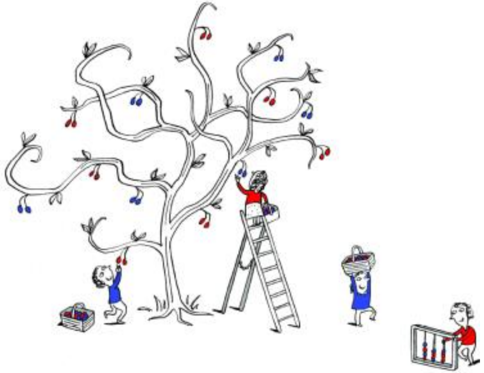
PR19: IAP Research

Final Quantitative Data



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Research Background, Methodology & Sample

Project Overview

Background

- SSC undertook a comprehensive programme of customer engagement to ensure the customer voice was at the heart of their PR19 Business Plan
- Acceptability Testing of the Plan was the final element undertaken in Q2 2018
- Following IAP feedback from Ofwat in Jan 2019 there was a need to consult with customers on a small number of additional elements of the Plan

Objectives

- Test acceptability & affordability of the plan to provide a benchmark against 2018 results
- Assess customer preference for bill profiles over 5 and 10 year periods
- Understand customer support for setting caps/collars against selected Performance Commitments (PCs)

Methodology

- Online and in-home interviews with household customers (see next slide)
- NHH customers not included in this round of research:
  - 2018 results were consistent between HH and NHH customers
  - Time constraints of post IAP work means only small number of NHH customers could have been included which would have provided indicative rather than robust responses

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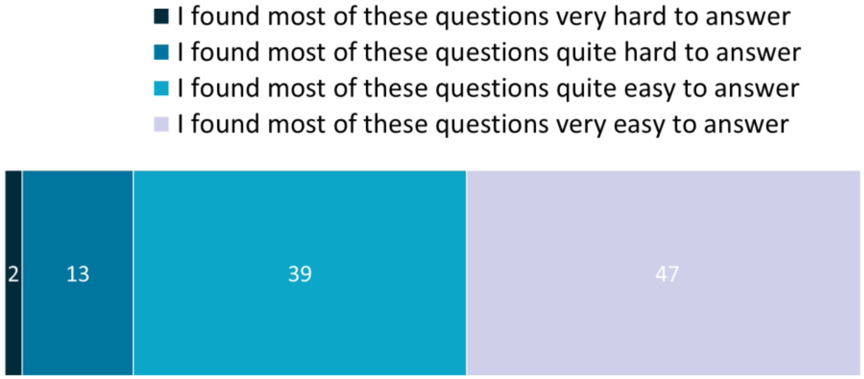
Research method and sample

20 minute questionnaire amongst a robust sample of HH customers:
738 customers: 100 in home & 638 via Dynata and Critical Mix panels

Company	Household
South Staffs Water (SSW)	583
Cambridge Water (CW)	155
Total	**738**

HH data was weighted to reflect SSW/CW customer profile by age, gender and social grade. Data analysis based on 90% confidence level

20 HH "future customers" included in the overall sample
Future customer response in line with current customer response (note very small sample size)



Majority of participants found the questions in the survey quite of very easy to answer

Six cognitive interviews were undertaken to test understanding of the questionnaire
The survey was piloted prior to starting the main fieldwork

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HH Phase 2: The segments

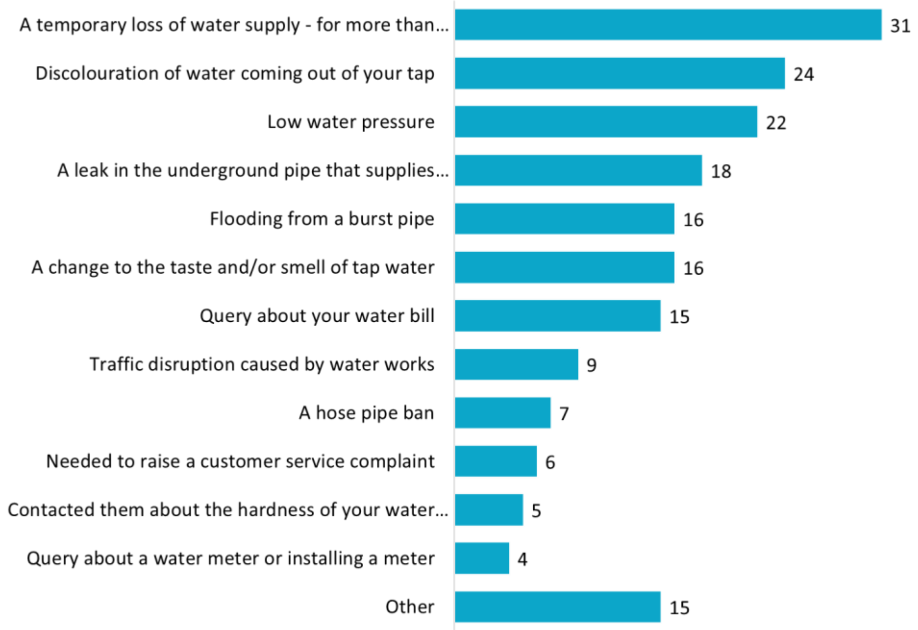
Segment Size

IAP Size (unweighted/ weighted)

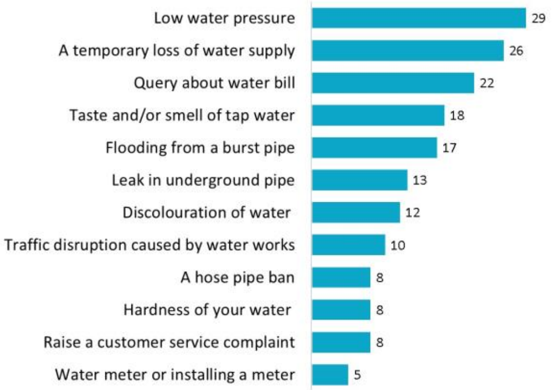
Segment Size		IAP Size (unweighted/weighted)
Don't Bother Me: 27%		Don't Bother Me: 22%/23% (2018: 21%/20%)
Caring But Time Pressed: 26%		Caring But Time Pressed: 31%/31% (2018: 29%/29%)
Engaged Loyal Carers: 23%		Engaged Loyal Carers: 28%/28% (2018: 25%/26%)
Savvy Switchers: 8%		Savvy Switchers: 8%/8% (2018: 10%/6%)
Connected But Hard Pressed: 16%		Connected But Hard Pressed: 11%/10% (2018: 15%/17%)

Sample: 7% HH customers had experienced a service issue in the last 12 months (9% in the 2018 survey).

7% of HH participants experienced service issue



- Similar pattern of service issues as was observed in 2018 research although significantly fewer contacts re: taste/smell of tap water:



2 Conclusions

Conclusions

Trust & VFM

- Satisfaction, trust and value for money scores remain high
- Although slightly lower than the scores reported in 2018 the differences are not statistically significant

The Business Plan

- Acceptability of the core promises in the Plan were high (between 77% and 81%)
- Scores in line with those reported in the 2018 Acceptability Testing work
- Acceptability of the proposed bill impact was high, but lower than both uninformed and informed scores from the 2018 study (76% for 2019 compared to 82% uninformed in 2018 and 84% informed)
- Difference is driven by the proportion finding the plan “very acceptable” (34% 2018 cf 26% 2019)
- And those who reported a neutral response (ie: not acceptable nor unacceptable) – 12% 2018 cf 18% 2019
- Combined informed acceptability score (2018 / 2018) for AMP7 flat bill profile among household customers is 81%

Conclusions

Bill profiles

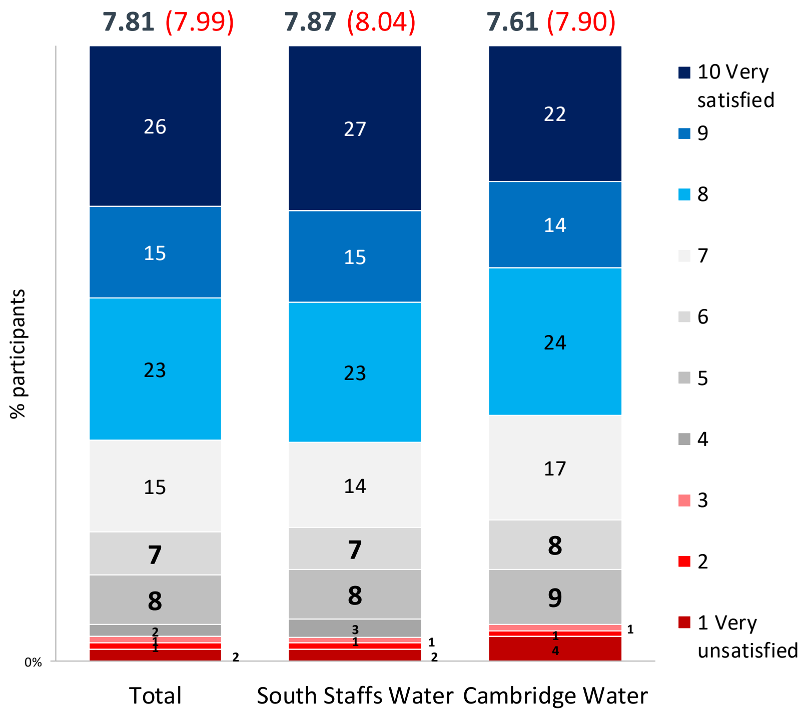
- As with the 2018 research customers have a strong majority preference of a flat bill during AMP7 (when they are shown the profiles for just this AMP)
- However, when shown the bill impacts across AMP7 and 8 there's a majority preference for the smoother bill across both AMPs when the bill transition into AMP8 goes above £3 - i.e a minority preference for AMP7 flat bill followed by a steeper increase between the AMPs. Again this is consistent with the 2018 findings for the 10 year bill preference
- This is driven mainly by a desire to avoid any potential bill "shocks"
- However, qualitative evidence suggests some customers are choosing this smoother profile actually see little difference between the options given the small amounts concerned – 61% of customers who choose the smooth bill found the flat bill and a £5 jump in 2025 affordable (only 12% unaffordable)

Performance Commitments

- Customers are generally accepting of the cap and collars that were tested across the different performance commitments
- Acceptance of penalty collars stands at approximately 60% (depending on the performance commitment)
- Acceptance is lower for proposed rewards – around 55% depending on the performance commitment
- Those who find the proposed rewards unacceptable mainly seem to object to the principle of ODIs incentives, rather than the level of reward cap for the specific PC
- And those who find the proposed penalty cap for mains bursts unacceptable do so primarily as the proposed cap is lower than the proposed reward.

