

SOUTH STAFFORDSHIRE WATER PLC

2018-19 CHARGES

STATEMENT OF SIGNIFICANT CHANGE

Overall, the average household bill in the South Staffs region will increase from £142 in 2017-18 to £147 in 2018-19, and will increase from £135 to £140 in the Cambridge region.

In setting last year's charges, the expectation was for the average bill in the Cambridge Region for 2017-18 to be £132 compared to a current forecast of £135. This is as a result of non-household customers in the Cambridge region who are not eligible for the retail business market now being part of the household average bill calculation. The average consumption for these customers is 647m³ which has increased the overall average consumption by 6m³ and the average bill by £5.

Under the charges scheme rules issued by the Water Services Regulation Authority (Ofwat), specifically sections 143(6A) and 143B of the Water Industry Act 1991, the Company is required to provide a statement summarising significant changes to 2018-19 charges. These are outlined below:

- (a) The Company is required to advise whether there are any charge increases of more than 5%.

Wholesale charges have been calculated in accordance with a K factor of -1.67% as set by Ofwat in its Final Determination of price limits for 2015 to 2020. Inflation of 3.9% has been applied to wholesale tariffs, in line with the RPI figure published by the Office of National Statistics. Finally, an adjustment to charges has been made to reflect the under recovery of wholesale revenue charges in 2016-17 of £0.874m. Retail charges have been recovered in line with the 2014 Final Determination for residential customers.

No customer type will experience a bill increase of greater than 5%, although individual customers may experience an increase greater than 5% depending on their own characteristics.

All charges for 2018-19 will be published at the beginning of February.

(b) The Company can confirm that there have been no significant changes in charging policy by the Company from the previous year.

Approved by the Board of Directors on the 11 January 2018 and signed on its behalf.

A handwritten signature in dark ink, appearing to be 'Phil Newland', written in a cursive style.

Phil Newland
Managing Director
South Staffordshire Water PLC