

## ACCESS CODE

### INDICATIVE PRICES – PORTSMOUTH WATER

The indicative prices tabulated below have been produced in line with Ofwat's 'Guidance on Access Codes' methodology for assessing avoided and additional costs. The prices given are indicative only and based on assumptions, which may not all apply to a site-specific case.

#### Indicative wholesale price information

	Year	2007-08	2008-09	2009-10	2010-11	2011-12
Company specific Large User K	%	1.5	2.5	1.0	0.0	0.0
<b>For 50 MI per annum</b>						
Retail price	£/m <sup>3</sup> *	0.5325	0.5458	0.5513	0.5513	0.5513
Wholesale price - 1st customer	£/m <sup>3</sup> *	0.5319	0.5452	0.5506	0.5506	0.5506
Wholesale discount - 1st customer	£/m <sup>3</sup> *	0.0006	0.0007	0.0007	0.0007	0.0007
Wholesale discount - 2nd customer with same licensee	£/m <sup>3</sup> *	0.0019	0.0019	0.0019	0.0019	0.0019
<b>For 500 MI per annum</b>						
Retail price	£/m <sup>3</sup> *	0.4583	0.4698	0.4745	0.4745	0.4745
Wholesale price - 1st customer	£/m <sup>3</sup> *	0.4582	0.4697	0.4744	0.4744	0.4744
Wholesale discount - 1st customer	£/m <sup>3</sup> *	0.0001	0.0001	0.0001	0.0001	0.0001
Wholesale discount - 2nd customer with same licensee	£/m <sup>3</sup> *	0.0011	0.0011	0.0011	0.0011	0.0011
<b>Discounts for higher levels of market share</b>						
Average wholesale discount per customer for a licensee serving 50% of eligible customers by volume	£/m <sup>3</sup> *	0.0003	0.0004	0.0004	0.0004	0.0004
Average wholesale discount per customer for a licensee serving 100% of eligible customers by volume	£/m <sup>3</sup> *	0.0007	0.0007	0.0007	0.0007	0.0007
* 2006/07 prices						

#### Indicative combined supply prices

	2007-08	2008-09	2009-10	2010-11	2011-12	
Access start date (2007-08), price based (2006-07)						
Forecast supply surplus without licensee's water or water undertaker's investment (-ve is deficit)	MI/d	34.70	35.20	35.30	34.40	33.00
<b>50 MI per year</b>						
Retail price	£/m <sup>3</sup>	0.5325	0.5458	0.5513	0.5513	0.5513
Combined supply discount	£/m <sup>3</sup>	0.0163	0.0163	0.0163	0.0163	0.0163
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	34.84	35.34	35.44	34.54	33.14
<b>500 MI per year</b>						
Retail price	£/m <sup>3</sup>	0.4583	0.4698	0.4745	0.4745	0.4745
Combined supply discount	£/m <sup>3</sup>	0.0157	0.0157	0.0157	0.0157	0.0157
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	36.07	36.57	36.67	35.77	34.37

**Forecast supply surplus without  
Licensee's water or Portsmouth Water investment (MI/d)**

<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
35.3	34.4	33.0	31.9	31.2	30.9	30.5
<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
29.4	27.7	26.1	24.9	23.7	22.2	20.7
<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
18.9	17.1	14.8	12.3	9.9	7.9	5.4

### **Indicative Price Assumptions**

**Retail Charge:** Retail charge has been based on the Company's large user tariff. Standing charges for a 50 MI/annum customer have assumed a single 1 inch meter and for a 500 MI/annum customer a 12 inch meter.

**Arrow Costs:** Customer billing, payments, and meter readings are based on 12 readings per annum for 50 MI/annum and over; less than 50 MI costs are based on four readings per annum. Cost of customer credit is based on Company average.

**Retail Expenses:** The Licensee will bear the full cost of customer contact. The Licensee will undertake customer billing, meter reading, payment handling and all customer contact.

**Combined Supply:** No water supply deficits are anticipated during the next 25 years at average annual demand.

- The Combined Supply discount is based on pumping and chemical costs saved only and have been added to the Wholesale discounts.
- The indicative price is the same for all of the Company's three resource zones and also the same for each of the five access start dates specified in the Guidance, as there is no avoidance of any capital schemes. If different start dates are taken, the savings only accrue from commencement of the agreement.