

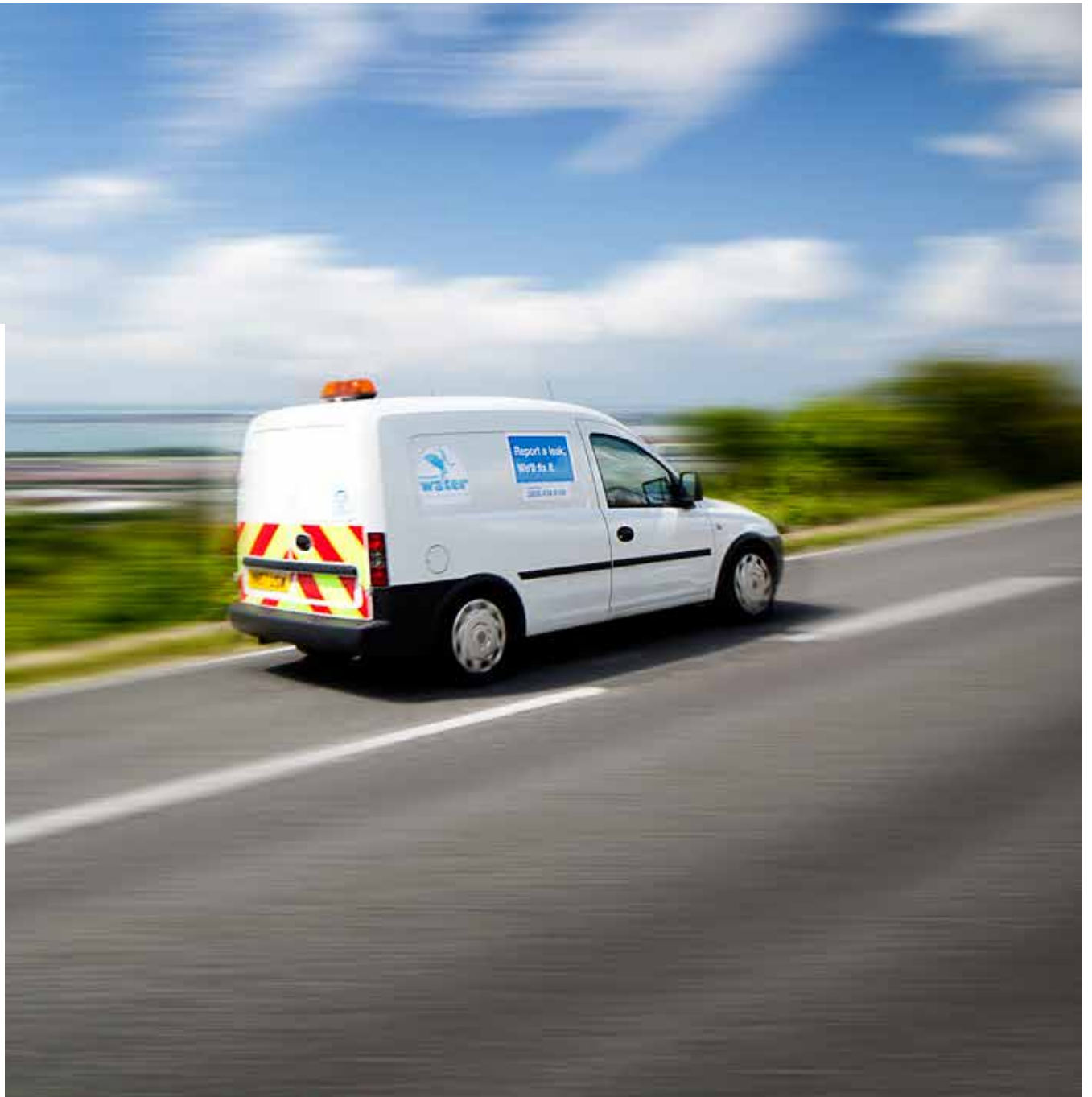


FINAL WATER RESOURCES MANAGEMENT PLAN

INTRODUCTION

Portsmouth Water has a long tradition of providing drinking water to Portsmouth and the surrounding area since the Company's establishment in 1857. Portsmouth Water provides an average of 176 million litres of water per day to around 306,000 customers in south east Hampshire and the parts of West Sussex.

Water resource planning has been a regular activity for water companies for many decades. The Government has introduced legislation to require companies to prepare Water Resource Management Plans (WRMP's) on a formal basis every five years. The Plan is required to go to public consultation to enable customers and stakeholders to make comments on the plan before it is finally published.





THE NEED FOR THIS PLAN

The purpose of the Plan is to set out the proposals for maintaining the balance between the demand for water from the company's customers and the resources available to the company over the next 25 years.



