



| | Water only |
|---------------------|-------------------|
| Number of customers | 740,000 |
| Number of staff | 262 |
| Revenue | £45.4m |



Portsmouth Water is the smallest of the 20 water companies operating in England.

It serves the region around Portsmouth including Portsmouth, Gosport, Fareham, Havant, Chichester and Bognor Regis – as well as rural parts of southeast Hampshire and West Sussex.



| | Water only | Water and sewerage | Water only | Water and sewerage |
|---------------------|-------------------|---------------------------|-------------------|---------------------------|
| Number of customers | 740,000 | 2.6 million | 2.2 million | 15 million |
| Number of staff | 262 | 2,092 | 950 | 7,086 |
| Revenue | £45.4m | £823m | £250m | £2.1bn |



Portsmouth Water is the smallest of the 20 water companies operating in England.

It serves the region around Portsmouth including Portsmouth, Gosport, Fareham, Havant, Chichester and Bognor Regis – as well as rural parts of south east Hampshire and West Sussex.

How does Portsmouth Water compare to other companies?



Customer service / responding to customers

Response to service issues such as leaks, bursts

Cost to customers (bill levels)

Ability to respond quickly/innovate

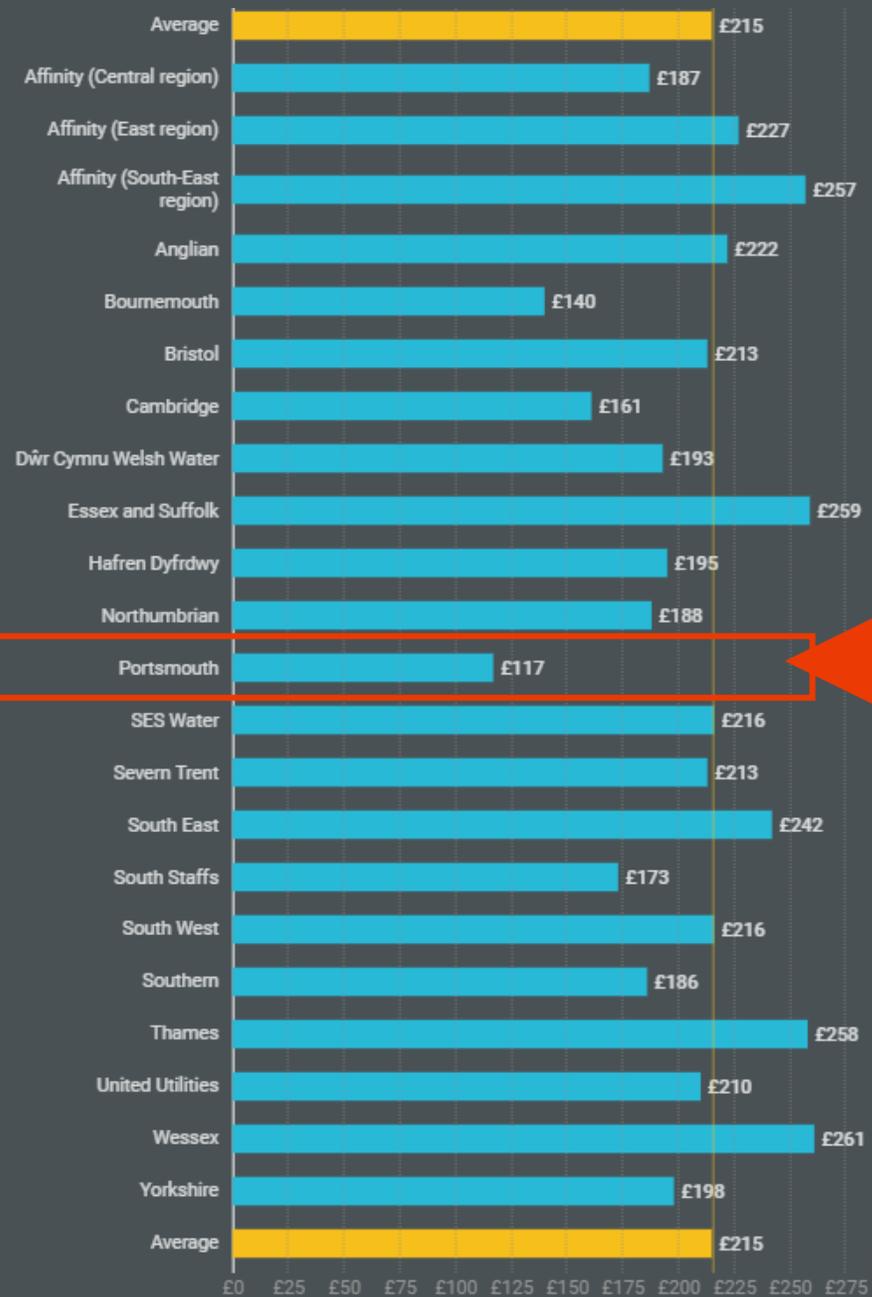
Purchasing power (bulk/volume buying, getting good terms)

