. The company should provide further evidence on how it has calculated its ODI rates (including marginal benefits and marginal costs) and the adjustments applied to account for any overlap with severe drought. The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average that we set out in Technical appendix 1: Delivering outcomes for customers and demonstrate that this variation is consistent with customers’ underlyingpreferences and priorities for service improvements in leakage. The company should also provide the additional information set out in Technical appendix 1: Delivering outcomes for customers to allow us to better understand the causes of variation in ODI rates for leakage and assess the appropriateness of the company’s customer valuation evidence supporting its ODI.	01-Apr-19	For this revised plan we have chosen to use IAP Technical Appendix 1 as the basis of our rates for common ODIs. The proposed leakage rate is scaled for household bills based on the lower bound on page 28. This gives an underperformance rate of £0.545 per Ml/d and an outperformance rate of £0.466 per Ml/d.	PRT.OC.A17 - 4.18 pages 160-161 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 7 column CU & CY		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A18	Required	Leakage PC: The company should set out the annual thresholds for enhanced outperformance payments and underperformance payments, and provide evidence demonstrating that these are consistent with shifting the frontier and protecting their own customers. The company should provide further evidence to justify the level of the enhanced ODI outperformance and underperformance incentive rates proposed, or consider revising the enhanced rates to be based on a lower multiple applied to the standard incentive rates. The company should clarify the level at which it proposes to set its enhanced outperformance payment cap and enhanced underperformance payment collar.	01-Apr-19	**Our ODI package no longer includes enhanced rates, which is reflects our customer’s views on incentives.** We explain our overall ODI package in Chapter 4 of this re-submission.	PRT.OC.A18 - 4.19 pages 161-162 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1, line 7, colums CX & DB		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A19	Required	Per Capita Consumption (PCC) PC: Where there is a sub-component rated Amber or Red in table 3S of the 2018 APR submission, the company should provide details on the actions needed to comply with the standard definitions of common performance metrics and its timetable for completing them.	01-Apr-19	We can confirm that all components of this measure will be green by March 2020, we will therefore be fully compliant against this common measure in the next AMP.	PRT.OC.A19 - 4.20 pages 162-163 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	N/A	A RAG status preadsheet is included as an appendix (PRT.OC.A19 Appendix 1) tracking the change in RAG rating of components over time.	Board Assurance CCG Report
	PRT.OC.A20	Required	Per Capita Consumption (PCC) PC: The company should reconsider its proposed service levels and ensure that they are stretching. The company should clearly set out the evidence and rationale for the revised targets.	01-Apr-19	Our plan proposes a PCC target of 135 l/h/d by 2025. Portsmouth Water is not in water deficit and has the lowest clean water bills in the country. Customers are concerned about widespread metering, citing the risk of increased bills. The Company is not in an area of serious water stress and therefore cannot compulsory meter. Having the lowest clean water bills in the country, customers see little potential financial reward in opting for a meter. This has resulted in low meter penetration and the relatively high proposed service levels of 135 l/h/d in 2024-25. Independent analysis of PCC against meter penetration show that Portsmouth Water has the lowest PCC for its meter penetration level in the South East. At 135 l/h/d in 2024-25, we will be 15 l/h/d below the industry average for the same meter penetration. For this reason, the Company suggests that achieving 135 l/h/d by 2024-25 is ambitious and stretching.	PRT.OC.A20 - 4.21 pages 163-166 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 Lline 8 AQ-AU	Review of stretch PRT.OC.A20 Appendix 1	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report

	PRT.OC.A21	Required	Per Capita Consumption (PCC) PC: The company should provide an explanation of why its proposed ODI rates differ from other companies' and why this variation is consistent with its customers' underlying preferences. The company should provide further evidence on how it has calculated its ODI rates (including marginal benefits and marginal costs) and the adjustments applied to account for any overlap with severe drought. The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average that we set out in Technical appendix 1: Delivering outcomes for customers and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service improvements in per capita consumption. The company should also provide the additional information set out in Technical appendix 1: Delivering outcomes for customers to allow us to better understand the causes of variation in ODI rates for per capita consumption and assess the appropriateness of the company's customer valuation evidence supporting its ODI.	01-Apr-19	For this revised plan we have chosen to use IAP Technical Appendix 1 as the basis of our rates for common ODIs. The proposed PCC rate is scaled for household bills based on the lower bound on page 29. This gives an underperformance rate of £0.056 per l/h/d and an outperformance rate of £0.050 per l/h/d.	PRT.OC.A21 - 4.22 pages 166-167 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 8 CU & CY		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A22	Required	Per Capita Consumption (PCC) PC: The company should set out the annual thresholds for enhanced outperformance payments and underperformance payments, and provide evidence demonstrating that these are consistent with shifting the frontier and protecting their own customers. The company should provide further evidence to justify the level of the enhanced ODI outperformance and underperformance incentive rates proposed, or consider revising the enhanced rates to be based on a lower multiple applied to the standard incentive rates. The company should clarify the level at which it proposes to set its enhanced outperformance payment cap and enhanced underperformance collar, and provide evidence to support them.	01-Apr-19	We have totally reviewed our ODI package and concluded that we will not propose enhanced out or under performance incentive rates as these are not supported by our customers.	PRT.OC.A22 - 4.23 pages 167-168 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 8 coloumns CX& DB		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A23	Required	Per Capita Consumption (PCC) PC: The company should revert the design of this ODI to an in-period, or alternatively provide convincing and well-justified evidence of why an endof period ODI is appropriate.	01-Apr-19	We proposed a period-end PC to reflect two issues; first, the desire to deliver against a long term target and, secondly that PCC is highly variable within period as a result of weather fluctuations. We estimate that the impact of a dry summer, such as 2018, can add up to 5 litres per head per day to this measure. Whilst we support the objective of reducing household consumption, an ODI which is overly sensitive to normal fluctuations in weather patterns may unduly place the Company at risk. We therefore would like to discuss and agree with Ofwat a "normalisation" process akin to that used for water resource planning purposes, where any outturn is "normalised" and then compared to the annual target. This normalisation process is two way and will inflate any outturn in a "wet" summer and reduce any outturn in a dry summer. An alternative approach is to adopt a three-year rolling average for PCC, as applied to leakage, which negates the impact of any influences outside of management control.	PRT.OC.A23 - 4.24 pages 168-169 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 8 column T		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A24	Required	Risk of Severe Restrictions in Drought PC: The company should explain its level of stretch and submit the intermediate calculation outputs as shown in the common definition guidance published on our website for the drought resilience metric. The company should provide further evidence to demonstrate that the risk presented is reflective of the WRMP position particularly with reference to the trading scenario.	01-Apr-19	The Company have reviewed the Ofwat guidance for the drought resilience metric. A paper detailing our approach is attached. The results are complicated by the provision of two further bulk supplies in March 2024 and March 2029 to Southern Water. The impact of the bulk supply commitments means that without any supply demand schemes, we put customers at risk of restriction in the event of severe drought. Only when all of the investments have taken place (and the demand reductions materialised) will we be in a position to ensure no customers are at risk of severe restrictions in a drought. This is 2030 onwards. All bulk supplies are predicated on the assumption that significant resource development has taken place. Specifically the Worlds End development supports the 9 Ml/d increase in bulk supplies in 2024 and Havant Thicket supports the 21 Ml/d increase in 2029. In App1 we report our index. This is consistent with our WRMP. It acknowledges our future commitment to the bulk supplies in a logical way, by phasing the deficits, this closely ties the risk with the associated options.	PRT.OC.A24 - 4.25 pages 169-170 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 24	PRT.OC.A24 Appendix 1 Risk of severe ristrictions in a drought	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A25	Required	Mains repairs per 1,000km PC: The company should provide further evidence to justify the use of an outperformance payment for this PC, including evidence of customer support.	