THE CONTENT OF THIS PLAN

Firstly a Supply/Demand Balance is produced which compares the availability of water supplies with forecast water demand from 2015-2040. If at any stage there is not enough supply to meet demand, then options to meet this 'deficit' are assessed according to their financial, environmental, social and carbon costs. The best options would then be selected as to generate the 'least cost' solution.



THE BACKGROUND TO THE PLAN

Portsmouth Water has not imposed a hosepipe ban since 1976, with regular research suggesting security of supply being a main priority for customers. Portsmouth Water customers also enjoy high standards of water quality and customer service as well as enjoying the lowest water supply charges in England and Wales.



SUPPLY & DEMAND

The whole supply side forecast was revised for this Plan. This included a reassessment of deployable output (DO), a consideration of sustainability reductions, an assessment of climate change, outage and treatment works losses and the impacts from bulk supplies.

As a commitment to further work from the previous plan, Portsmouth Water has completely revised its demand forecast. Consumption monitors, micro-components and statistical techniques have been used to meet the expectations outlined in the governments 'Water White Paper'.

BASELINE SUPPLY/DEMAND FORECAST

The supply demand forecast compares Portsmouth Water's water available for use (WAFU) against its predicted demand, to assess the Company's security of supply.

WAFU is the amount of water available to Portsmouth Water, after taking consideration for climate change, sustainability reductions, outage, process losses and transfers to neighbouring water companies.

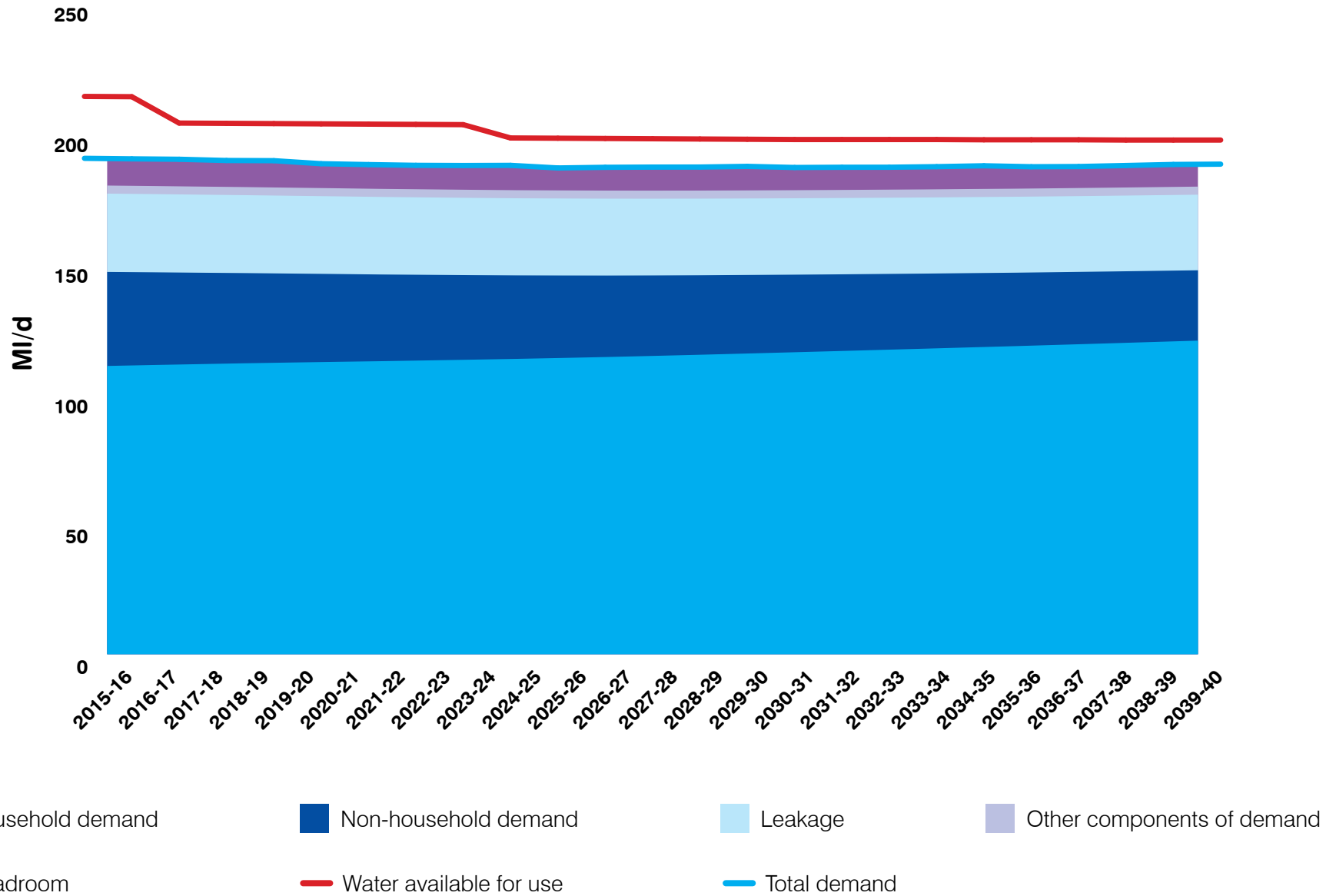
Total Demand includes the predicted consumption from both household and non-household customers, along with leakage and other components of demand such as usage by the emergency services.