Local employer

Reputation and profile

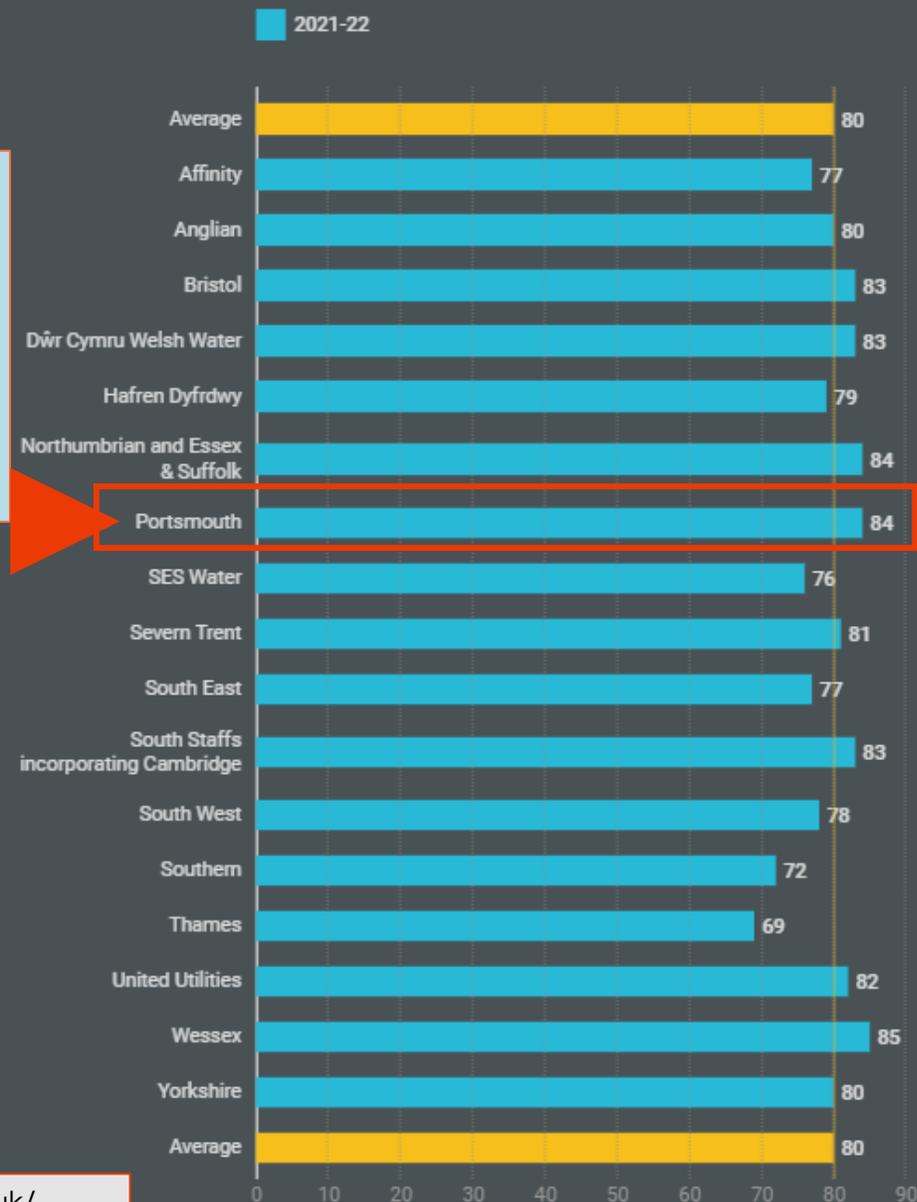
Being resilient to crises (e.g. storms) or extreme conditions (e.g. drought)