3 Trust & Value for Money

Generally high levels of satisfaction with the level of service currently received from SSW/CW



Black: 2019 *Red: 2018 (both informed figures)*

Scores are slighly lower than in 2018

- Almost two thirds (64%) give a score of 8 or more out of ten for satisfaction with the service they receive.
- Satisfaction marginally higher in SSW region
- Most satisfied:
  - Engaged Loyal Carers
  - Significantly more satisfied than other segments – 50% give a score of 10
- Least satisfied:
  - Don't Bother Me
- Under 35s and over 65s significantly more satisfied than 35-64s

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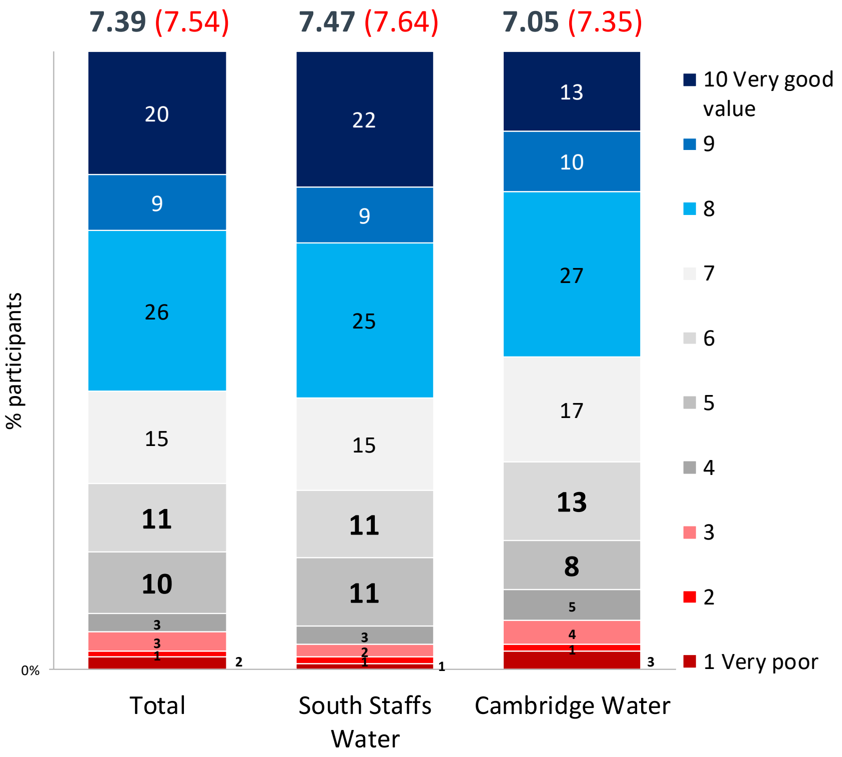
Value for money is fairly high, although slightly down on 2018



Black: 2019 *Red: 2018 (both informed figures)*

- Just over half (55%) give a score of 8 or more for VFM
- SSW's score is significantly higher than Cambridge
- Highest VFM score:
  - Engaged Loyal Carers
  - Significantly higher than other segments
- Lowest VFM score:
  - Don't Bother Me
- Over 65s significantly more satisfied than 35-64 year olds
- Meter customers significantly more satisfied than non-meter customers

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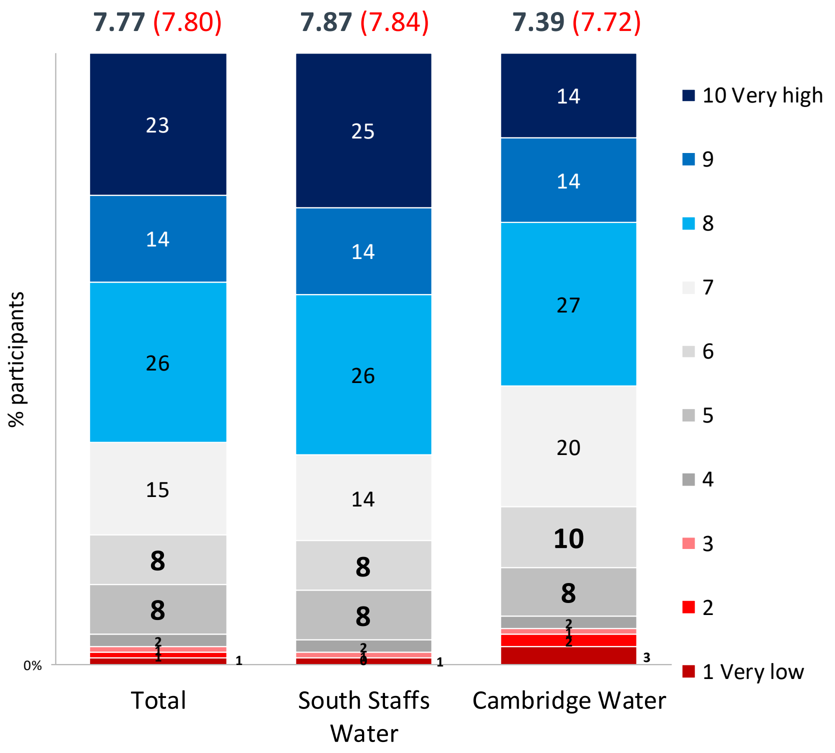
Trust perceptions too remain high, but slightly down on last year



Black: 2019 *Red: 2018 (both informed figures)*

- 63% give a score of 8 or more for trust (as in 2018)
- SSW score is significantly higher than Cambridge
- Highest trust score
  - Engaged Loyal Carers
  - Significantly higher than other segments – 46% score 10
- Lowest trust score
  - Don't Bother Me
- Women score significantly more highly than men

4 The Business Plan

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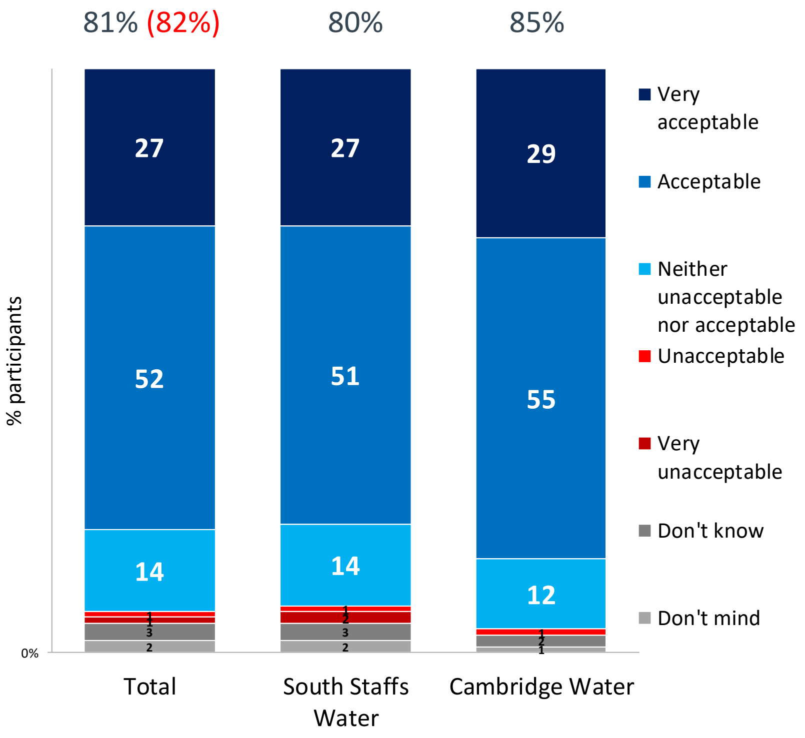
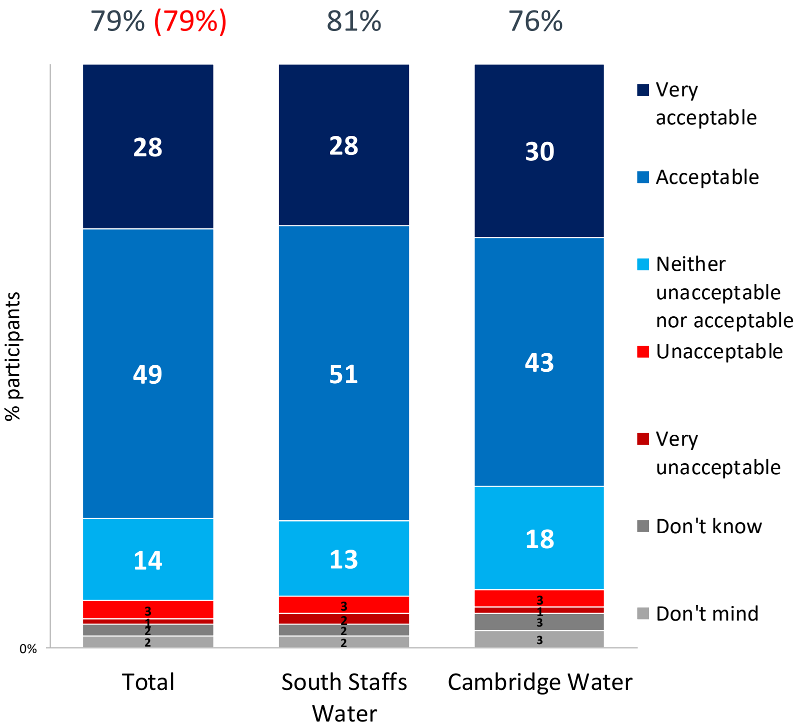
Environmental promises: Acceptability stands at 81%. Just 2% found the promises unacceptable



Black: 2019 *Red: 2018*

- Acceptability is high at over 80%, if slightly down on 2018
- Cambridge score is higher than SSW but not significantly
- Highest acceptability score
  - Engaged Loyal Carers
  - Significantly higher than other segments
- Lowest acceptability score
  - Don't Bother Me
- Under 35s and over 65s score significantly higher acceptability compared with 35-49s
- Meter customers significantly higher than non-meter customers