01-Apr-19	We have made a policy decision that asset health measures should not attract outperformance incentives and as such we have not tested this issue further with customers.	PRT.OC.A25 - 4.26 pages 170-171 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 11 column CY		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A26	Required	Mains repairs per 1,000km PC: The company should explain and evidence how its proposed ODI rates for mains repairs are coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure (including leakage, supply interruptions and low pressure) and demonstrate how the package of ODIs across the relevant group of PCs appropriately incentivises performance in the long and shortterm. The company should also provide the additional information set out in Technical appendix 1: Delivering outcomes for customers to allow us to better understand the causes of variation in ODI rates for mains repairs and assess the appropriateness of the company's customer valuation evidence supporting its ODI.	01-Apr-19	For this revised plan we have chosen to use Technical Appendix 1 as the basis of our rates for common ODIs. The proposed Interruptions rate is scaled for household bills based on the median values on page 32. This gives an underperformance rate of £0.036 per repair (per 1,000 km). We have decided that this will be underperformance (penalty) only.	PRT.OC.A26 - 4.27 pages 171-172 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 11 colomn CU	New customer Research is provided within an appendix (OC.Appendix 1), covering post IAP Research undertaken.	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A27	Required	Mains repairs per 1,000km PC: The company should set out the annual thresholds for enhanced outperformance payments and underperformance payments, and provide evidence demonstrating that these are consistent with shifting the frontier and protecting their own customers. The company should provide further evidence to justify the level of the enhanced ODI outperformance and underperformance incentive rates proposed, or consider revising the enhanced rates to be based on a lower multiple applied to the standard incentive rates The company should clarify the level at which it proposes to set its enhanced outperformance payment cap and enhanced underperformance payment collar, and provide evidence supporting them.	01-Apr-19	We have totally reviewed our ODI package and concluded that we will not propose enhanced out or under performance incentive rates as these are not supported by our customers.	PRT.OC.A27 - 4.28 pages 172-173 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 11 CX & DB		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A28	Required	Unplanned outage PC: The company is required to provide fully audited 2018-19 performance data by 15 May 2019. This should take the form of an early APR submission, but only for Unplanned Outages. Board assured data can be provided with the main APR in July 2019, any changes will be taken into account for the Final Determination. Based on the latest performance and updated methodologies, the company should resubmit its 2019-20 to 2024-25 forecast data in the May submission. The company should also report its current and forecast company level PWPC (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/d) in its commentary for the May submission.	01-Apr-19	The Company notes that it is required to provide fully audited 2018-19 performance data by 15 May 2019. Board assured data will be provided with the main APR in July 2019. Based on the latest performance and updated methodologies, the company will resubmit its 2019-20 to 2024-25 forecast data in the May submission. The company will also report its current and forecast company level PWPC (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/d) in its commentary for the May submission.	PRT.OC.A28 - 4.29 pages 173-174 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 12 columns AQ - AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A29	Required	Unplanned outage PC: The company should propose a financial underperformance incentive for this PC supported by evidence to justify the customer valuations and forecast efficient marginal cost inputs that it proposes.	01-Apr-19	In our customer research in March 2018, customers placed no valuation on this ODI and thus we proposed a reputational ODI. Further we had concerns about the consistency of reporting this metric and the comparability with other companies. However, we have now reviewed the data published in Appendix 1 of IAP and propose a penalty only. We note the data presented in Technical Appendix 1 shows a very wide range for this rate and we are not comfortable using the upper quartile value of £0.897 as this would be the highest incentive rate we propose. We note the requirement to submit 2018/19 performance data on 15 May and will review our proposed incentive rate at that time. The incentive rate is described in our response to OC.A30	PRT.OC.A29 - 4.30 pages 174-175 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 12 column CU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report

	PRT.OC.A30	Required	Unplanned outage PC: The company should propose a financial underperformance incentive for this PC and evidence how its proposed rate is coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure and demonstrate how the package of ODIs across the relevant group of PCs appropriately incentivises performance in the long and short-term. The company should also provide the additional information set out in Technical appendix 1: Delivering outcomes for customers to allow us to better understand the causes of variation in ODI rates for unplanned outages and assess the appropriateness of the company's customer valuation evidence supporting its ODI.	01-Apr-19	In preparing its Business Plan the Company did try to establish an incentive rate for unplanned outage. However our research did not demonstrate that customers were willing to value any change in service. We suggest that as this is issue that is not customer facing customers were not willing to propose a valuation. The Company has an excess of treatment capacity over demand and generally able to accommodate the loss of one or two works without any impact on service to customers. However we do understand the Ofwat purpose to ensure assets are maintained appropriately to ensure long term serviceability to customers. For this return we propose an underperformance only ODI rate. We note the data presented in Technical Appendix 1 shows a very wide range for this rate and we are not comfortable using the upper quartile value of £0.897 as this would be the highest incentive rate we propose. We have set this proportional to our supply interruptions underperformance rate of £0.129 / minute / household. We propose that, from a customer point of view, unplanned outage may result in an interruption to supply and therefore the incentive rate for interruptions is a good proxy for unplanned outage. We have divided the interruptions underperformance rate by 3, giving an incentive rate of £0.043 / % above target. This results in "sensible" underperformance payments relative to mains repairs, low pressure and water quality contacts. We discuss this issue further in our response to OC.A7. We note the requirement to submit 2018/19 performance data on 15 May and will review our proposed incentive rate at that time.	PRT.OC.A30 - 4.31 pages 175-176 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 12 coloumn CU	New customer Research is provided within an appendix (OC.Appendix 1), covering post IAP Research undertaken.	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A31	Required	Customer contacts relating to the colour of the water (black, brown, orange) PC: The company should choose the more comprehensive measure Customer contacts about water quality (appearance) from the asset health long list in our final methodology.	01-Apr-19	We propose to revise the ODI to the wider measure reported to the DWI annually, namely acceptability of water to consumers per 1,000 population served.	PRT.OC.A31 - 4.32 page 176 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 13 column H		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A32	Required	Customer contacts relating to the colour of the water (black, brown, orange) PC: The company should provide numeric target information, including levels of stretch, so that stakeholders can understand the levels of performance they can expect for the revised PC definition.	01-Apr-19	As noted in OC.31 we propose to revise our measure for asset health to include all contacts associated with acceptability of water to customers, as reported to DWI on a calendar year basis. We have set our PC for AMP7 relative to our performance in 2018 when we saw a significant improvement (reduction) in the number of contacts. This value has not yet been published. The target will see a 6.7% for AMP7 proposes a reduction in the number of contacts with a consequent improvement in the index from 0.45 to 0.41. We believe this will be industry leading over the AMP7 period.	PRT.OC.A32 - 4.33 page 177 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App 1 line 13 columns AQ-AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A33	Required	Customer contacts relating to the colour of the water (black, brown, orange) PC: The company should provide further evidence to justify the use of an outperformance payment for the revised PC, including evidence of customer support. If it cannot do this, the company should remove the outperformance payment.	01-Apr-19	In light of the Ofwat challenge on this measure, we have revised both the measure we will commit against to be all water quality contacts relating to acceptability to customers, as reported to DWI on a calendar year basis.	