

PRESS RELEASE

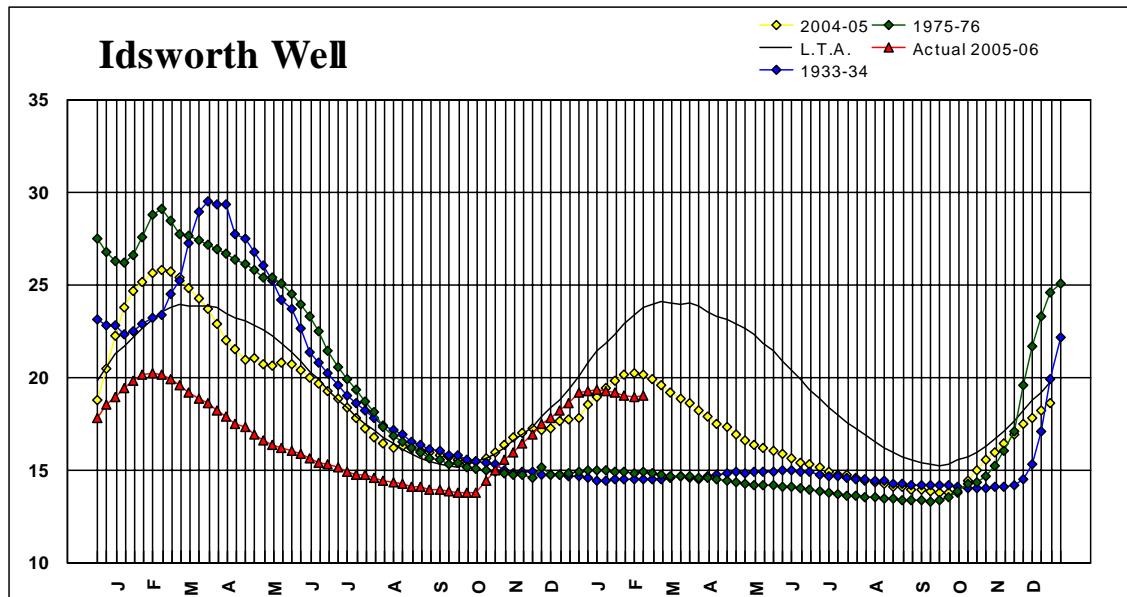


DATE: Monday, 27th February 2006

PORTSMOUTH WATER WELCOMES THE ENVIRONMENT AGENCY'S DROUGHT PROSPECTS REPORT

Portsmouth Water has today broadly welcomed the Environment Agency's 2006 Drought Prospects Report issued on Friday, 24th February. During the last 15 months of relatively dry weather, the Company has been working closely with the Environment Agency's Regional staff. The Company has identified a range of actions in its Drought Contingency Plan which may be needed later this year if the dry weather continues.

In its response to the Agency the Company highlights the fact that its supply area received very close to Long Term Average rainfall in the period from September to December 2005. As a result, the groundwater of the South Downs Chalk, on which Portsmouth Water is very dependent, has received significant recharge during the period. This is outlined on the two year plot (below) which includes the 30 year Long Term Average and previous drought years, notably 1976, the last time the Company imposed a hosepipe ban.



Technical Director, Andy Neve, says "The situation in Hampshire has not been as severe as that experienced in Sussex and Kent and so our groundwater reserves, whilst below the long-term average, are not currently at severe levels. In fact we are very close to the levels we saw at this time last year and well above those in 1976 and 1934, two of the worst droughts in the last 75 years. The Environment Agency's Report confirms this.

Leakage levels are at their economic target agreed with Ofwat. The Company is also actively helping Southern Water in the Region by providing a Bulk Supply of up to 15 Ml/d (millions of litres per day) to their Sussex North Resource Zone which is badly affected by drought.

Portsmouth Water does not have any surface water storage; it is entirely dependent upon meeting peak demands from groundwater sources. At this point in time groundwater levels suggest that there will be sufficient to meet peak demands in the spring and early summer. We do not need a hosepipe ban yet, but we do need customers to be conservative in their use of water. Our Drought Management Team is monitoring the situation closely; if there are likely to be difficulties in meeting demands later in the year then we will not hesitate to put in place the necessary restrictions.

In the meantime, the Company urges its customers to help to conserve water in a number of ways. Andy Neve says "Customers can all help by:

- Fitting a Save-a-Flush Bag in their toilet cistern (these save 10% every time the toilet is flushed) and they are available, free of charge, by contacting our Customer Services staff by e-mail, telephone or website.
- Only running dishwashing and clothes washing machines on full loads.
- Turning off taps when cleaning teeth.
- Helping the Company reduce leakage by promptly reporting leaks on the network.

There are many more tips on the Saving Water pages of our website.

Many people have concerns about how we will meet the need for the additional households proposed in the South East Plan. We plan to do this in our 25 year Water Resources Plan through a combination of demand management and resource development measures. A key part in this solution will be the development of the Havant Thicket Winter Storage Reservoir which will store surplus water from our springs at Havant and Bedhampton but we also need the Government to make its Sustainable Buildings Code a mandatory requirement for all new households in the South East".

Contact: Andy Neve, Technical Director, Portsmouth Water, Tel 023 9249 9888 or visit our website at www.portsmouthwater.co.uk

Notes to Editors

Portsmouth Water is one of the oldest water companies in the country, having been incorporated in 1857.

OUR WATER SOURCES

Our water, of high quality, is derived from the chalk of the South Downs and is abstracted from wells, boreholes, springs and the River Itchen.

The Springs at Havant and Bedhampton are thought to be the largest group of springs used for public supplies in Europe.

STATISTICS

We serve 286,000 homes and businesses in an area covering 868 square kilometres (335 square miles) from the River Meon in Hampshire to the River Arun in West Sussex.

Every day we supply around 180 million litres (40 million gallons) of water to a population of over 680,000 people at the lowest cost in England and Wales.

OUR DISTRIBUTION NETWORK

Water is supplied to our customers through a network of over 3,200 kilometres (1,990 miles) of underground water mains and more than 280,000 individual service connections, all of which are continuously maintained by our distribution staff.