

20 March 2020

PORTSMOUTH WATER STATEMENT

Charges for 2020/21

In January, in line with our normal practice we published our annual Charges Schemes, which covers our water charges for the year starting 1 July 2020.

As part of an internal review process, we have identified an error in the calculation of our charges for 2020/21. Our industry regulator, Ofwat, has recently determined, as part of the five yearly periodic review process, that our prices should fall by 4.3%. In line with previous practice we reduced this by a further 1.2% in recognition that we had over-recovered revenue in 2018/19 from our customer base (because the long hot summer increased customer demand and therefore our revenue).

We now understand that Ofwat had already recognised this issue and built in this downward adjustment when it determined the 4.3% reduction. Therefore, in summary, our charges published in January incorrectly incorporate duplicate downward adjustments for 2018/19 revenue.

The impact of the Ofwat determination is to reduce our average household bill from £106.17 to £101.59 per year, £1.23 greater than stated in our January 2020 publication. We intend to revise our tariff by this small amount to eliminate the second incorrect adjustment.

Portsmouth Water has worked with Ofwat, CCW, retailers and NAVs who operate in our area, and agreed this was a simple misunderstanding and therefore the small correction is appropriate.

The revised charges have been externally reviewed, assured and approved by the Board of Portsmouth Water.

Portsmouth Water is therefore correcting and republishing its Wholesale Charges Scheme and its Household Charges Scheme for 2020/21.

We sincerely apologise to customers, retailers and NAV's affected by this change. Even with this small increase, our charges remain by far the lowest in the water industry in England & Wales. These will be applied as of 1 July 2020.

In addition, we are confident that no bills have yet been sent out using the incorrect January tariff. Customers who are facing difficulties with payment are encouraged to contact us so we can discuss alternative payment options.

If there are any questions on this issue, please contact:

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