PRT.OC.A33 - 4.34 page 178 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 13 column CY		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A34	Required	Customer contacts relating to the colour of the water (black, brown, orange) PC: The company should provide further evidence to justify the trigger mechanism applied to this ODI for the revised definition, or propose an alternative payment mechanism that is contingent on performance increments. In either case the company should provide its evidence and rationale.	01-Apr-19	As noted in OC.A7 we now propose a financial incentive with underperformance only.	PRT.OC.A34 - 4.35 pages 178-179 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 13	New customer Research is provided within an appendix (OC.Appendix 1), covering post IAP Research undertaken.	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A35	Required	Affordability PC: The company should consider a target of reaching 10,000 customers by 2024/25 as customers have indicated that they may be prepared to support social tariffs up to this level. The company should confirm the target by undertaking customer engagement on the social tariff cross-subsidy across a representative customer base and demonstrate customer support for the social tariff cross-subsidy.	01-Apr-19	We have increased our Social Tariff target from 8,000 to 10,000 customers by the end of 2024/25 in response to your action. We have undertaken some initial research and have indicative customer support for an increased cross subsidy to fund this increase in our Social Tariff numbers. However, we commit to undertake further research before we exceed 8,000 customers on this tariff. **If customers do not, at that point, support a cross subsidy to 10,000 customers we will fund this from our own resources**. When we undertake this additional research, we will work with CCWater to ensure that they agree the findings and conclusions prior to increasing any cross subsidy.	PRT.OC.A35 - 4.36 pages 179-180 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 20 columns AQ-AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A36	Required	Void and gap sites PC: The company should reconsider its target and clearly set out the evidence and rationale for the revised targets.	01-Apr-19	We are now proposing an annual stretching target of household voids not exceeding 2% in each year of the AMP. We will compensate customers for any under performance against this target.	PRT.OC.A36 - 4.37 pages 180-181 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 19 columns AQ-AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance
	PRT.OC.A37	Required	Void and gap sites PC: the company should outline the calculation of its ODI underperformance rate and demonstrate that it is reflective of the foregone reduction in bills that customers would experience from the identification of occupied void sites.	01-Apr-19	This penalty only ODI will compensate customers if we fail to meet our target, ensuring that they do not pay within their bill for our poor administration of void properties. OC.A36 outlines our revised stretching target for household voids of 2%. Each autumn, when we calculate our charges we will look take into account our household void percentage as at the end of September. Worked Example (using simple maths for illustration purposes) Assumptions: Total household properties – 300,000. Void Properties – 7,500 (2.5%) Average bill £100. In this example we have 2.5% voids which equates to 7,500 properties. Our target is no more than 2%, which is 6,000 properties. Accordingly, the assumption is that we should be billing an extra 1,500 properties x £100. This is revenue of £150,000. We would deduct this sum from our allowed revenue before applying our tariff, meaning each of our 292,500 customers pays, on average 51p less on their next annual bill.	PRT.OC.A37 - 4.38 pages 181-182 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 19 column CU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A38	Required	Catchment Management PC: The company should provide further evidence that its customers support the PC. The company should consider if an outcomes focused definition is more appropriate and would provide greater sustained benefit to the environment and stakeholders.	01-Apr-19	We acknowledge that our Catchment Management ODI was not tested explicitly with customers in the work to support this proposal or determine the incentive rates. The catchment management interventions the Company will offer farmers and landowners associated with this ODI will deliver wider environmental and ecosystem service benefits in relation to: Supporting services-natural processes that maintain the production of all other ecosystem services such as habitat provision and improved biodiversity, soil formation and water cycling. Provisioning services - benefits fin the form of goods or products that people use or are used in the production of other goods; regulating services – benefits through control of natural processes like water quality, pollination and erosion control and cultural services – non-material benefits people derive from the natural environment such as recreation, spiritual values and aesthetic enjoyment. We have tested this proposal with customers as part of our March 2019 engagement programme and can confirm they strongly support the principle of engaging with the farming community.	PRT.OC.A38 - 4.39 page 182 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	N/A	New customer Research is provided within an appendix (OC.Appendix 1), covering post IAP Research undertaken.	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A39	Required	Catchment Management PC: The company should provide further evidence that its customers support the proposed targets and levels of stretch for this PC or the alternative as referred to above.	01-Apr-19	We worked with Natural England and the EA in particular to establish our target of meaningful engagement with 2/3rds of the 75 farmers. The target was based on what Natural England consider to be a good and challenging outturn given their experience of waorking with farmers. We have tested this proposal with customers as part of our March 2019 engagement programme and can confirm that customers strongly support the target.	PRT.OC.A39 - 4.40 pages 182-183 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 15 columns AQ - AU	New customer Research is provided within an appendix (OC.Appendix 1), covering post IAP Research undertaken.	Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A40	Required	Catchment Management PC: The company should provide further evidence to justify the use of an outperformance-only payment for this PC, or the alternative referred to above, including evidence of customer support. The company should demonstrate how this ODI will benefit customers.	01-Apr-19	We acknowledge that our Catchment Management ODI was not tested explicitly with customers in the work to support this proposal or determine the incentive rates. We have revised this ODI to be both an out and under performance ODI. We have tested this proposal with customers as part of our March 2019 engagement programme and can confirm that customer strongly support this proposal.	PRT.OC.A40 - 4.41 pages 183-184 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 15 column CU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A41	Required	Catchment Management PC: The company should clarify whether its proposed ODI allows multiple outperformance payments to be claimed for the same farmer engagement activity. If this is the case, the company should remove this element of its ODI, thereby ensuring that each instance of farmer engagement contributes to any outperformance payment once	01-Apr-19	The Company can confirm that this proposed ODI does not allow multiple outperformance payments to be claimed for the same farmer engagement activity. Engagement is with each farmer in turn, irrespective of any multiple engagements with any one farmer. We have a target of engagement with 50 different farmers.	PRT.OC.A41 - 4.42 page 184 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	N/A		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A42	Required	Catchment Management PC: The company should provide further evidence to justify the proposed application of this ODI at the end of the 2020-25 period. Alternatively, the company should propose to apply this ODI in-period. In either case the company should provide its evidence and rationale.	01-Apr-19	Our Business Plan proposed the catchment management engagement programme to be an outperformance (reward) assessed at the end of the five-year AMP7 period to reflect the possibility that in any year we may not achieve an annualised number of engagements in any year and to allow any sum to be carried in to subsequent years. The ODI effectively proposed engagement with 50 farmers (in our non-priority areas) over the AMP7 period, In light of other challenges from Ofwat (see OC.A6 in particular) we will change the assessment to be annual which will judge performance against engagement with 10 farmers per annum. To recognise the concern underpinning our initial proposal for an annual assessment, we will adjust any annual target in any year to reflect over or under performance in prior years.	PRT.OC.A42 - 4.43 pages 184-185 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 15 column T		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A43	Required	Biodiversity (reward) PC: The company should consider revising the definition of the measure to include elements of value delivered or project outcomes achieved rather than being reliant on the awarding of grants. The company should provide further evidence that its customers support the inclusion of this measure.	01-Apr-19	Our biodiversity ODI stems from the legal requirement to ensure that we maintain our sites to enhance biodiversity. Our stakeholders have encouraged us to go beyond our own sites and we therefore propose a grant scheme which will either physically enhance biodiversity in the region or enhace our knowledge of biodiversity.	PRT.OC.A43 - 4.44 pages 185-186 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	N/A		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report