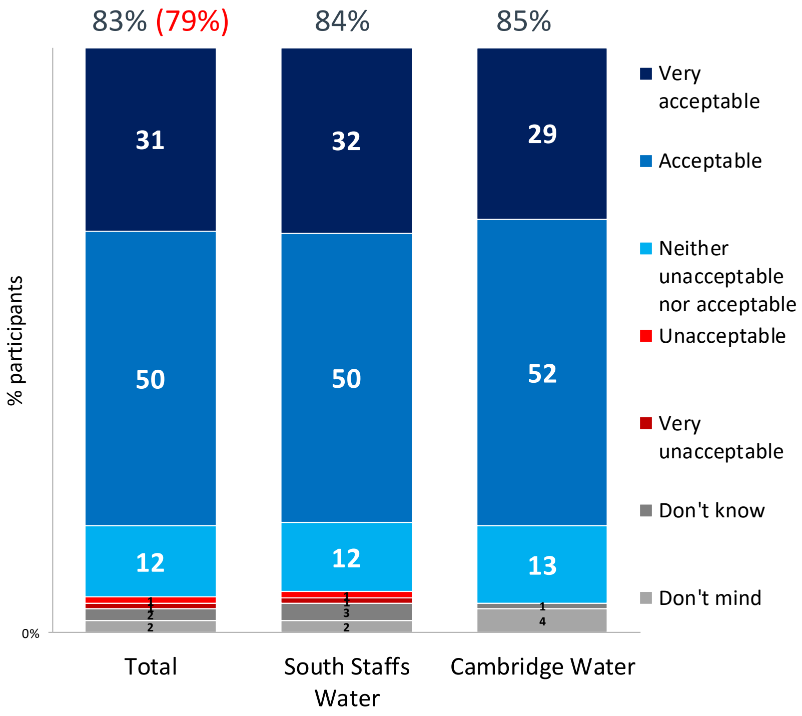
Community promises: Acceptability stands at 79%. Just 4% found the promises unacceptable



Black: 2019 *Red: 2018*

- Just under 8 in 10 find the community promises acceptable
- SSW score is higher than Cambridge, but not significantly
- Highest acceptability score
  - Engaged Loyal Carers
  - Significantly higher than other segments
  - 52% give score of very acceptable
- Lowest acceptability score
  - Don't Bother Me
- Women significantly higher than men

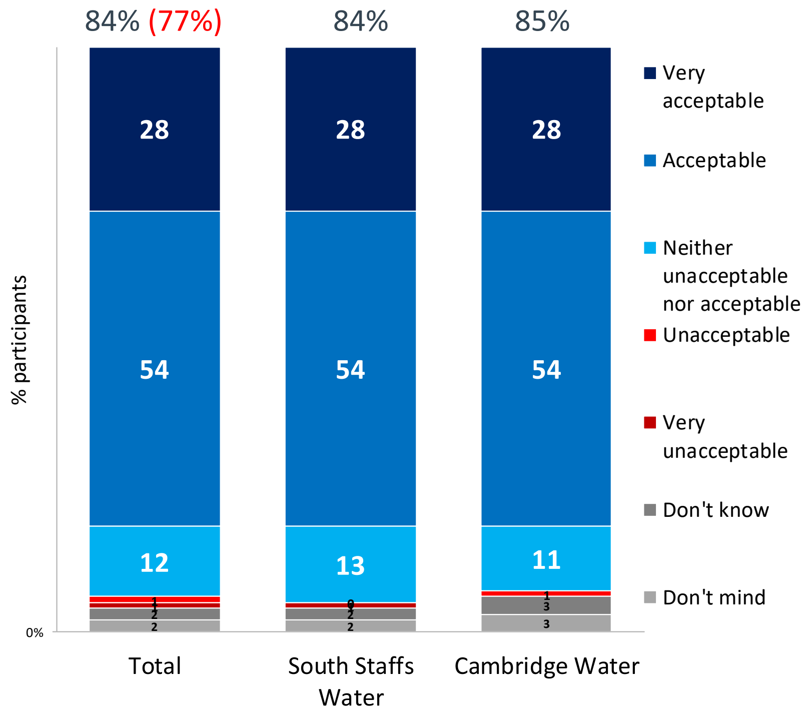
Customer promises: Acceptability stands at 83%. Just 2% found the promises unacceptable



Black: 2019 *Red: 2018*

- Acceptability is high at 83%
- Cambridge score is marginally higher than SSW
- Highest acceptability score
  - Engaged Loyal Carers
  - Significantly higher than other segments
  - 53% give score of very acceptable
- Lowest acceptability score
  - Don't Bother Me
- Women again score significantly higher than men

Service promises: Acceptability stands at 84%. Just 2% found the promises unacceptable



Black: 2019 *Red: 2018*

- Acceptability is high at 84%
- Virtually no difference between Cambridge and SSW scores
- Highest acceptability score
  - Engaged Loyal Carers
  - Significantly higher than other segments
  - 48% give score of very acceptable
- Lowest acceptability score
  - Don't Bother Me
- No other sub group differences

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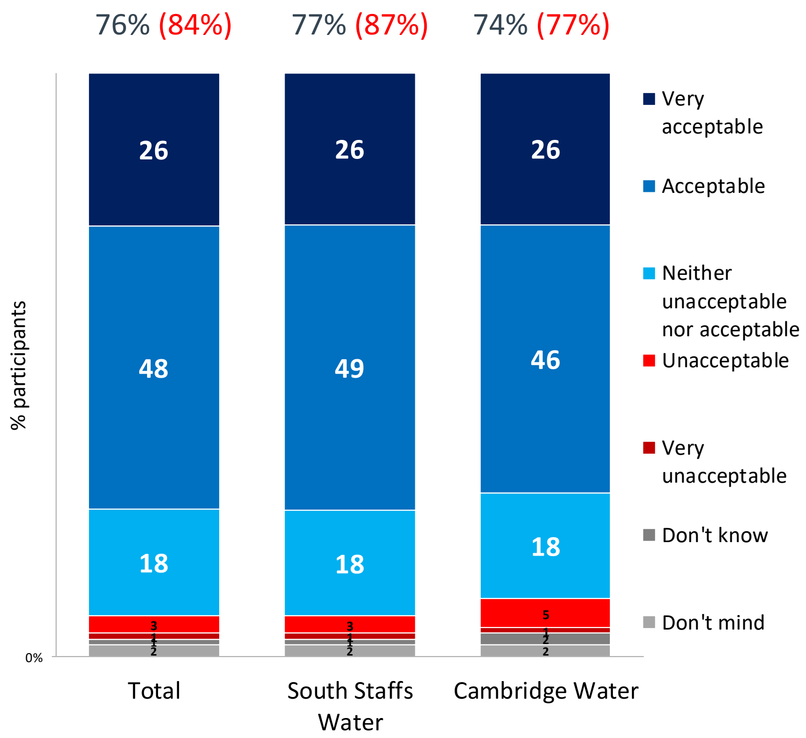
Acceptability of impact on customer bills stands 76% which is lower than informed acceptability stated in the 2018 research. Combined 2018/19 acceptability = 81%



Black: 2019 *Red: 2018 (both informed figures)*

Bill profile tested:

- Significantly more found the bill impact "very acceptable" in 2018 compared with 2019 (34% cf 26%)
- Three in four (76%) regard the impact on customer bills as acceptable
- SSW score is slightly higher than Cambridge
- Highest acceptability score
  - Engaged Loyal Carers
  - Significantly higher than other segment - 45% give score of very acceptable
- Lowest acceptability score
  - Don't Bother Me
- Over 65s significantly more likely to give a score of very acceptable (36%) than younger age groups

2018: unacceptability driven by driven mainly by disbelief that the company can deliver
2019: unacceptability driven mainly by cost/price concerns

2018:

Leakage targets disappointing
Natural skepticism
There are always problems that get in the way
Not sure they can deliver
Too optimistic
Don't believe they can deliver and reduce bills
Just keeping Ofwat happy

2019 in speech bubbles:

I think we pay too much water chargers already I would struggle to pay

Need a reduction not a price hike

Bills are too much already and water taste is not good

Water bills rising will put pressure on more people who are earning above the level to receive help

