

BRISTOL WATER'S PRICE RISE APPEAL - IN A NUTSHELL

Bristol Water has announced that it cannot accept the regulator Ofwat's decision on price limits for the period 2010-2015 and has no alternative but to appeal to the Competition Commission for review.

We are asking for an increase in average household bills which will mean by 2015 householders will pay 87p per week more. An increase of under a pound a week over 5 years remains fantastic value compared with any other household purchase or utility bill.

Remember, we are currently delivering something like 2½ tons of the highest quality water each week into your home for just over £3 plus providing industry-leading levels of service as well.

We have worked very hard to keep the price rises as small as possible and have cut out projects that are highly desirable but not essential, making sure we get best value for money.

Why the increase?

- The real issue is what needs to be done to protect customers - we will not put customers at risk and need to increase the level of investment and this directly affects bills.
- We need to replace more of our pipes, pumps and other assets. For example we are currently replacing pipes at a rate as if they will last 300 years. Nobody would say we can keep that up for much longer as already over a fifth of our water mains are over 100 years old. We call pumps that service the city centre 'modern' but they are over 50 years old.
- Another major area needing investment is dealing with population growth, expected to increase by 40% over the next 20 years.
- We have to make sure we have enough water and system capacity available to meet increasing demand at the lowest cost possible.
- We need to improve the security of supply for customers in line with what they tell us they want. What happened in Gloucester in 2007 when there was no mains water supply for over two weeks could happen today in Frome, or Weston super Mare or the city centre. This is simply unacceptable.

Other water companies have accepted the new price limits, why haven't you?

- Ofwat use the same methodology for all companies but we feel they have seriously under-estimated the costs needed to deliver the things they want us to do and it will be very difficult for us to raise the finance to deliver the investment programme.
- We have been putting solutions to Ofwat for nearly 10 years but some of these solutions have been rejected because Ofwat felt they were not needed – there comes a point in time, when they are needed and that time is NOW.

What difference, apart from an increase in their bills, will customers see if you are successful?

- This is all about protecting vital services and giving customers what they told us they want. For example, not allowing the system to deteriorate, coping with rising demand, cutting leakage even more, more water quality improvements and ensuring greater security of supply for hundreds of thousands of people.

What will the impact be on charges for the coming year?

- Prices for this year will remain at the level Ofwat decided in the final determination. We will charge what Ofwat said we could charge from April 2010 with the average bill marginally increasing from this year's £157. This will mean unmeasured customers will see an average rise of just under 3% whilst measured customers will see a fall of around 1%. Any impact on bills resulting from the decision made by the Competition Commission would be applied from next year's bill, 2011.

THE APPEAL PROCESS IS A FAIRLY LONG ONE, AT LEAST SIX MONTHS AND CUSTOMERS CAN KEEP UP-TO-DATE BY VISITING OUR WEBSITE – www.bristolwater.co.uk