	PRT.OC.A44	Required	Biodiversity (reward) PC: Given the performance targets proposed, the company should propose an in-period ODI, or provide further evidence to justify why this is not appropriate.	01-Apr-19	Our Business Plan proposed the biodiversity grant scheme to be a reward assessed at the end of the five-year AMP7 period to reflect the possibility that in any year we may not achieve a full uptake of the scheme and to allow any sum to be carried in to subsequent years. The ODI effectively provided for £250k of grants over the AMP7 period, In response to this action, we will change the assessment to be annual which will judge performance against £50k per annum. To recognise the concern underpinning our initial proposal for a % year assessment, we will adjust any annual target in any year to reflect over or under performance in prior years.	PRT.OC.A44 - 4.45 pages 186-187 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 17 column T		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A45	Required	Carbon PC: The company should provide numeric target information, including levels of stretch, so that stakeholders can understand the levels of performance they can expect and to ensure effective measurement and reporting.	01-Apr-19	The Company note that comparable data for carbon performance is reported annually on the Discover Water website. This shows we are currently better than upper quartile performance in the industry and our PC would be to maintain this position. All Companies operational carbon report in accordance with the UKWIR methodology and as such confidence can be taken from this way of obtaining the comparison. However, this metric is heavily influence by the conversion factor published by Defra each year. This conversion factor does vary each year to reflect the actual mix of sources that the UK as a whole has used to provide its energy and the carbon element of each. Thus in recent years the conversion factor has reduced as the county has delivered more energy from renewable sources including wind. Further the volume of carbon changes as result of the volume of water distributed to customers. The greater demand, the higher the carbon will be. We therefore felt that a comparative measure, rather than an absolute measure is best placed to address this measure. Our carbon per Ml/d measure could be influenced by any change in the Defra conversion factor and not our own actions. We now propose a set of performance commitments for Carbon / Ml/d relative to the base year conversion factor and will report two outturns, one for applying the actual conversion rate, which will be comparable with other companies and reported on Discover Water and the second on a "constant" Defra conversion rate.	PRT.OC.A45 - 4.46 pages 187-188 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 26 column H		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A46	Required	Carbon PC: The company should provide numeric targets, including levels of stretch, and provide sufficient evidence to support then.	01-Apr-19	We have set our target of 164 tonnes of carbon equivalent per Ml/d based on an average of our AMP6 performance to date.	PRT.OC.A46 - 4.47 pages 188-189 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 26 columns AU-AQ		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A47	Required	The Abstraction Incentive Mechanism (AIM) PC: The company should reconsider its proposed commitment and provide compelling evidence that it has considered additional sites and justify why the inclusion of additional sites is not proposed.	01-Apr-19	We have considered additional sites and explained why we do not consider them suitable for AIM	PRT.OC.A47 - 4.48 pages 189-191 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	N/A		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A48	Required	The Abstraction Incentive Mechanism (AIM) PC: The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests. The company should consider changing the level of the cap and collar, thereby extending the performance range over which incentive payments apply.	01-Apr-19	Our AIM proposal applies to abstraction at our Northbrook site, which is a groundwater source which may have an impact on river flows on the Hamble. At Northbrook we have an annual abstraction licence of 20.5 Ml/d. It is a base load site which typically operates at this rate. We have applied the Ofwat AIM methodology and can quantify that historically when the Hamble is at its Q95 flow rate, we have abstraction at Northbrook of 18.8 M/d. 18.8 Ml/d is therefore the target (or performance commitment) when river flows fall to their Q95 rate. Given our licence value of 20.5 Ml/d, the maximum volume any penalty can be related to is 1.7Ml/d, that is if we exceed abstraction of 18.8Ml/d we will incur an underperformance (penalty) payment. The collar is therefore 1.7Ml/d. We established strong customer support for this ODI and indeed a significant valuation from customers. We therefore proposed a symmetric over and under performance ODI and felt the cap should be equal to collar of 1.7Ml/d. This means that abstraction could reduce to 17.1 Ml/d with the Company earning the maximum outperformance payment. We have tested a greater range for the cap but this would compromise our ability to supply both our customers and the bulk supplies to Southern Water in AMP7.	PRT.OC.A48 - 4.49 pages 191-192 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 16 columns BV-CO		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A49	Required	The company should provide evidence of the sample size used in the annual survey to determine the PC target for 'addressing vulnerability'. In addition, The Company should confirm that survey will be externally assured and conducted in line with social research best practice.	01-Apr-19	We can confirm that a minimum of 50 local support organisations will be surveyed annually. We are pleased to confirm that the survey will be externally assured and conducted in line with social research best practice.	PRT.OC.A49 - 4.50 pages 192-193 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 27 columns AQ-AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
	PRT.OC.A50	Required	Biodiversity (penalty) PC: The company should consider revising the definition of the measure to include elements of value delivered or project outcomes achieved rather than being reliant on the awarding of grants.	01-Apr-19	We will maintain our sites in accordance with the legal requirement to promote biodiversity. We will ensure that 90% of our sites are in favourable management each year.	PRT.OC.A50 - 4.51 pages 193-194 ODI overview & ODI RoRE range 4.1 & 4.2 pages 129 - 143	App1 line 18 columns AQ - AU		Board Assurance OC. Appendix 2 - Atkins Non-Financial Table Assurance CCG Report
Securing long term resilience	PRT.LR.A1	Required	The company should ensure that its common and bespoke performance commitments associated with operational resilience are clearly defined, sufficiently demanding for AMP7 and the long term, and supported by the right incentives. We expect the company to satisfy the relevant actions set out in relation in the outcomes areas ensuring a line of sight between risks to resilience and package of outcomes.	01-Apr-19	Our production, storage and distribution system is already highly resilient with 99.7% of customers fed directly from service reservoirs, which on average hold 2 days water storage. In addition, Portsmouth Waters strategic spine main provides a highly interconnected system allowing the transfer of water around the network and into any areas with an issue. Ensuring long the long term resilience of our business and system is a central tenant of our business plan, and is integral to our asset management approach and investment identified in the plan. In preparation for PR19 we have completed a comprehensive review, using a systems based approach and integrated view, of our operational resilience. This has provided the company with a very clear understanding of the risks that exist in our system, and a means for quantifying these. In response to our review of operational resilience we have identified a number of mitigation schemes to lower the likelihood and impact of risks which remain. Following analysis and customer research we plan to invest £2.5m to reduce the remaining risks by 86% and make our system even more resilient. The resilience of our system is core to how we operate as a business, the line of sight provided between the risks identified and the ODI's we have selected to monitor and measure our performance reflects this approach and will ensure that we continue to focus on resilience now and into the future.	PRT.LR.A1 - 5.1 pages 196-203	N/A		Board Assurance
	PRT.LR.A2	Required	The company should provide a commitment that it will, by 22 August 2019, prepare and provide to us an action plan to develop and implement a systems based approach to resilience in the round and ensure that the company can demonstrate in the future an integrated resilience framework that underpins the company's operations and future plans showing a line of sight between risks to resilience, planned mitigations, package of outcomes and corporate governance framework.	01-Apr-19	Portsmouth Water commits to prepare and provide to Ofwat, by the 22nd August 2019, an action plan to develop and implement a systems based approach to resilience in the round and ensure that the company can demonstrate in the future an integrated resilience framework that underpins the company's operations and future plans showing a line of sight between risks to resilience, planned mitigations, package of outcomes and corporate governance. PRT will seek to be directly and actively involved in any of the following to facilitate this: • UKWIR (Water Industry Research) Projects • WRc projects • Water UK groups In addition the following sources of information and guidance will be utilised: • Cabinet Office Guidance • Latest academic thinking – including the Stockholm Resilience Institute • LRF standards and best practice • Established best practice at other water companies • International experience specifically via IWA • Smart Cities Initiative	PRT.LR.A2 - 5.2 pages 203-204	N/A		Board Assurance