The cost of living is already so high

Bills should be kept at low prices

Bills are too much already and water taste is not good

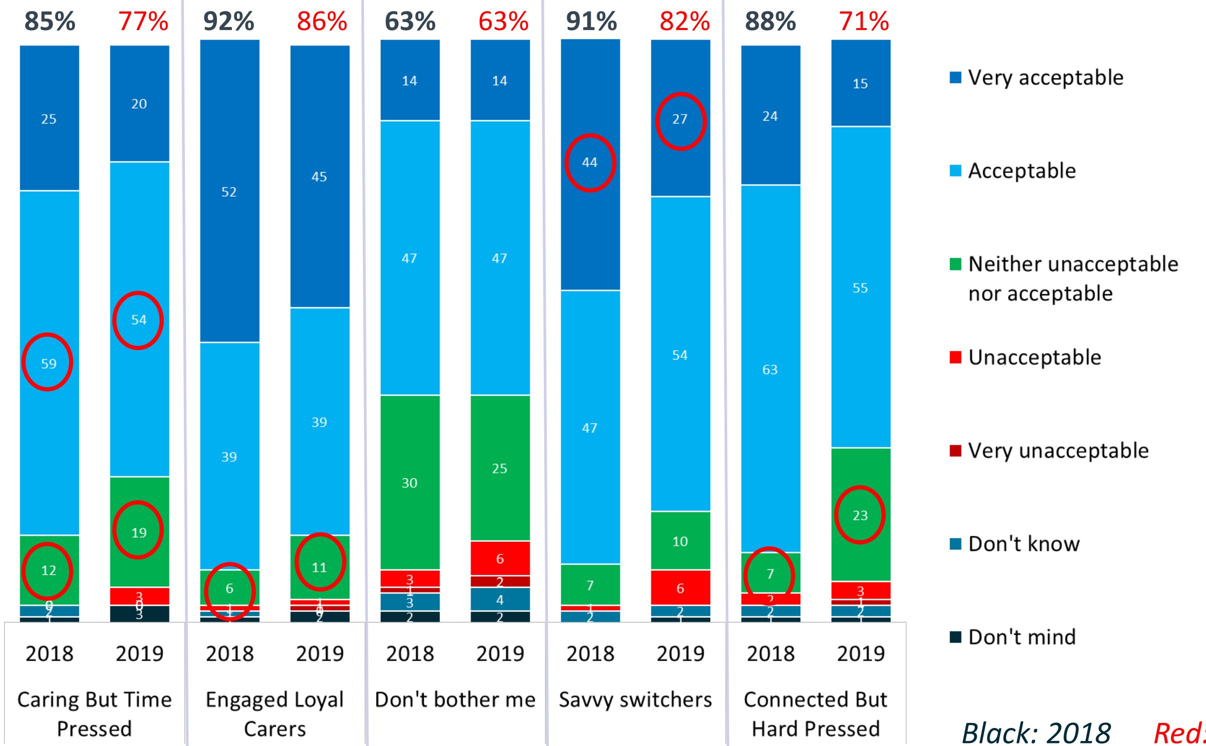
Just can't afford

I am struggling with my bills already

I am too old am paying enough

Acceptability: segment differences 2018 compared with 2019

Biggest shift is amongst Connected But Hard Pressed

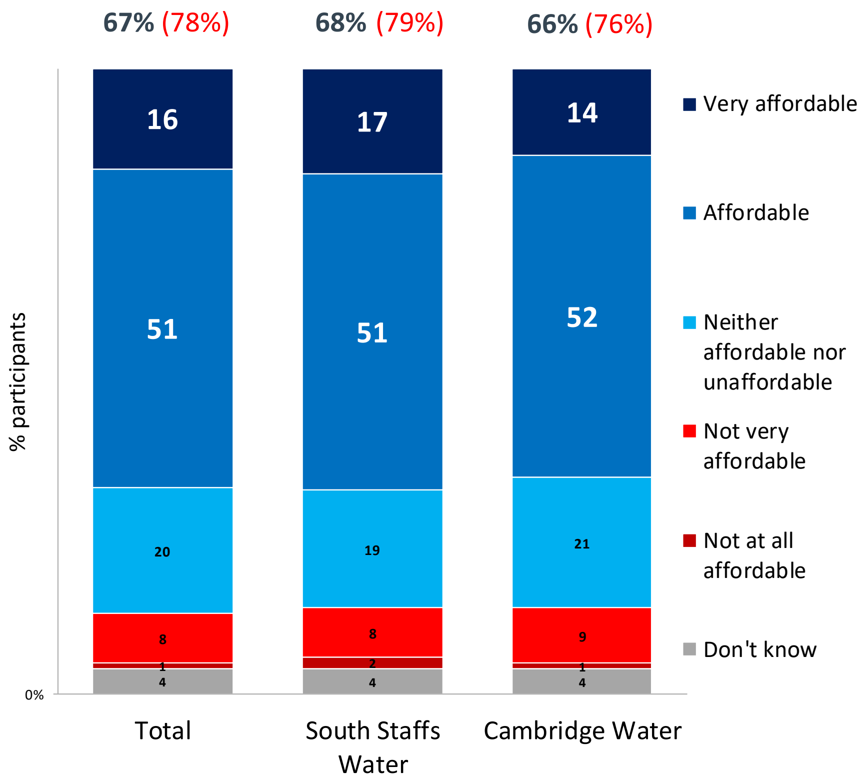


- Caring But Time Pressed: 8% dip in acceptability
- Engaged Loyal Carers: 6% dip in acceptability
- Don’t Bother Me: no change in acceptability
- Savvy Switchers: 9% dip in acceptability
- Connected But Hard Pressed: 17% dip in acceptability

- Significant differences highlighted on chart with red circles
- Some columns do not add up to 100% due to rounding

Black: 2018 Red: 2017 (both informed figures)

Two-thirds describe the proposed bill level as affordable. Levels are lower than those see during the 2018 research. Combined 2018/19 affordability = 73%



Bill profile tested:

- 67% say that the proposed bill level would be affordable or very affordable – down from 78% in 2018
- SSW score is very slightly higher than Cambridge
- Highest acceptability score
  - Engaged Loyal Carers
  - Significantly higher than other segments
  - 30% say very affordable
- Lowest acceptability score
  - Don't Bother Me
- ABs significantly more likely to say very affordable than C1C2s
- 9% say the bill is unaffordable, 4% in 2018.

Black: 2019 *Red: 2018 Informed*

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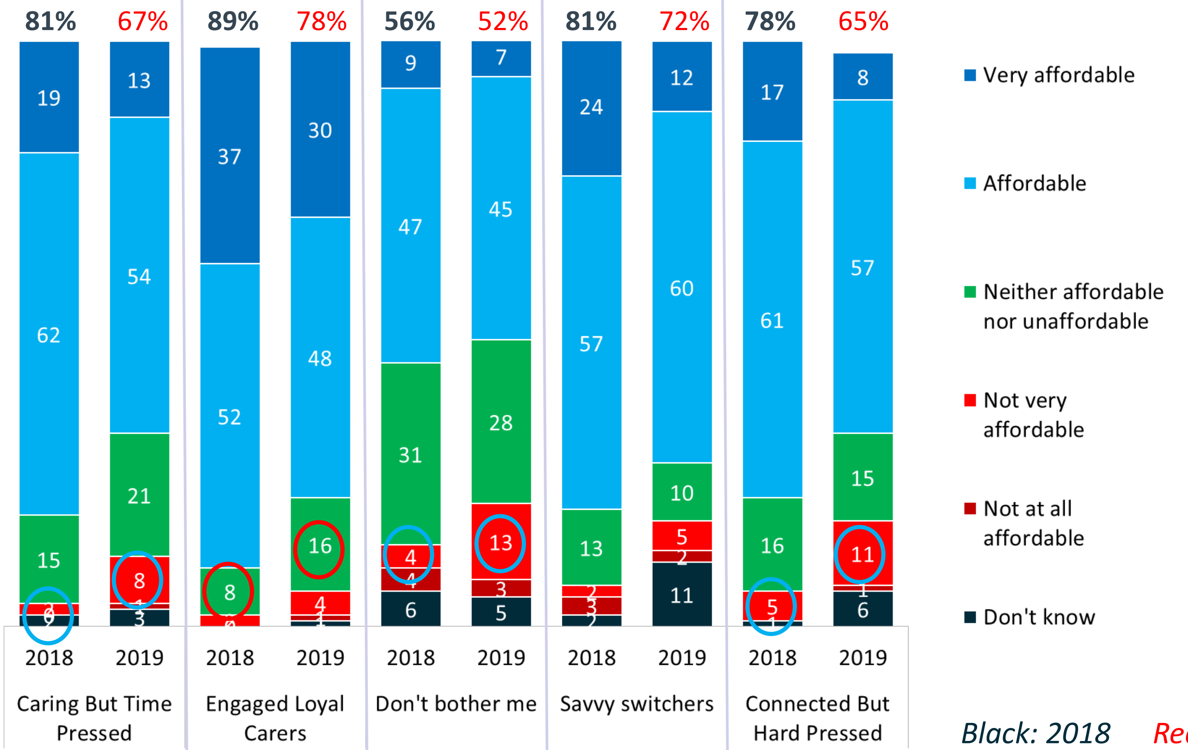
Affordability: segment differences 2018 compared with 2019

Biggest shift is amongst Caring But Time Pressed and Connected But Hard Pressed



- Caring But Time Pressed: 14% dip in affordability
- Engaged Loyal Carers: 11% dip in affordability
- Don't Bother Me: 4% dip in affordability
- Savvy Switchers: 9% dip in affordability
- Connected But Hard Pressed: 13% dip in affordability

- Significant differences highlighted on chart with red circles (blue circles for unaffordable scores)
- Some columns do not add up to 100% due to rounding

Black: 2018 Red: 2017 (both informed figures)

Summary of customer acceptability and affordability scores for 2018 and 2019 studies

Customer feedback on PR19 business plan	July 2018 scores	March 2019 scores	Combined 2018 / 2019*scores
% of customers agreeing plan is acceptable	84%**	76%**	81%
% of customers giving neutral response	13%	18%	15%
% of customers agreeing plan is unacceptable	1%	4%	3%
% of customers agreeing plan is unaffordable	78%	67%	73%
% of customers giving neutral response	16%	20%	18%
% of customers agreeing plan is affordable	4%	9%	6%

Note: customers giving a don't know response excluded from this table

* Weighting to age, gender and seg by area, has been run for each year separately. These weights have been then carried across to the combined data set'

** Statistically significant differences – between those who found plan **very acceptable** in 2018 and 2019

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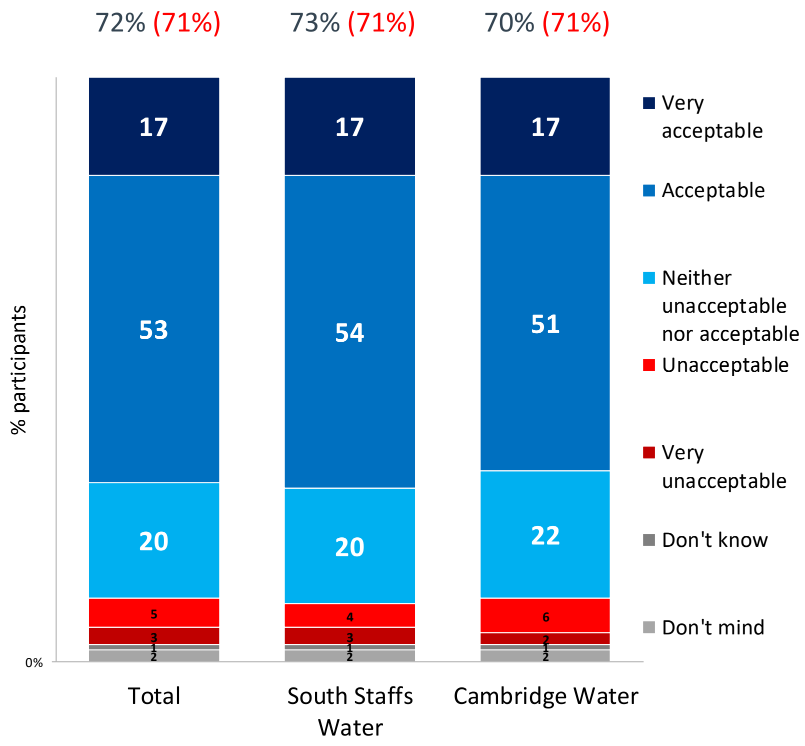
Acceptability of the proposed RORE range (increase/decrease of up to £4 per year for each of the last three years of the five year plan) stands at acceptable by 72%