Having wider benefits e.g. social value activities

Average annual household water bills (£) for 2023/24

This shows that Portsmouth Water has above average customer satisfaction rating for the most recent year

This shows that Portsmouth Water has the lowest average annual household water bill for the most recent year

Customer experience score (out of 100)
(from customer surveys conducted by the regulator)



Local water company or one based outside the region?



BETTER

SAME

WORSE

Customer service / responding to customers

Response to service issues such as leaks, bursts

Cost to customers (bill levels)

Ability to respond quickly/innovate

Know the area

Local presence (community schemes, schools programme)

Support local charities / debt agencies etc.

Accountable

Accessible

Local employer – providing local jobs

Uses local businesses/contractors

Levels of bureaucracy

- As a smaller water company, Portsmouth Water pays slightly higher rates of interest on its borrowings compared to larger water companies.
- It is estimated that this increase is about 0.33%. This means that for every £1000 Portsmouth Water borrows, it pays an extra amount of interest equal to £3.30 compared to other water companies.



- This is reflected in your current water bill and equates to around 87p on the 2022/23 average bill of £112.90

Portsmouth Water's plans for 2025-30 – part 1



WATER SUPPLY INTERRUPTIONS LASTING LONGER THAN THREE HOURS

**2025-30
plans**

Invest in upgrading aging water treatment works, pumps and water mains to maintain its record for reliability (currently top of the industry league table on this measure).

£41m



THE APPEARANCE, TASTE AND SMELL OF TAP WATER

To retain position as one of the best performing companies with low levels of contacts about water quality

- Add more ultraviolet treatment processes.
- Work with landowners to stop pollutants reaching water sources.
- Replace more water mains.

£88m



REDUCING LEAKS

To retain position as one of the best performing companies reducing leaks

- Transform to a 'smart' network to monitor flows.
- Repair customer leaks for free
- Increase leakage workforce

£10m



WHERE WE'D LIKE TO INVEST TO DO MORE



INSTALLING SMART METERS

To make better use of the water available and find and fix leaks quickly:

- Install smart meters for around half of all households
- With support and advice on saving water
- And bill support for those struggling to pay

2025-30
plans

£70m



REMOVING LEAD PIPES

To remove lead pipes from the whole network (not just PW pipes but customer pipes too):

- Replace lead pipes in schools and vulnerable households
- Replace in a further 15% of affected households

£5m



IMPROVING THE ENVIRONMENT

To improve the environment at its key sites:

- Creating more wildflower meadows, ponds, improving habitats
- Double the grants awarded for environmental projects to £100k

£2m

YOUR
BILL



The average bill will increase by **£2.15/month by 2030**, plus inflation
£1.17 to meet the investment required by the regulators
£0.98 to meet the investments we propose over and above this



If we were doing this research for one of the larger water companies, we would not need to talk about this premium but because Portsmouth Water is a smaller company, it has to ask customers if they support paying the extra amount – which is effectively a premium for being served by a smaller water company.