	PRT.LR.A3	Required	The company should provide a commitment to work with the sector to develop robust forward looking asset health metrics and provide greater transparency of how its asset health indicators influence its operational decision making.	01-Apr-19	Portsmouth Water will commit to working with other companies in the water sector to develop robust forward looking asset health metrics and provide greater transparency of how its asset health indicators influence its operational decision making. PRT will seek to be directly and actively involved in the following to facilitate this: • UKWIR (Water Industry Research) Projects • WRc projects • Water UK groups and networks • ISO 55001 standards and guidance • Institute of Asset Management published materials and guidance • Latest published academic research • International asset management best practice especially via IWA • Experience from other industrial sectors especially air and rail	PRT.LR.A3 - 5.3 pages 204-205	N/A		Board Assurance

	PRT.LR.A4	Required	Please explain the steps the company is taking to ensure it will be able to maintain long term financial resilience in the event that its requested adjustment to the cost of capital is not allowed at a future (subsequent to PR19) price control and set out the risk management/mitigation approaches that have been identified	01-Apr-19	The Board has considered a number of elements in relation to the impact of the Company Specific Premium on long term financial resilience; Firstly the Board feels that there a number of strong areas of support for the future retention of the Company Specific Premium by Portsmouth Water. Secondly the Company has performed sensitivity analysis using two scenarios to assess the impact of loss of the Company Specific Premium. It has concluded that the loss of the adjustment from AMP8 has a more detrimental effect on financeability. However in the round the Company is likely to be able to use mitigating actions to retain financial resilience over the longer term.	PRT.LR.A4 - 2.2 pages 93-95 Financeability chapter 2 pages 85 - 124	No table changes		Board Assurance
	PRT.LR.A5	Required	Please explain how the company has taken account of the risks associated with its targeted credit rating, and outline associated risk management/mitigation approaches identified by the company to provide assurance on long term financial resilience.	01-Apr-19	The Board has concluded that, in overall terms, the risks associated with the target credit rating have been understood and can be effectively managed/mitigated. The Board has considered a number of different risk factors involved in determining the target credit rating in the actual structure. This included; • Ability to respond to financial shocks • Ability to raise debt at the target rating • Risks relating to the HTWSR investment programme • License condition requirement to retain an investment grade rating • Further tightening of rating agencies' metrics • Downward pressure on cost of capital • Available mitigations and regulatory remedies Further sensitivity analysis has been performed, using a range of financial down-side scenarios, to assess the Company's ability to respond to financial shocks – whilst remaining financeable.	PRT.LR.A5 - 2.3 pages 95-103 Financeability chapter 2 pages 85 - 124, especially 2.1 Board assessment of finaneability and financial resilience, pages 85-93.	App 10 line 12 notional structure, line 34 actual structure	Board Assessment of Financeability and Financial resilience - main document - Section 2.1 PRT.RR.A1 Appendix 1 Bond Market Data Board Assurance Statement	Board Assurance
	PRT.LR.A6	Required	With respect to development of the Havant Thicket Winter Storage Reservoir: □ Demonstrate how the company has considered the risks to its long term financial resilience if the project is significantly delayed or does not proceed. □ Explain how the company will ensure the development and financing of the project will not result in any detrimental impact to the service provided to Portsmouth Water customers.	01-Apr-19	In the event of delay to the development of the HTWSR, SWS are still required to pay us the Capacity Charge under the BSA. The elements of the Capacity Charge are set out in Section 1.3.2. The BSA will include limited termination events as between us and SWS and we consider that project cancellation risk is remote. However, in the event of cancellation the BSA will contain a compensation regime that will protect our financial resilience. See Compensation on Termination (below) The Capacity Charge will also be reflective of a proportion of any increased costs arising from a delay (via TOTEX sharing between our Investors and SWS–this will not be met by our customers). This approach is set out in more detail below and ensures both insulation from commercial shocks and customer while (at the same time) ensuring that we have a clear incentive to complete on time and on budget. Under the BSA, SWS's sole remedy for delay to the HTWSR is liquidated damages payable for interruption to the water supply. These liquidated damages are funded by shareholders (not customers) and are capped at a proportion of the economic profit received (so that customers are protected and to protect our long term financial resilience). The Board has concluded that the risk to long term financial resilience in the event of delay, cancellation or termination is well understood and effectively managed. This financeability risk can be appropriately mitigated through commercial arrangements and other mitigating actions. Our water supply, treatment, storage and transfer network, is already robust and resilient and can currently provide service to our customers in even a severe drought (1:200-year). Additional water from the HTWSR and the Worlds End borehole when added into our network will create sufficient headroom to support additional transfers into the region of at least 9 Ml/d by 2024 and at least 21 Ml/d by 1 April 2029 in a severe (1:200-year) drought. Over recent months we have put in place an industry leading project team and appointed professional advisers to support the project to enhance our major project delivery capability. They bring experience in major infrastructure project planning, procurement and delivery, and leading industry standard programme, cost control and risk management. The senior individuals are embedded in our senior management team and measuring and monitor performance through appropriate KPIs.	PRT.LR.A6 In responding to this, we have: •Set out the commercial mitigations in the BSA that support our long-term financial resilience in the event of delay or cancellation. This is set out in section 1.2.1 page 9. •Modelled down side (HTWSR) scenarios that demonstrate our long-term resilience. This is set out in section 1.2.2 pges 11-14. •Set out why there will be no detrimental impact to the operational service provided to our customers. This is set out in section 1.2.3 pages 14-23. •Provided an overview of the management arrangements that have been put in place to support management. This is set out in section 1.2.4 pages 23-25. Havant Thicket Chapter pages 6-83.	N/A		Board Assurance
Targeted controls, markets and innovation	PRT.CMI.A1	Required	The company has not provided insufficient detail to give us confidence that its customers will be adequately protected by the commercial arrangements between the company and Southern Water. Please set out the key commercial terms and explain how these would protect customers from bearing the cost of the reservoir over the longer term if Southern Water withdraw from the agreement where the need for proposed scheme is driven by their supply requirements. It is unclear that the proposed development should be included within the RCV of the company if Southern water (and its customers) are essentially funding the reservoir development through the proposed contractual framework as this would transfer residual risks to your customers.	01-Apr-19	we have also considered protections for our customers across all scenarios in developing the proposed BSA and as such we set out: •The key commercial terms of the proposed BSA (noting that the proposed BSA remains subject to negotiation and discussion with SWS) and how this protects our customers. This is set out in section 1.3.1. •Key areas of protection in respect of charging. This is set out in 1.3.2. •Key areas of protection in terms of water supply. This is set out in 1.3.3. •Termination/cancellation arrangements (including SWS withdrawing from the BSA). This is set out in 1.3.4 (including in respect of where SWS withdraw from the BSA – which we note is referenced in Ofwat's Action Reference). •An analysis of key risk areas in respect of the commercial arrangements and how customers are protected in these scenarios. This is set out in 1.3.5. •An analysis of the approach to RCV including alternative approaches to delivering the project outside our RCV. This is set out in 1.3.6. The most deliverable (both structurally and in accordance within the timeframe in which water available for supply is required) and value for money delivery option is for us to deliver HTWSR as is being proposed (namely for costs to log up to our RCV and feed in to our allowed revenues). The alternatives (i.e. non-regulated or the asset being delivered directly by SWS) all have significant disadvantages (leaving aside significant practical issues such as land/asset ownership). These are discussed further under "Alternative Delivery Methods" below.	PRT.CMI.A1 We have also considered protections for our customers across all scenarios in developing the proposed BSA and as such we set out: •The key commercial terms of the proposed BSA (noting that the proposed BSA remains subject to negotiation and discussion with SWS) and how this protects our customers. This is set out in section 1.3.1 pages 26 - 30. •Key areas of protection in respect of charging. This is set out in 1.3.2 pages 30-33. •Key areas of protection in terms of water supply. This is set out in 1.3.3 pages 33-34. •Termination/cancellation arrangements (including SWS withdrawing from the BSA). This is set out in 1.3.4 pages 35-36 (including in respect of where SWS withdraw from the BSA – which we note is referenced in Ofwat's Action Reference). •An analysis of key risk areas in respect of the commercial arrangements and how customers are protected in these scenarios. This is set out in 1.3.5 pages 36-39. •An analysis of the approach to RCV including alternative approaches to delivering the project outside our RCV. This is set out in 1.3.6 pages 39-45. Havant Thicket Chapter pages 6-83.	N/A	PRT.CMI.A1 Appendix 1BSA Draft Heads of Terms 14 March 2019 PRT.CMI.A1 Appendix 2 Interruptions Diagram	Board Assurance