- The potential increase of £4 for exceeding/failing the target is acceptable to just over 7 in 10
- SSW score is marginally higher than Cambridge
- Highest acceptability score
  - Engaged Loyal Carers
  - Significantly higher than other segments
  - 29% say very acceptable
- Lowest acceptability score
  - Don't Bother Me
- No other sub group differences

Black: 2019 *Red: 2018 Informed (tested at (+/-£6)*

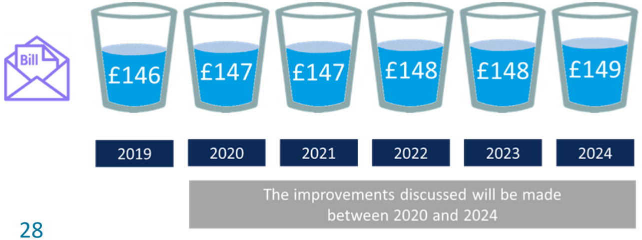
5 Bill Profiles – AMP7

Customers prefer a flat bill for AMP7
59% chose this over having inflation applied to the bill from 2020 onwards

Participants were shown two different bill profiles for 2020 to 2024 and asked which was more acceptable
Choice between flat bill for the five year period or SSC intervening mid period to apply inflation/ODI impacts

Option A: Any inflation and penalties or rewards for missing or exceeding their performance targets are applied to customers' bills at the end of the five year period (in even chunks between 2025-2029) so that the average water bill for 2020 to 2024 would look like this:

Option B: They could propose that any inflation would start to be applied to customers' bills from 2022 onwards so that the average water bill for 2020 to 2024 would look like this.



- Participants also informed of the benefits of in-period ODIs
- **59%** found Option A more acceptable than option B
- **41%** found Option B more acceptable
- There were no significant variation in results with the exception of:
  - Metered customers more significantly more likely to find Option A more acceptable although both found Option A more acceptable than Option B (64% and 54% respectively)

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This preference was further enhanced when customers were given the option of a flat bill compared with a scenario where the bill initially drops but then rises (including inflation)

Participants were shown two different bill profiles for 2020 to 2024 and asked which was more acceptable

Option A:
This shows a scenario where the company spreads the impact of bill changes over the period 2020-2024 to keep bills flat. To do this they take the average bill over the 5 years and base all bills on this amount:

Option B: This shows a scenario where the typical water bill drops in 2020 and then increases over time with inflation. The company does not do anything to spread the impact of bill changes

- 80% found Option A more acceptable than option B
- 20% found Option B more acceptable
- **2018 results: 80% found option A preferable to Option B showing a consistency in response between studies**

- There were no significant variation in results with all customer types displaying a strong preference for the flat bill (Option A)

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Why do customers prefer the different bill profiles?
Option A = easier to budget/stability
Option B = benefit from initial drop/some believe more money for investment

Option A

If I knew how much I would be billed it would help me budget

It is easier to arrange finances for bills if consistent over time, not a changing amount

Would prefer to pay a fixed amount

I would rather have consistency instead of a steep increase at the end

Option B dips a lot but then increases by a big amount

I don't want to see too much fluctuation in my bills. I don't want to see too much fluctuation in my bills.

Option B

Keeps bills Lower for now

Because earnings will be higher so the increase won't be felt

The very small increase would be acceptable to help maintain my water supply and keep it at a high quality and it wouldn't be noticed

I may be dead by then...lower costs now are important. I would nationalise these companies tomorrow. Water, gas, electricity and railways should be publicly funded and operated. No place for capitalism in these sectors.

6 Bill Profiles – AMP7 & AMP8 (and into AMP9)

2018 acceptability findings: when assessing a 10 year outlook, customers displayed a preference for the smoothest bill, the £3 transition option

	Total %	SSW %	CW %
Option A	42 (51)	39	46
Option B	13 (16)	13	13
Option C	27 (33)	31	20
No preference	14	13	16
Don't know	4	4	4

Option A had a £3 transition from AMP7 to AMP8

Figures in brackets show preference with "don't know" & "no preference" removed

- Option A: they could recover the costs more quickly which would mean that current customers would have slightly higher bills between 2020-2025, with less of a rise from 2026 for smoother long term bill
- Option B: they could recover the costs more slowly which would mean that current customers would see slightly lower bill between 2020-2025 but then bills could rise more steeply from 2026
- Option C: they could recover the costs at a natural rate which would mean that current customers would see the same bills between 2020-2025 as shown previously

Following slides from the 2019 survey show results from questions which sought to understand where the AMP 7 to 8 bill jump transition level becomes unacceptable (tested at £4, £5 and £6)

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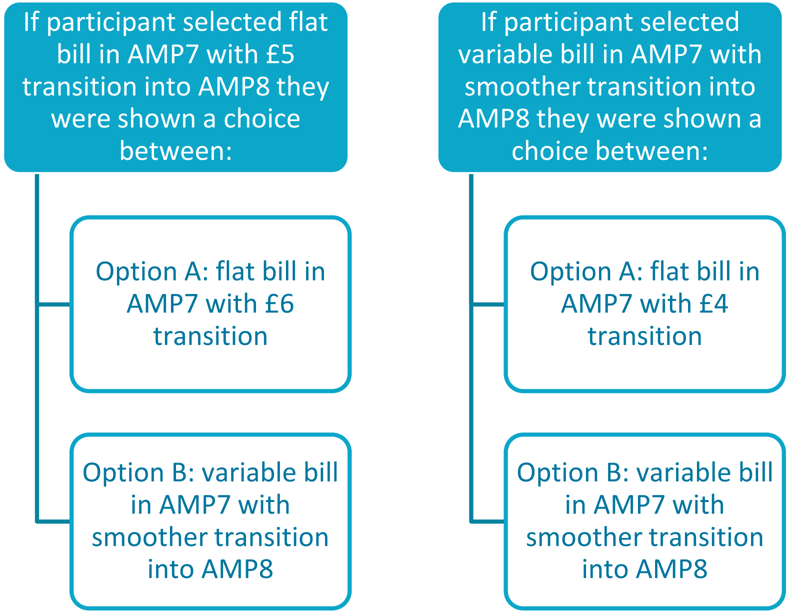
Assessing customer acceptability of transition amounts: method

- Customers were shown two options for a 10 year bill profile:
  - Option A: flat bill with a £5 transition between AMP7 and AMP8
  - Option B: a variable bill in AMP7 with a smaller transition between AMP7 & AMP8
- They were asked which of these two options they preferred
- Depending on their response they were then shown two further options:
  - If they selected Option A: they were shown a flat bill but this time with a £6 transition. And a variable bill in AMP7 with a smaller transition between AMP7 & AMP 8
  - If they selected Option B: they were show a flat bill but this time with a £4 transition. And a variable bill in AMP7 with a smaller transition between AMP7 & AMP8



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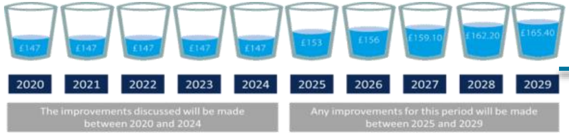
Assessing customer acceptability of transition amounts between AMP7 and AMP8: Summary of customer response

Participants were shown two different bill profiles for 2020 to 2029 and asked which they preferred

Option A: shows the “flat bill” where the average bill will stay the same during 2020-2024 but there will then be an increase going into 2025

Flat bill with £5 AMP transition

34% of all participants selected Option A



25% of all participants

Flat bill with £6 AMP transition

9% of all participants

Detail of £6 transition shown on slide 39

Option B: the bill will vary during 2020-2024, but the initial increase in 2025 will be lower than in Option A (below is the £5 option)

Detail of £5 transition shown on slides 35-38

66% of all participants selected Option B

10% of all participants

Flat bill with £4 AMP transition

56% of all participants

Detail of £4 transition shown on slide 40

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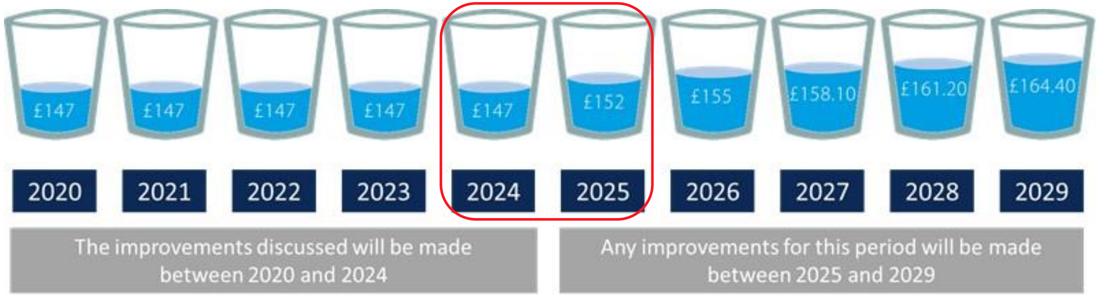
Whilst customers have a strong preference for a flat bill in AMP7, the majority then display a preference for as smooth a bill as possible across the 10 year period of AMP7 and 8 when shown a **£5** bill increase at 2025

Participants were shown two different bill profiles for 2020 to 2029 and asked which they preferred

Option A: shows the "flat bill" where the average bill will stay the same during 2020-2024 but there will then be an increase going into 2025



Option B: the bill will vary during 2020-2024, but the initial increase in 2025 will be lower than in Option A (below is the £5 option)

- 34% preferred Option A
- 66% preferred Option B
- There were no significant variation in results with all customer types displaying a preference for the smoother bill (Option B)

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Why do customers prefer the different bill profiles?
Option A = easier to budget/stability
Option B = smoother increase

Option A

Easier to budget as price doesn't change

I cannot see my income improving in the immediate future so prefer the option to keep the cost as low as possible for the next five years

I have more time to prepare for the bill to increase

With being a low income household the cost if our priority for the short term future

It provides stability for 5 years at least

Option B

Would rather have a steady rise than 'flat', then sharp rise after 5 years

Gradual increase is better

Because the increase is more gradual than option A so will have less of an impact on customers

