**Statement of significant changes to bills 2020/21**

*The Board of Portsmouth Water has assessed the effects its 2020/21 charges have on customers’ bills for a range of different customer types.*

*The Board can confirm that no group of customers will experience an increase in bills greater than 5% as a result of the proposed price changes. Over 30 groups of customer have been reviewed, including the average in a class and an upper and lower customer in the class as required by Ofwat guidelines.*

## *The Final Determination published by Ofwat on 16 December 2019 results in significant reductions in bills for 2020/21. Despite the November 2019 Consumer Price Index implying an inflation rate of 1.5% all customers will see a price reduction of at least 4%.*

*Table 1 below shows the impact of the price changes on our household customers. We have selected 15 “typical” customers to illustrate how the price changes affect different customers. The range of price reductions is from 6.0% - 9.6%.*

*The first 7 illustrations listed relate to customers without a meter. They may pay in relation to the rateable value of their property, a fixed licence charge (typically for properties built between 1990 and 2005), a minimum charge (where the rateable value is below £135) or assessed charges where meters cannot be installed for customers.*

*For customers with a meter we have selected a low metered user, equating to 50 m3 per annum, an average user at 90 m3 and a high user at 150 m3 per annum. Further we differentiate by size of the supply. Finally we show how the WaterSure and Social Tariffs will change in the year. The impact of the proposed tariffs are shown in lines 8 – 15 respectively.*

## ***Table 1 - Household Bills***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **2019/20 (£)** | **2020/21****(£)** | **Variance (£)** | **Variance (%)** |
| 1 | Unmeasured RV £150 | 87.25 |  79.60 | - 7.66  | -8.8% |
| 2 | Unmeasured RV £220 | 115.80 | 105.04  | - 10.76  | -9.3% |
| 3 | Unmeasured RV £300 | 148.43 | 134.12  | - 14.31  | -9.6% |
| 4 | Licence Charge | 115.80 | 105.04  | - 10.76  | -9.3% |
| 5 | Minimum Charge | 81.14 | 74.58  | - 6.56  | -8.1% |
| 6 | Assessed Charge (one person) | 70.79 | 65.15  | - 5.65  | -8.0% |
| 7 | Assessed Charge (other) | 98.20 | 92.33  | - 5.87  | -6.0% |
| 8 | Low User Measured 0.5" meter | 67.20 | 61.51  | - 5.69  | -8.5% |
| 9 | Average User Measured 0.5" meter | 97.40 | 90.08  | - 7.33  | -7.5% |
| 10 | High User Measured 0.5" meter | 142.70 | 132.92  | - 9.78  | -6.9% |
| 11 | Low User Measured 0.75" meter | 79.12 | 72.54  | - 6.58  | -8.3% |
| 12 | Average User Measured 0.75" meter | 101.77 | 93.96 | - 7.81  | -7.7% |
| 13 | High User Measured 0.75 meter | 124.42 | 115.38 | - 9.04  | -7.3% |
| 14 | Watersure Tariff (metered only) | 105.34 | 98.70 | - 6.64  | -6.3% |
| 15 | Social Tariff | 81.14 | 74.58  | - 6.56  | -8.1% |

*Table 2 below shows the impact of the price changes of our wholesale charges only for our water services to retailers. The Company is no longer a retailer to non-household customers and therefore we do not raise retail charges.*

*We have selected 19 “typical” non-household customers to illustrate how the price changes affect different customers. The range of price reduction is from 4.2% - 10.7%.*

*The first 5 listed relate to customers without a meter. They may pay in relation to the rateable value of their property, a fixed licence charge (typically for properties built between 1990 and 2005) or a minimum charge (where the rateable value is below £135).*

*For customers with a meter we have three different consumption charges relating to the total volume of water taken in the year. The three charges are for those using less than 10,000m3 (10Ml) per annum (lines 6-10), for those using more than 10,000 but less than 50,000 m3 (50 Ml) pa (lines 11-15) and those using more than 50,000 m3 pa (lines 16-19). Different standing charges also apply depending on the size of the meter assumed in the illustration.*

## ***Table 2 – Non-household bills****.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **2019/20** **(£)** | **2020/21****(£)** | **Variance** **(£)** | **Variance****(%)** |
| 1 | Unmeasured RV £170 | 77.45 | 72.20 | - 5.25 | -6.8% |
| 2 | Unmeasured RV £500 | 211.77 | 190.48 | - 21.29 | -10.1% |
| 3 | Unmeasured RV £800 | 333.88 | 298.00 | - 35.88 | -10.7% |
| 4 | Licence Charge | 95.02 | 91.07 | - 3.96 | -4.2% |
| 5 | Minimum Charge | 63.21 | 59.66 | - 3.55 | -5.6% |
| 6 | Measured 266m3 - 0.5" meter | 206.95 | 195.38 | - 11.57 | -5.6% |
| 7 | Measured 375m3 - 0.75" meter | 293.07 | 276.10 | - 16.97 | -5.8% |
| 8 | Measured 1,790m3  -1.5" meter | 1,498.82 | 1,396.36 | - 102.46 | -6.8% |
| 9 | Measured 5,000m3 - 1.5" meter | 3,906.31 | 3,651.19 | - 255.12 | -6.5% |
| 10 | Measured 100m3 - 0.5" meter | 82.45 | 78.77 | - 3.68 | -4.5% |
| 11 | Measured 10,000 m3 - 0.75" meter | 7,460.99 | 7,037.08 | - 423.91 | -5.7% |
| 12 | Measured 18,000m3 - 1.0" meter | 13,296.67 | 12,460.81 | - 835.86 | -6.3% |
| 13 | Measured 20,000m3 - 2.0" meter | 14,868.40 | 13,917.59 | - 950.82 | -6.4% |
| 14 | Measured 21,000m3 - 4.0" meter | 16,140.68 | 15,078.45 | - 1,062.23 | -6.6% |
| 15 | Measured 40,000m3 - 4.0" meter | 29,859.00 | 27,839.22 | - 2,019.78 | -6.8% |
| 16 | Measured 75,000m3 - 0.75" meter | 51,919.20 | 48,137.32 | - 3,781.87 | -7.3% |
| 17 | Measured 130,000m3 - 0.5" & 3.0" meter | 85,894.24 | 80416.74 | -5,477.50 | -6.4% |
| 18 | Measured 145,000m3 0.5" & 8.0" meter | 97,553.05 | 91339.65 | -6,213.40 | -6.4% |
| 19 | Measured 250,000m3 0.5" & 8.0" meter | 165,713.97 | 155,878.99 | -9,834.98 | -5.9% |

On behalf of the Board of Portsmouth Water.

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**Michael Coffin**

**Non-Executive Director**

**and chair of the Audit Committee**

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**Helen Orton**

**Finance and Regulation Director**

12 January 2020