	PRT.CMI.A3	Required	Please explain the impact of the proposed changes to the metering programme on your water resources position	01-Apr-19	Our meterimng programme improves our water resources posion by 1.4Ml/d by 2024/25	PRT.CMI.A3 - 6.2 page 207	N/A		Board Assurance
	PRT.CMI.A4	Required	For DPC, the company is required to provide further evidence to support the decisions that determined why some schemes were not suitable for DPC. The list of schemes and the required evidence is detailed in 'Portsmouth Water: Direct procurement for customers detailed actions'.	01-Apr-19	In responding to this, we have: •Provided a general response and analysis of the suitability of the project for DPC. This is set out in section 1.5.1. •Set out a revised economic analysis of the scheme including a new Net Present Value analysis using the standardised assumptions provided in Table A. This is set out in section 1.5.2. •Set out why we have no longer used the use of 82% leverage in the Standard approach in our revised NPV analysis. This is set out in section 1.5.3. •Set out a summary of the results of the network modelling and option development that was due for delivery in December with regard to the dilution of the operational flexibility and a risk assessment to the operation with regard to a third party operating HTWSR. This is set out in section 1.5.4. •Provided evidence for the 18-24-month time frame for the delay incurred for the Procurement of the CAP. This is set out in section 1.5.5. •A summary of the proposed commercial arrangement and mechanisms to be entered with Southern Water to ensure Portsmouth Water's customers are not at risk from the HTWSR scheme. Our response to this is set out in Section 1.3 (above).	PRT.CMI.A4 In responding to this, we have: •Provided a general response and analysis of the suitability of the project for DPC. This is set out in section 1.5.1 pages 51-56. •Set out a revised economic analysis of the scheme including a new Net Present Value analysis using the standardised assumptions provided in Table A. This is set out in section 1.5.2 pages 56-58. •Set out why we have no longer used the use of 82% leverage in the Standard approach in our revised NPV analysis. This is set out in section 1.5.3 pages 58-59. •Set out a summary of the results of the network modelling and option development that was due for delivery in December with regard to the dilution of the operational flexibility and a risk assessment to the operation with regard to a third party operating HTWSR. This is set out in section 1.5.4 pages 59-61. •Provided evidence for the 18-24-month time frame for the delay incurred for the Procurement of the CAP. This is set out in section 1.5.5 pages 61-65. •A summary of the proposed commercial arrangement and mechanisms to be entered with Southern Water to ensure Portsmouth Water's customers are not at risk from the HTWSR scheme. Our response to this is set out in Section 1.3 pages 25-45. Havant Thicket Chapter pages 6-83.	N/A	PRT.CMI.A4 Appendix 1PA Consulting Summary of Key Assumptions PRT.CMI.A4 Appendix 2PA Consulting Summary of Model Outputs PRT.CMI.A4 Appendix 3 Comparison of timetable for DPC vs in house approach PRT.CMI.A4 Appendix 4 PA consulting summary of key asswumptions PRT.CMI.A4 Appendix 5 PA Consulting summary of model outputs	
Securing cost efficiency	PRT.CE.A1	Required	We have provided our view of efficient costs for the company along with our reasoning. We expect it to address areas of inefficiency, or lack of evidence, in the revised business plan. Where appropriate, we expect it to withdraw investment proposals if either: • the need for investment is not compelling; or • there is no need for a cost adjustment claim beyond our existing cost baseline.	01-Apr-19	We have responded to the IAP efficiency assessment. We have looked at the challenge on the expenditure for Havant Thickert and do not agree that the adjustment to costs for utilisation is appropriate. In addition we have commented on the IAP approach to leakage, wholesale base costs in general and retail household.	PRT.CE.A1 - 7.1 pages 209-214.	R2 line 10 R-V		Board Assurance

	PRT.CE.A2	Required	There may be significant impacts in terms of investment or type of investment as a result of the metaldehyde ban. The company should investigate and agree with the DWI the scale and timing of any potential changes compared to its submitted plans. Significant changes and uncertainty may require an outcome delivery incentive to protect customers in the instance of expenditure not being required. Should the company propose a performance commitment and outcome delivery incentive, the company should provide evidence to justify the level of the performance commitment and the outcome delivery incentive rates proposed, in line with our Final Methodology. We expect to receive evidence of customer support for outperformance payments, where proposed, and that the incentive rates proposed are reflective of customer valuations.	01-Apr-19	Portsmouth Water does not consider the recent Metaldehyde ban as having an impact on our Business Plan in terms of investment or type of investment. No expenditure was planned in PR19 associated with Metaldehyde due to it being considered a low risk within the Portsmouth Water area of supply. This re-submission contains data to support this view.	PRT.CE.A2 - 7.2 pages 214-215.	N/A	PRT.CE.A2 Appendix 1 Detailed sample results are provided that support our risk categorisation.	Board Assurance
Aligning risk and return	PRT.RR.A1	Required	The company has proposed a target credit rating for the notional company that is three notches above a minimum investment grade and two notches higher than the target credit rating for the actual company. The company should provide further evidence to support its view that this is a reasonable balance between maintaining the financeability of the notional company and securing affordable bills for customers	01-Apr-19	The Board has concluded that the Company is financeable in the Notional capital structure and has achieved an appropriate balance between financeability and customer bill levels. This conclusion is further supported by analysis to consider financial shocks and downsides and the Company's ability to raise debt in the Notional structure. The Board has revised its target in the notional structure from A3 to Baa1.	PRT.RR.A1 - 2.4 pages 103-108. Financeability section 2 pages 85 - 124, but with particular emphasis on section 2.1 pages 85-93.	App 10 line 12 notional structure. App 10, line 1 & lines 13-19. Wr4 line 18, columns H-L.	Bond market data - PRT.RR.A1 Appendix 1.	Board Assurance
	PRT.RR.A2	Required	The company has proposed a target credit rating for the actual company that is one notch above a minimum investment grade and two notches lower than the target credit rating for the notional company. The company should provide further evidence to support its view that this is reasonable for the financeability of the company given the proposed investment and the funding requirement of the company.	01-Apr-19	The company has targeted Baa2/BBB credit rating in the actual structure and has carried out its assessment in the notional structure at Baa1/BBB+. This is therefore one notch below the Notional structure and one notch below the Company's current rating. The Board has concluded that the Company is financeable in the Actual capital structure and in particular is able to efficiently finance its investment programme and manage any related down-side risks associated with that programme. This conclusion is further supported by analysis to consider financial shocks and downsides and the view on long term financeability in connection with the HTWSR programme.	PRT.RR.A2 - section 2.5 pages 108-114. Financeability section 2 pages 85 - 124, but with particular emphasis on section 2.1 pages 85-93.	App 10 line 34 actual structure. App10 line 23 & lines 35-42	Board Assessment of financeability and financial resilience Chapter 2.1 Board Assurance Statement	Board Assurance
	PRT.RR.A3	Required	The company should provide further evidence and Board assurance to support the financeability of both the notional and actual company structures with particular reference to how the thresholds set out for the key financial ratios are consistent with the target credit ratings.	01-Apr-19	The updated Board Assurance Statement gives the Board's overall conclusions in relation to the financeability in the Notional and the Actual capital structures. This should be read in conjunction with the Board assessment of financeability and financial resilience in Chapter 2.1 of the response to the IAP. It should also be considered in relation to the PR19 Viability Statement in Appendix 2.7. We have set our further detailed information in relation to how the quantitative aspects of financeability have been assessed with reference to how the key financial metrics have been determined and how thresholds have been set relative to those metrics. This has been based primarily upon Rating Agency methodology with particular emphasis on the ratios most sensitive for the Company. These are ratios which provide a measure of the ability to service debt; namely S&P FFO:Debt and Moody's Adjusted Interest Cover Ratio. We also consider a wider basket of ratios including our key banking covenant and gearing.	PRT.RR.A3 - 2.6 pages 114-119. Financeability section 2 pages 85 - 124, but with particular emphasis on section 2.1 pages 85-93. Viability Statement section 2.7 page	Table App 10, section A notional structure, section B actual structure.	RR.A3 Appendix 1 Definition of Ratios	Board Assurance