It was the option that appeared to be okay, albeit there is little between the two

59% of customers opted for the flat bill for AMP7 (see slide 28)
However, 41% of these then opted for the variable bill over AMP7 & AMP8

Participants were shown two different bill profiles for 2020 to 2024 and asked which was more acceptable

Option A:

Participants were then shown two different bill profiles for 2025 to 2029 and asked which was preferable

Option B:

- 59% found Option A more acceptable than option B for AMP7
- Of those, 41% then found Option B preferable for AMP7 and AMP8 – deciding against a flat bill for AMP7 with a transition of £5 to AMP8

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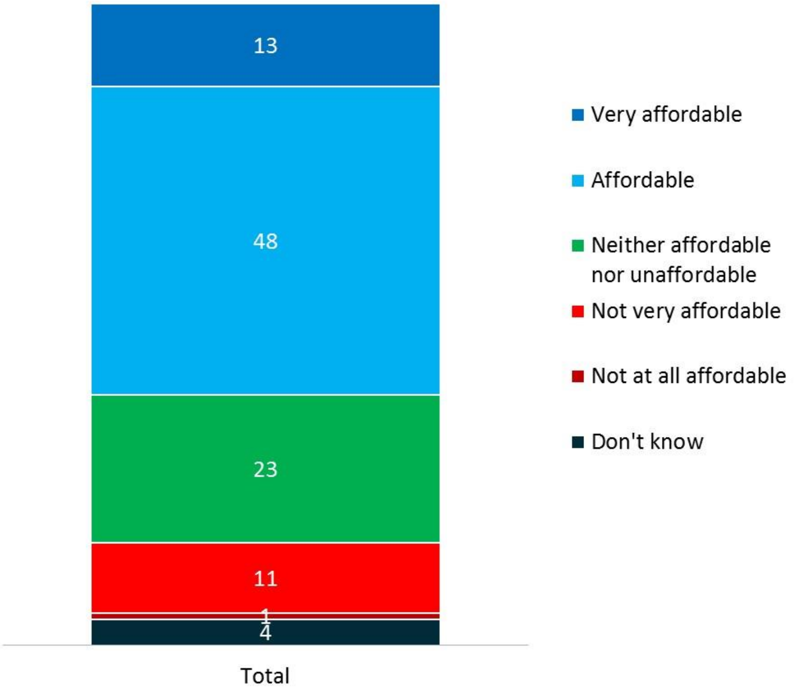
Although it wasn't their first choice, 61% stated that Option A (see slide 32) would be affordable for them. Only 12% stated that this profile would be unaffordable

Participants who selected Option B (smoother bill) were asked how affordable Option A (flat bill in AMP7 with steeper jump to AMP8) would be for them

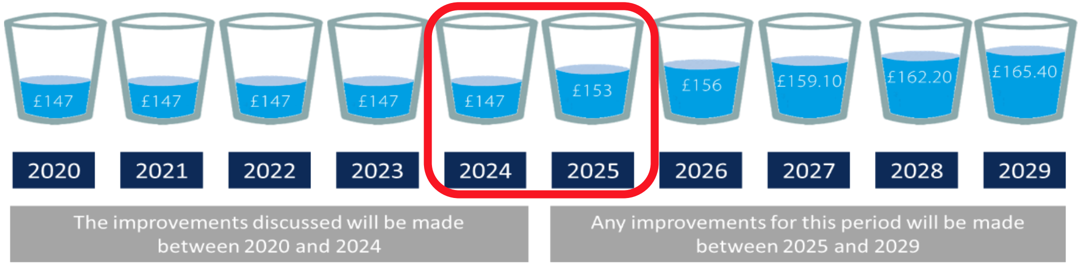


- CAM customers significantly more likely to find Option A "affordable" compared with SSW customers (57% cf 45%)
- Social grade AB customers significantly more likely to find Option A "very affordable" compared with social grade C1 customers (20% cf 6%)
- Unmeasured customers significantly more likely to find Option A "not very affordable" compared with measured customers (14% cf 6%)

The 34% of customers who chose Option A in the previous question were then shown an alternative set of choices **(£6 AMP transition flat bill v smooth)**

Participants were shown two different bill profiles for 2020 to 2029 and asked which they preferred

Option A: shows the "flat bill" where the average bill will stay the same during 2020-2024 but there will then be an increase going into 2025



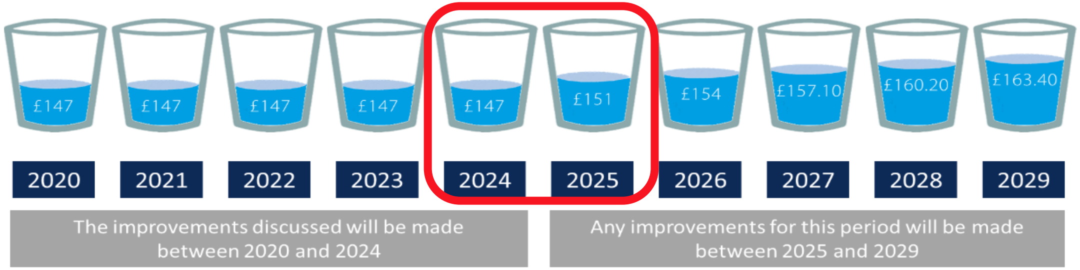
Option B: the bill will vary during 2020-2024, but the initial increase in 2025 will be lower than in Option A (below is the £6 option)

- 73% preferred Option A
- 27% preferred Option B
- There were no significant variation in results with all customer types displaying a preference for Option A

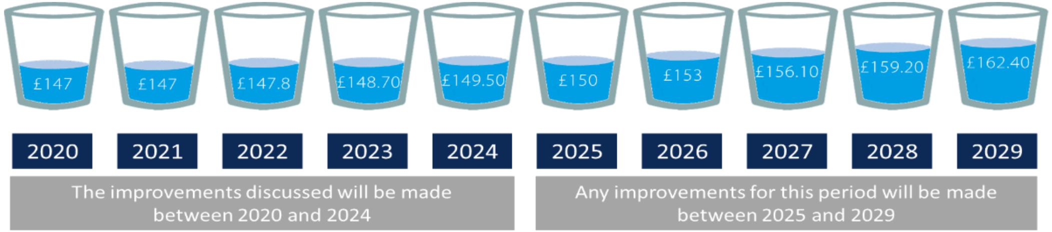
The 66% of customers who chose Option B in the previous question were then shown an alternative set of choices **(£4 AMP transition flat bill v smooth)**

Participants were shown two different bill profiles for 2020 to 2029 and asked which they preferred

Option A: shows the "flat bill" where the average bill will stay the same during 2020-2024 but there will then be an increase going into 2025



Option B: the bill will vary during 2020-2024, but the initial increase in 2025 will be lower than in Option A (below is the £4 option)



- 15% preferred Option A
- 85% preferred Option B
- There were no significant variation in results with all customer types displaying a preference for Option B

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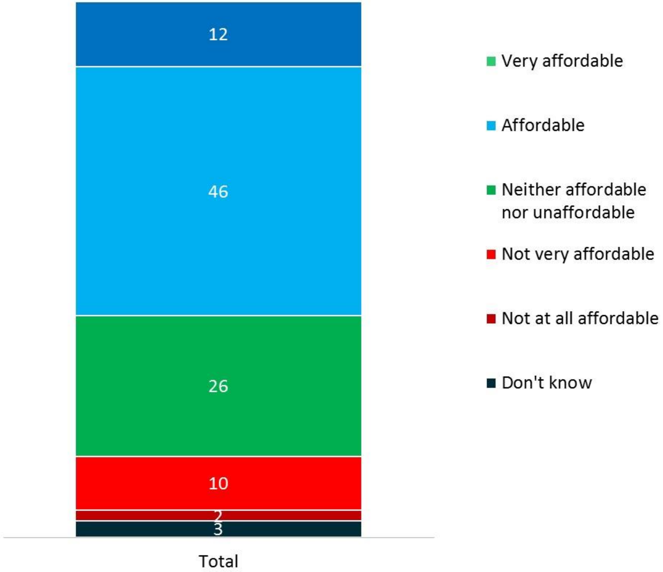
Affordability of the 15 year bill profile stands at 58%
Only 12% stated that this would be unaffordable

Participants were shown a bill profile for 2019 to 2034 and asked how affordable it would be to them



- Very few significant variations in results across the customers types
  - Social grade AB customers significantly more likely to find the projected bill profile “very affordable” compared with social grades C1 and C2 customers (21% cf 9% and 7%)

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7 Performance Commitments

Summary of customer support for PC penalty collars and rewards caps

Customer engagement on ODI caps and collars	% of informed customers supporting the level	% of informed customers against the level
Mains burst - penalty collar	60%	9%
Mains burst - reward cap	55%	16%
Supply interruptions - penalty collar	64%	11%
Supply interruptions - reward, which equates to zero interruptions	60%	16%
Unplanned asset outages - reward, which equates to zero outages	55%	18%
Per Capita Consumption - reward cap	58%	10%
Environmental protection - reward cap	71%	10%

Those who find the proposed rewards unacceptable mainly seem to object to the principle of ODIs incentives rather than the level of reward cap for the specific PC
And those who find the proposed penalty cap for mains bursts unacceptable do so primarily as the proposed cap is lower than the proposed reward

Note that the caps and collar levels tested are the scaled triangulated figures used in the September business plan submission