£1.61

£1.08

£0.54p

£0

£1.61

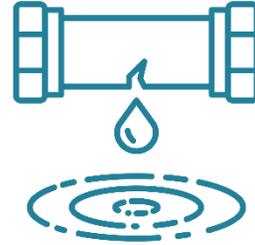
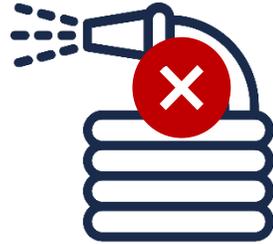
£1.08

£0.54p

£0

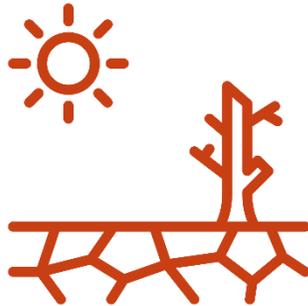
Reducing leakage

Restricting water use through e.g. hosepipe bans when supplies are low / during dry spells

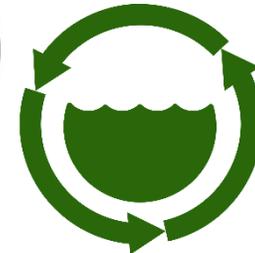


Having bulk water transfers from Southern Water region

Getting special permission from the government to take more water from rivers during droughts

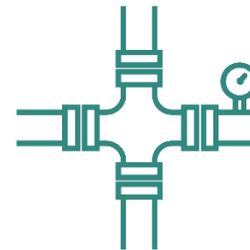


All the ways Portsmouth Water can manage the supply-demand balance into the future



Recycle used water, returning it back to the system

Installing smart water meters to help customers reduce the amount they use – and spot leaks quickly



Upgrade the pipe connections throughout the region, moving it around to where it is most needed

2025-30



Smart meters into **50%** of unmetered homes



37% leak reduction from 2020



Anticipate bans enforced



2030-35

Smart meters into **94%** of unmetered homes



45% leak reduction from 2020

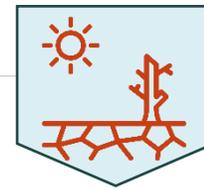


2035-40

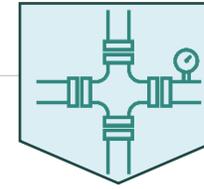
Smart meters into **100%** of unmetered homes. **All** metered homes upgraded to smart meters



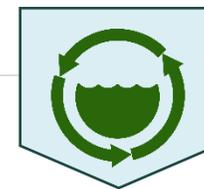
50% leak reduction from 2020



Drought permit for more water



Upgrade connections



Recycle used water



4ML/day



2040-45

Renewing smart meters



51% leak reduction from 2020



No longer an option



21ML/day

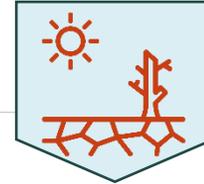
Buy water from Southern region

12ML/day

2025-30



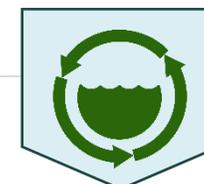
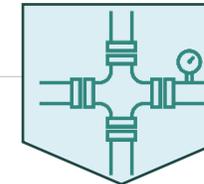
37% leak reduction from 2020
Anticipate bans enforced



2030-35

45% leak reduction from 2020

Drought permit for more water



2035-40

50% leak reduction from 2020

Upgrade connections

Recycle used water

Buy water from Southern region



2040-45

51% leak reduction from 2020

No longer an option



21ML/day

2ML/day

21ML/day

20ML/day

The majority of customers believe there are benefits of having a small, locally based water company reflected in better customer service and response to problems. However, customers are less likely to associate social value, innovation, or local benefits with smaller company size.

There is widespread support for 2025-30 bills to carry a small company premium. 76% accept £1.61 with 88% accepting £1.08p. Customers see this as a small price to pay for a company offering good service – and in the context of the planned improvements costed in the PR24 business plan.

The alternative, merging with a larger company to negate the need for a SCP, is very unpopular and customers think will result in a poorer experience.

Around 20% of customers are finding water and sewerage bills unaffordable, with 12% saying this about water charges specifically. Affordability is at its lowest point since the barometer started measuring this metric signalling the continued pressure on household finances.

While the majority of customers accept smart meters in the Long-Term Delivery Plan, there are concerns that the emphasis on leakage reduction is being down weighted in favour of smart meters – and question the speed of leakage reduction even when smart meters are in the plan. A significant minority prefer the plan without smart meters despite the impact on using e.g. drought permits and water transfers.