	PRT.RR.A4	Required	The company should provide further detail to explain how the RoRE range was determined for Havant Thicket, in particular how it relates to cost data in the bell curve provided in its plan, and provide further detail to explain how it has ensured the data underpinning the range of cost outcomes for Havant Thicket represents a robust assessment.	01-Apr-19	In responding to this, we have: •Explained how the RoRE range was determined for HTWSR. This is set out in section 1.4.1. •Set out how cost data relates to the bell curve. This is set out in section 1.4.2 •Provided further detail as to why the data represents a robust assessment. This is set out in 1.4.3. •Provided an update to reflect the proposed commercial arrangements. This is also set out in 1.4.3.	PRT.RR.A4 In responding to this, we have: •Explained how the RoRE range was determined for HTWSR. This is set out in section 1.4.1 pages 45-46 •Set out how cost data relates to the bell curve. This is set out in section 1.4.2 pages 46-48 Havant Thicket Chapter pages 6-83. •Provided further detail as to why the data represents a robust assessment. This is set out in 1.4.3 pages 48-50 •Provided an update to reflect the proposed commercial arrangements. This is also set out in 1.4.3 pages 48-50	N/A	PRT.RR.A4 Appendix 1Faithful and Gould – Cost Estimate Review 2018 PRT.RR.A4 Appendix 2QCRA Outputs PRT.RR.A4 Appendix 3QCRA Inputs and Risk Analysis PRT.RR.A4 Appendix 4Risk profile for the RoRE tables PRT.RR.A4 Appendix 5 Havant Thicket RoRE inputs	Board Assurance
	PRT.RR.A5	Required	The company should amend its assessment of revenue variance or provide convincing evidence that its exposure to revenue variation is as wide as its analysis suggests, particularly given the PR19 methodology.	01-Apr-19	We reviewed our initial analysis including the assumptions in the variation of measured revenues which has led to an overall reduction in the revenue range of 25%. Furthermore, we have validated the analysis which underpins the p10/p90 ranges - to which we conclude our revised intervals are reasonable. We re-performed the analysis using Monte Carlo analysis underpinned by historical performance data.	PRT.RR.A5 - 8.1 pages 217-218	App 26 Section A & B	Appendix 2.8 Updated RoRE support.	Board Assurance
	PRT.RR.A6	Required	There is inconsistency between the notional cost of equity in business plan table Wr5 and Wn5. The company should ensure its subsequent submission is consistent in this respect.	01-Apr-19	Tables Wr5 and Wn5 require a detailed breakdown of the nominal cost of capital for use in the Ofwat Model. In order to reach a total of 5.55% in 2020-25, we used 4 decimal places for the Asset beta in lines 6 and 16 of Wr5. This is an amount of 0.3545. However, this was rounded to 0.35 for the equivalent lines in table Wn5. This gives an inconsistent cost of equity between the 2 tables. We propose to amend Table Wn5 to include the extra decimal points, in order to report 5.55% for 2020-25 in both tables. In addition we will amend 2025-30, in the same way, to report 6.06% in both tables.	PRT.RR.A6 - 8.2 pages 218-219	The cost of equity has been amended in Wn5 lines 6 & 16 to agree to Wr5 lines 6 &16		Board Assurance
	PRT.RR.B1	Advised	The company should provide a clearer link between its internal risk management and mitigation procedures and the RoRE analysis.	01-Apr-19	We have provided further information to explain our risk management approach and how this has informed the RoRE analysis. This includes explanation of the steps taken from risk identification & quantification, to mitigation & management response and linkage through to RoRE analysis.	PRT.RR.B1 - 8.3 pages 219-222	N/A	Appendix 2.8 updated RoRE scenarios	Board Assurance
Accounting for past performance	PRT.PD.A1	Required	PR14 Land sales: Portsmouth Water is required to provide sufficient evidence to support the forecast trajectory in table App9.	01-Apr-19	The Company can confirm that we have not made or have plans to sell any land in AMP6 that impacts this measure. As such there is no associated adjustment to the RCV.	PRT.PD.A1 - 9.1 page 224	App9 - lines 1 and 2 are entered as zero.		Board Assurance
	PRT.PD.A2	Required	PR14 Outcome delivery incentives: Portsmouth Water is required to provide evidence explaining how it has calculated the outcome delivery incentives for the 'C1: interuptions to supply' and 'B1: reducing per capita consumption' performance commitments in tables App5/App6 and associated table App27.	01-Apr-19	The Company have reviewed its entries in APP5 and below explains how we established the valuations in APP27 (row 6). **Interruptions to supply** Our target for C1 - Interruptions to supply is 5 minutes per property per year, over the AMP6 period. We assumed that over the period we would outturn at 4 minutes per property per year which should result in an outperformance payment of £60,345 (2012/13 prices) over the AMP6 period, £12,069 per year. **Per capita consumption** Our target for B1 reducing per capita consumption relates only to 2019/20 and has a target of 144 l/h/d. We have assumed that we will miss our target by 2 l/h/d at £81,244 / l/h/d totalling £162k. Please note that the incentive payment is capped at 4 litres. **Other relevant ODIs** In reviewing this query we have noted that the outperformance for interruptions has been incorrectly combined with the underperformance payments for water quality standards and water quality contacts and an error on the WQC payment. We have failed our Mean Zonal Compliance twice in the period, at 2015 and 2017 with an associated payment of £319,420 each year.	PRT.PD.A2 - 9.2 pages 224-225.	App27 lines 6, 23, 42 App5 line 141, 147		Board Assurance
	PRT.PD.A4	Required	PR14 Residential retail: Portsmouth Water is required to clarify what the correct values are for reforecast 2015-16 and 2016-17 data in respect of unmetered water-only customers and metered water-only customers; provide further evidence for the forecast number of unmetered water customers and metered water customers in 2018-19; and populate the 'Materiality threshold for financing adjustment' in table R9.	01-Apr-19	The company acknowledges the inconsistency between the legacy model and table R9, specifically the re-forecast numbers in 2015/16 and 2016/17. Table R9 has been corrected.	PRT.PD.A4 - 9.3 pages 225-226	R9 line 7 column H & I		Board Assurance
	PRT.PD.A5	Required	PR14 Totex: Portsmouth Water is required to provide a more detailed explanation of why it intends to overspend on its allowance in the last two years of the 2015-20 period (as indicated in the submitted table WS15 and totex model) and what it aims to spend this totex on.	01-Apr-19	We have explained the profile of Totex over the AMP 6 period in terms of timing differences, underspend and re-investment of efficiencies. We have detailed specific projects that resukt in higher spend in years 4 & 5 of this AMP that were not in our PR14 Buiness Plan.	PRT.PD.A5 - 9.4 pages 227-231	N/A		Board Assurance
	PRT.PD.A6	Required	PR14 Wholesale revenue forecasting incentive mechanism: Portsmouth Water is required to update table WS13 and the WFRIM model to reflect actual grants and contributions in line with the reporting requirements for the annual performance report. The company has not been populating grants and contributions in the annual performance report Table 2I in accordance with the reporting requirements (by excluding connection charges). Portsmouth Water is required to either restate the data or provide compelling evidence that the adjustment is appropriate.	01-Apr-19	In the PR14 Business Plan we did not classify Connection Charges as Grants and Contributions. They were incorrectly included as part of our third party rechargeable works income. Consequently, in the Final Determination, this amount was not added to the 'total revenue governed by the wholesale price control', which includes Grants and Contributions income. By categorising the actual income from Connection Charges as Grants and Contributions we will be misaligned to the PR14 Final Determination, and it will generate an inappropriate WRFIM adjustment. We have discussed this issue with members of the Regulatory Accounts Team in the past and they have confirmed that our approach is sensible. The data presented in our Business Plan is consistent with the guidelines.	PRT.PD.A6 - 9.5 page 231	N/A		Board Assurance
	PRT.PD.A7	Required	PR14 Water trading: Portsmouth Water has been required to resubmit the evidence supporting its proposed water trading incentive payment. This was provided in January 2019; the company may be required to provide further evidence after we have completed our review of this evidence.	01-Apr-19	The Water Trading model quantifies the incentive to be paid to be £0.105m in 2012/13 prices. This equates to £0.116m in 2017/18 prices.	PRT.PD.A7 - 9.6 pages 232-233	A revised Table WS17 has been submitted Line 57 column M	PRT.PD.A7 Appendix 1 - Hardham bulk supply details	Board Assurance

Securing confidence and assurance	PRT.CA.A1	Required	Provide a restated and compliant Board assurance statement.	01-Apr-19	In addition to the Board Assurance included within the September submission, the Board has made a specific additional assurance statement to address this required action:- The Havant Thicket Winter Storage Reservoir is a significant proposal for Portsmouth Water. The Board has been instrumental in developing plans to enable Portsmouth Water to share resources via this ambitious project with the wider, severely water stressed, South East of England. Deliverability, cost efficiency and customer interests have been at the heart of Board discussions and deliberations, supported by customer research and specialist consultant reports. Additionally, a significant body of historic information, from work previously undertaken, that has reviewed as part of developing a robust delivery approach within acceptable parameters of risk. The Board has considered these aspects both holistically and individually in the business planning process and continues to do so on an ongoing basis, being instrumental in agreeing project plans, actions and assessing and reviewing associated risks. The Board Assurance Statement has been updated to reflect these points.	PRT.CA.A1 - 10.1 pages 235-236 Board assurance Statement	N/A		Board Assurance