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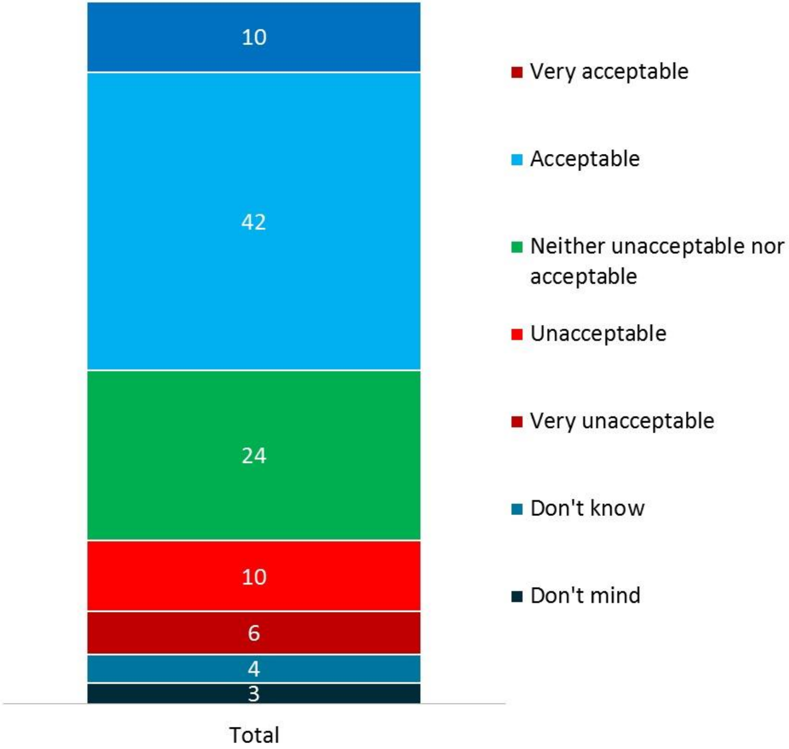
Mains Bursts: Acceptability of the level of reward (increase of £1.44 per customer) stands at 55%. 16% found the proposed cap unacceptable

Participants were shown detail on the proposed cap on the level of reward for mains bursts and the rationale for this



- Engaged Loyal Carers (24%) significantly more likely to find the proposed reward "very acceptable" compared with:
  - Caring But Time Pressed (4%)
  - Don't Bother Me (1%)
  - Connected But Hard Pressed (3%)

Base: 346 participants

Mains bursts: The most frequently stated reason for finding the proposed cap **unacceptable** for rewards is that it's higher than the proposed penalty cap. Some others also objected on principle

Because they are capping their profit at a higher level than possible loss to them. They should be the same figure.

The maximum extra charge for exceeding their target should not be less than the maximum penalty for not reaching it.

This is more than they would return to us if they fail and I think they should at least be equal.

There is a big difference in the amount customers would receive if they fail to reach target and that if of the amount customer are expected to pay if targets are met. This is unfair

Difference between the 2 amounts

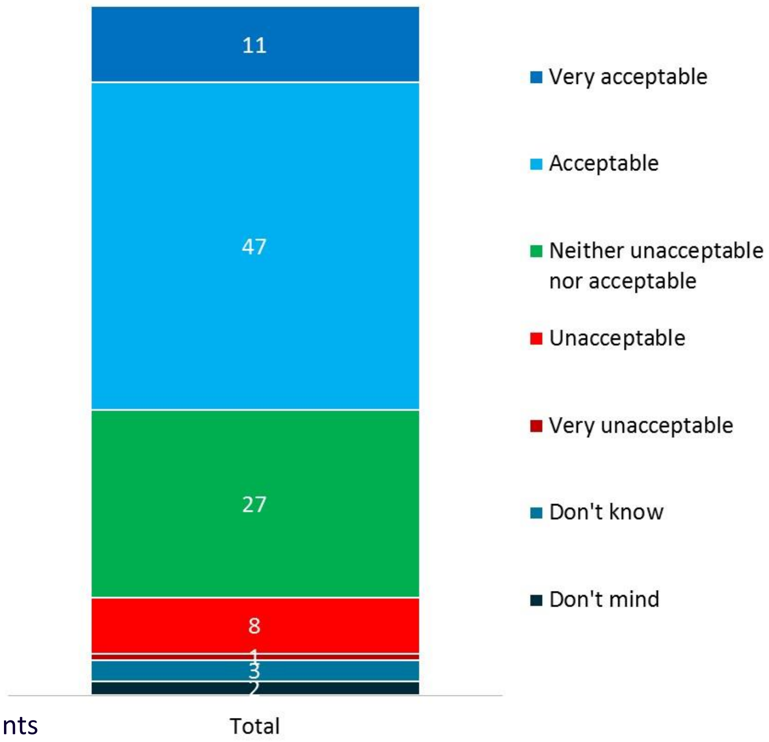
Not an equal level of penalty and reward

It's more than the reward so not fair.

This will almost certainly be profiteering. Improving performance should produce lower bills.

Mains Bursts: Acceptability of a cap on the level of penalty (return of £0.72 per customer) stands at 60%. 9% found the proposed cap unacceptable
2018: 94% understood the PC and 67% thought proposed target was sufficiently challenging

Participants were shown detail on the proposed cap on penalties for mains bursts and the rationale for this



Base: 346 participants

- CAM customers significantly more likely to find the proposed cap "acceptable" compared with SSW customers (59% cf 45%)
- Engaged Loyal Carers significantly more likely to find the proposed cap "very acceptable" compared with:
  - Caring But Time Pressed (6%)
  - Don't Bother Me (1%)
  - Connected But Hard Pressed (2%)

Mains bursts: of those that found the proposal **unacceptable**, some objected on principle, whilst others feel the target should be higher

It's not encouraging them to fix faults or keep costs down if they hit the cap they are less likely to action the excess quickly as they do not care as it's not financially a problem for them

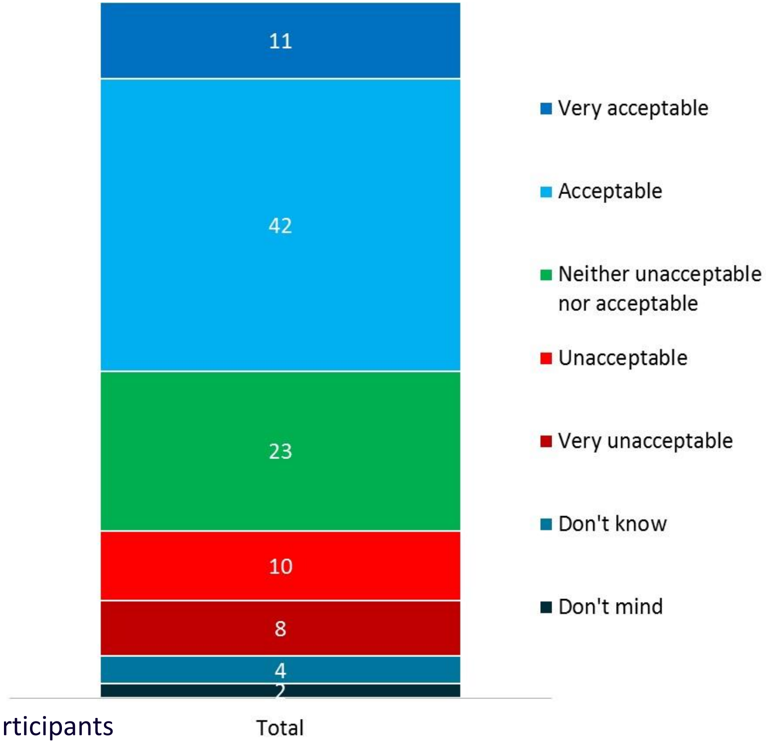
Not problematic if publicly owned. These are issues e.g. 150 year old infrastructure that should have been considered prior to privatisation.

I think that they should aim for a better performance than that quoted

How can you possibly put a cap on this. I don't expect that your CEO has planned a cap on their annual bonus already?

Unplanned Failures: Acceptability of a proposed reward (increase of £2.55 per customer) stands at 55%. 18% found the proposed cap unacceptable
2018: 96% understood the PC and 72% thought proposed target was sufficiently challenging

Participants were shown detail on the proposed cap on the level of reward for unplanned outages and the rationale for this



Base: 346 participants

- CAM customers significantly more likely than SSW customers to find the cap “acceptable” (54% cf 40%)
- Older customers (50yrs-64yrs and 65yrs and older) are significantly more likely to find the proposed reward “very unacceptable” compared with customers aged 35yrs-49yrs
    - 14% 50-64yrs
    - 11% 65yrs and older
    - 1% 35-49yrs

Unplanned failures: Customers who find the proposed reward **unacceptable** mainly do so on the grounds of principle of ODI rewards

Better performance suggests lower cost to the company and therefore a reduction to billing.

Why does the customer have to pay extra because you've done the decent thing ands fixed pipes, etc

I don’t like this system of penalising or rewarding the water company based on this target system

Shouldn't charge the customer for doing what they should be doing anyway

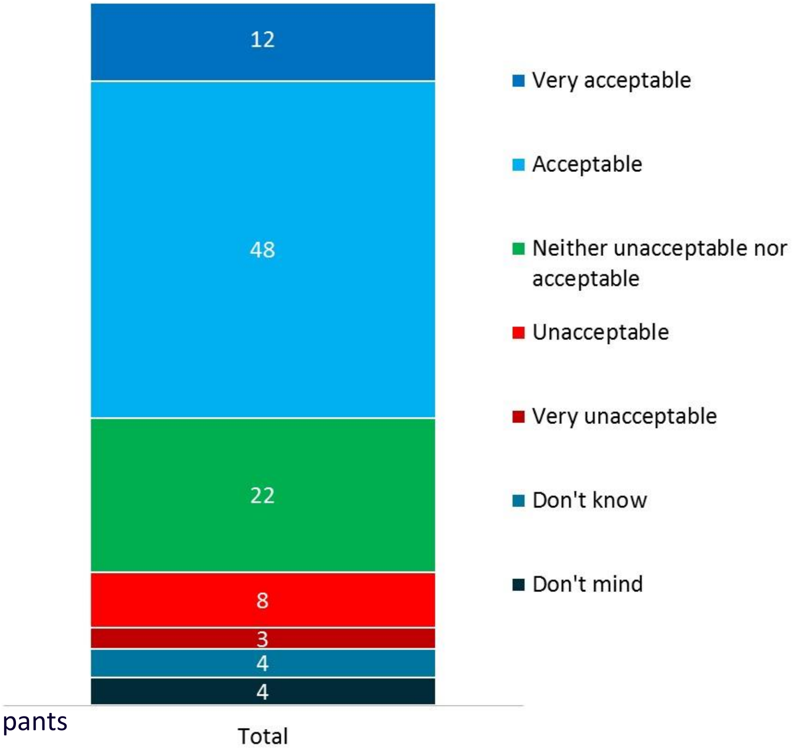
Complicates the system and takes time and resources away from the actual service the company should be providing to its customers

Why get paid extra for doing your job

Customers should not have to pay for them being efficient. the savings they make is enough of a reward

Supply Interruptions: Acceptability of a proposed cap of the level of penalty (return of £2.13 per customer) stands at 64%. 11% found the proposed cap unacceptable
2018: 90% understood the PC and 77% thought proposed target was sufficiently challenging

Participants were shown detail on the proposed cap on the level of penalty for supply interruptions and the rationale for this – including details of the GSS payments for supply failures



Base: 362 participants

- Customers aged 65yrs and older are significantly more likely to find the proposed penalty "very acceptable" compared with customers aged 35yrs-49yrs (18% cf 6%)
- Engaged Loyal Carers are significantly more likely to find the proposed penalty "very acceptable" compared with Don't Bother Me (19% cf 5%)
- Social grades AB significantly more likely to find the proposed penalty "very acceptable" compared with C1 (20% cf 6%)

Supply interruptions: Customers who find the proposed cap on the level of penalty **unacceptable** on the grounds of principle. A minority believe that it doesn't reflect the inconvenience experienced

Because customers pay for a service not excuses

Higher the cap the more the pressure to get it right

If it's ok to take the reward if they achieve target it is wrong to say they won't pay the penalty if they don't. They can't have it both ways. If they are saying from the start they are worried they won't achieve it and then set a 'get out of jail' clause then that is unfair and makes a mockery of the targets. What they are saying is I'll take money from the customer if we perform but even though we have said we will pay a reward to the customer if we fail we do not actually mean that.

Amount refunded does not reflect the inconvenience

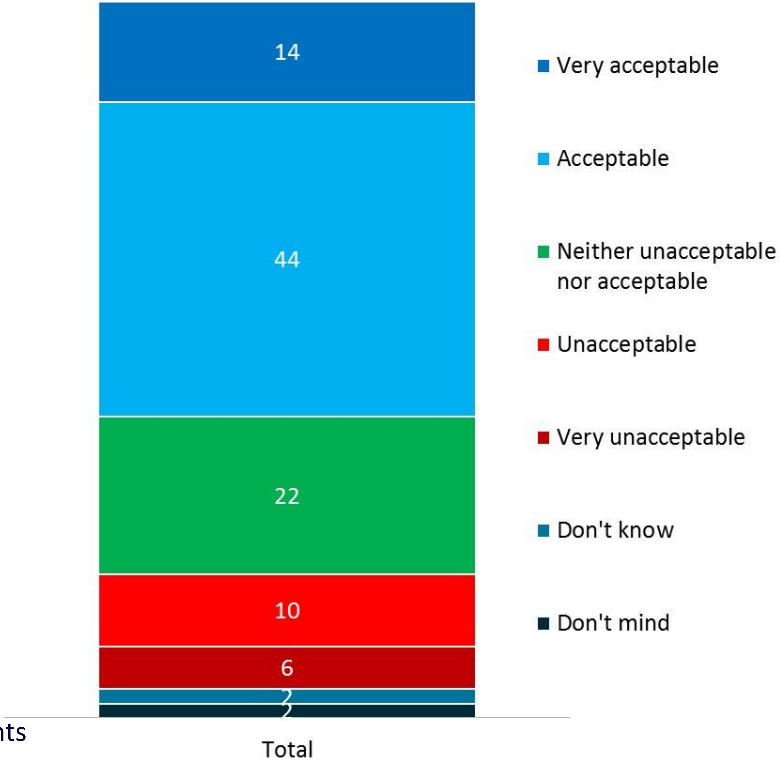
It's their business they should make sure that the supply is up and running even if another company causes a burst and they should compensate the customer if the supply is off for longer than an hour by giving them a £10 or £20 reduction on their bill

The amount is paltry and not in line with the disruption caused. South Staffs should be able to achieve the targets set and where they can't, the compensation level should reflect their failure.

It should be more than that!

Supply Interruptions: Acceptability of a proposed cap of the level of reward (increase of £1.56 per customer) stands at 60%. 16% found the proposed cap unacceptable

Participants were shown detail on the proposed cap on the level of reward for supply interruptions and the rationale for this



- Only significant variation between customers types was between Don't Bother Me and Engaged Loyal Carers
- Don't Bother Me are significantly more likely to find the proposed cap on reward "very unacceptable" compared with Engaged Loyal Carers (12% cf 2%)

Base: 362 participants

Supply interruptions: Customers who find the proposed cap on the level of reward **unacceptable** do so on the grounds of principle of ODI rewards

Don’t charge me for doing your job

If the companies outperform their targets, then they will have made savings anyway in both time and monetary terms so why should customers pay more

If they over achieve they can't penalise the customer, it's like they are blaming their customers for over achieving and under achieving how is that the customers fault, it doesn't make sense

Because you would expect a company to reach their targets and not be 'rewarded' for what should be done anyway if they are providing a good service to their customers.

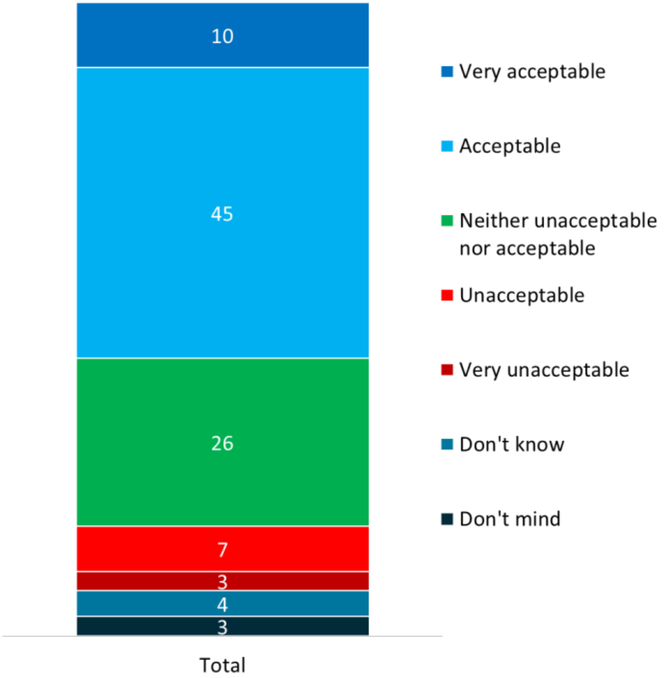
There should not be a penalty to customer for the water company’s outperformance

Company should not make a profit from beating targets. They should only receive penalties for not meeting targets

Customers shouldn't have to pay extra for water company doing their job

PCC: Acceptability of the level of reward (increase of £0.09 per customer) stands at 58%. 10% found the proposed level of reward unacceptable 2018: 79% understood the PC and 71% thought proposed target was sufficiently challenging

Participants were shown detail on the proposed level of reward for PCC and the rationale for this



- Few significant differences in the data. However:
  - Engaged Loyal Carers significant more likely to find the proposed PCC reward "very acceptable" compared with Don't Bother Me (21% cf 9% and 2%)

 Base: 371 participants

PCC: Customers who find the proposed cap on the level of reward **unacceptable** mainly seem to find the concept of charging customers more for using less water counter intuitive

Customers who work hard to save water should not be penalised by higher water rates

Do not agree that customers have a charge for using less water. It means there is no incentive to be frugal with water

Maybe I am missing something but it doesn't seem logical the we should have an extra charge for using less. If we are using less then we should be paying less, otherwise there is no incentive for us to make that saving of water.

Again how is it good to charge customers for something that will be better for our environment. Shouldn't the bills decrease if we all work to be smarter with our water usage

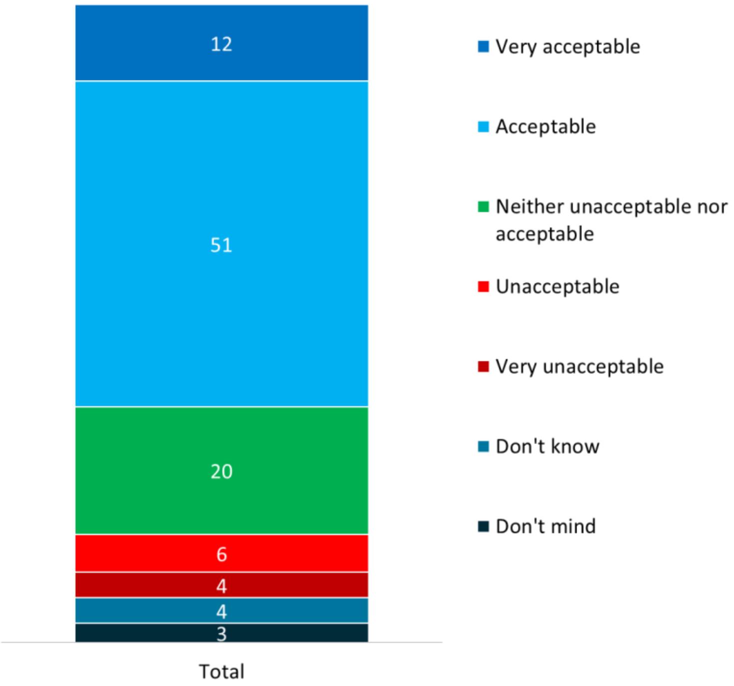
It appears you are penalising customers by higher bill's for doing what you want them to do - i.e. use less water

It seems backwards, like you are punishing your customers for using less water. It doesn't really make sense.

It doesn't sit right with me that you encourage people to save water but then you add more money to their bill.

Environmental protection: Acceptability of the level of reward (increase of £0.17 per customer) stands at 71%. 10% found the proposed level of reward unacceptable
2018: 94% understood the PC and 78% thought proposed target was sufficiently challenging

Participants were shown detail on the proposed level of reward for environmental protection and the rationale for this



- No significant differences in the data between different customer types

Base: 416 participants

Environmental protection: Customers who find the proposed cap on the level of reward unacceptable do so on the grounds of principle of ODI rewards

This should come from profits and shareholders

It isn't acceptable for customers to be charged anything for a company giving good service.

Again why should customers foot the bill? This is something the company should be doing without the need for any reward as part of sustainability

Whether a company exceeds their targets or not should not affect their customers, either the company makes more money or not. Prices for services should be set each year regardless and this should be the price paid

It should be the water company's responsibility to do this anyway

They should not be charging customers to look after the land as a responsible supplier they should do this out of the profits they make and the savings they make

My bill is MY bill. I don't expect to pay for things not budgeted for.

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