	PRT.CA.A2	Required	Provide a restated and compliant Board assurance statement.	01-Apr-19	In addition to the Board Assurance included within the September submission, the Board has made a specific additional assurance statement to address this required action. This is set out in the separate Board Assurance Statement published with this report. The updated Board Assurance Statement reflects a specific reference to both financeability on the notional and actual capital structure and protection of customers. An extract is included below:- As a consequence of the Board's review of financeability and financial resilience, the Board concluded that the Company's Plan; • Is financeable in the notional and actual capital structures • Remains financially resilient over the longer-term • Protects customer interest in the short and long-term	PRT.CA.A2 - 10.2 pages 236-237 Board Assurance Statement	N/A		Board Assurance
	PRT.CA.A3	Required	Provide a restated and compliant Board assurance statement covering financial, operational and corporate resilience.	01-Apr-19	In addition to the Board Assurance included within the September submission, the Board has enhanced and updated its Board Assurance Statement to address this required action. This is summarised below. The Board has robust governance and assurance processes and believes they are appropriate to ensure long-term financial, operational and corporate resilience. These include a rigorous budgeting process, which projects 5 years and an established viability review looking at aggressive downside scenarios. The scenarios have been used in assessing this Business Plan. The Board has conducted a review of risks faced by the Company in terms of potential impact on the customer and the level of mitigation and resilience against those risks. It has looked at historical performance, including the Company Monitoring framework of the current AMP, on a range of measures to identify where interventions may be required. As part of its AMP 6 Programme, the Board commissioned a study to establish the level of resilience to catchment and non-infrastructure asset failures, which has driven key elements of the plan. A NED has undertaken a deep dive into the level of operational resilience within the organisation. The Board has reviewed several financial viability and financeability scenarios. In addition, the Board has reviewed the plans to ensure that the Company remains able to attract, retain and provide continual training of its staff to deliver the services required by our customers. The Board has made a final review of the Company's assessment of resilience in the round and its conclusions were included in Chapter 6 of the September Business Plan submission.	PRT.CA.A3 - 10.3 page 237 Board Assurance Statement	N/A		Board Assurance
	PRT.CA.A4	Required	On dividend policy the company is required to confirm that it is committed to adopt the expectations on dividends for 2020-25 as set out in 'Putting the sector in balance' to include: clear board commitment to signal changes to stakeholders; and commitment to transparency about how the dividend policy in 2020-25 takes account of obligations and commitments to customers for the dividend policy that is applied in 2020-25 and when determining dividends. Please provide an update on the steps you are taking to fully meet the expectations as set out in our putting the sector in balance position statement.	01-Apr-19	Our detailed response confirms how full adoption of the expectations set out in 'Putting the Sector into Balance' will be achieved. This includes how changes are signalled to shareholders, transparency and how the Board considers obligations and commitments to customers in setting dividends.	PRT.CA.A4 - 10.4 pages 238-240 Board Assurance Statement	N/A		Board Assurance
	PRT.CA.A5	Required	On executive pay the company is required to confirm that it is committed to adopt the expectations on performance related pay for 2020-25 as set out in 'Putting the sector in balance' to include: providing full details and commitment to publish, including all performance metrics, the executive pay policy for 2020-25; visibility and evidence of substantial linkage of executive remuneration to delivery to customers; clear explanation of stretching targets and how they will be applied; clear explanation of how the policy will be rigorously applied and monitored;	01-Apr-19	We have explained: • Our commitment to publish all executive pay • How executive pay is linked to delivering what matters to customers • How stretching targets are set and measured • How targets are monitored • How performance is signalled to customers	PRT.CA.A5 - 10.5 pages 241-243 Board Assurance Statement	N/A		Board Assurance
	PRT.CA.A6	Required	Provide a revised financial model (based on version 16z released on 31 January 2019) and data tables on 1 April 2019.	01-Apr-19	Data tables and financial models have been updated and are included within this response.	PRT.CA.A6:- PRT.CA.A6.1 - Financial data tables - 10.6 pages 243-250 PRT.CA.A6.2 - Financial models - 10.7 pages 251-254 PRT.CA.A6.3 - Non-financial data tables - 10.8 pages 254-257	All financial data table changes are detailed in 10.6		Board Assurance Financial tables assurance report PRT.CA.A6.1 Appendix 1 - KPMG Non-financial table assurance OC Appendix 2 - Atkins
	PRT.CA.A7	Required	Address validation issues and gaps in App1 and provide a revised App2 in which values for 2018-19 onwards in blocks B and C reflect the guidance i.e. old definition reporting for leakage and PCC.	01-Apr-19	The Company has significantly revised its ODI package in response to OC.A1 – OC.A50. The Company can confirm that it has presented forecasts for leakage and PCC in APP2 blocks B and C respectively in line with "old" methodology. The Board asked Atkins to assure the data in APP1 and APP2 – which they have done. Their report is included as OC. Appendix 2.	PRT.CA.A7 - 10.9 page 258	App1 & App2		Board Assurance
	PRT.CA.A8	Required	The company should explain the assurance process it has taken to develop its tax forecasts to demonstrate that amounts proposed for tax take account of customer interests, in particular to clarify the scope of the assurance work that was undertaken and the outcome of that work. There is also inconsistency between the notional cost of equity in tables Wr5 and Wn5. The company should ensure its subsequent submission is consistent in this respect.	01-Apr-19	Our assurance process – Portsmouth Water engaged two specialist teams from KPMG our tax advisors to assist with our tax analysis for PR19. This was in addition to the core audit team from KPMG who reviewed and audited our tables and commentary. The Capital Allowances team assisted and challenged our assumptions for the spend profile of our Havant Thicket reservoir project and we used their guidance to populate our PR19 business model. This was undertaken with the input from our Havant Thicket specialist team of engineers. The specialist Capital Allowance team at KPMG also reviewed our historic Capital Allowance claims and to ensure that we have made most efficient use of the Capital Allowance opportunities available to us in earlier years. The KPMG core Tax team reviewed our Business Plan tables considering aspects such as current and future trading outturn, the overall group tax position with regards to trading losses and the level of tax shield available from debt. KPMG provided expertise and challenge around these areas as well as comfort over the level of inter group interest shield (including compliance with the new Interest Cover Relief requirement). All matters identified as part of this tax review were reflected in the underlying business plan submission in order to optimise tax costs. The assurance work covering the relevant business plan tables was included as part of the KPMG agreed upon procedures report. As a consequence of the work performed and of internal review by appropriately qualified staff, it was concluded that the tax position reflected in the Business Plan model and tables represented; • the most efficient overall tax position optimising all appropriate tax allowances and benefits therefore providing best value for customers; • the tax position maintained compliance with the Company's published tax strategy particularly with respect to paying "fair" amounts of tax.	PRT.CA.A8 - 10.10 - pages 258-260	App29		Board Assurance
	PRT.CA.A9	Required	Address the following issues with tables Wr6 and Wr7: - Table Wr6 is incorrectly completed with commentary stating that values are deployable output rather than water resource yield and post-2020 capacity is presented at a similar magnitude as pre-2020 capacity. - Table Wr7 has two options presented but one has an unusual name (Deployable Output) which is 3 borehole upgrades. Both options have no opex allocated which is also unusual.	01-Apr-19	We have revised table Wr6 to reflect the difference pre and post 2020.	PRT.CA.A9 - 10.11 pages 260-261	Wr6 lines 1-6		Board Assurance
RoRE Analysis		Required	Updated RoRE analysis	01-Apr-19	As requested in additional Ofwat guidance we have updated the RoRE analysis. This indicates an unadjusted RoRE range of 1.48% to -2.22%. When adjusted to neutralise the impact of RCV on the ODI RoRE range , an adjusted range of 1.92% to -2.96%. We have also provided two different company scenarios in relation to HTWSR.	Section 2.8 pages 119-124.	App 26		Board Assurance
Transition Expenditure Programme		Addition			We have formally requested that £5.4 million of HTWSR expenditure in the final year of AMP6 is treated as Transition Expenditure under the PR19 methodology. We have set out in section 1.6.4 how this meets the tests set out by Ofwat.	1.6.4 pages 74-81	Ws10		Board Assurance