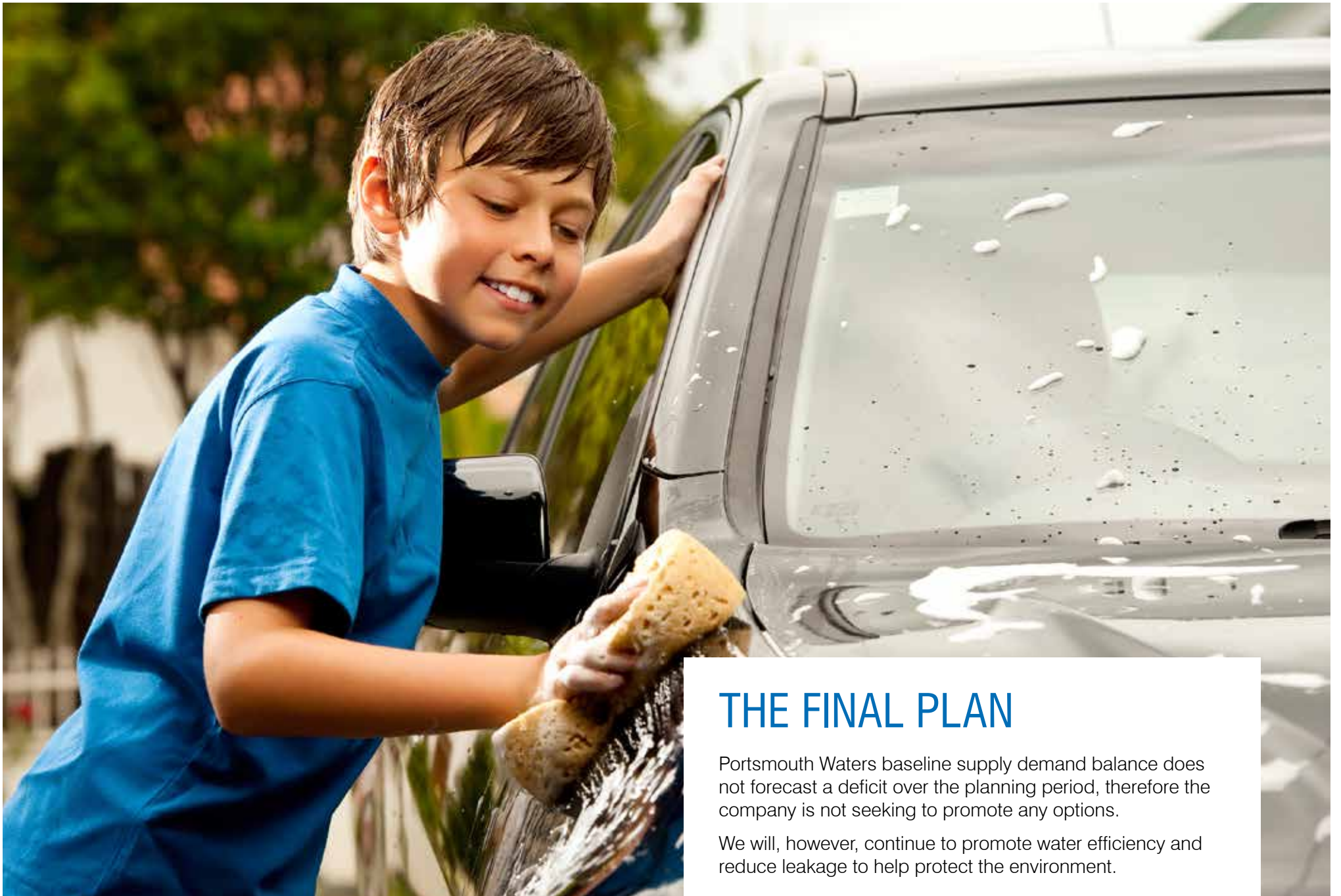
The total demand forecast is compared against WAFU to decide whether Portsmouth Water is in surplus or deficit. The result is shown on the next page.



BASELINE WATER SUPPLY/DEMAND BALANCE AND COMPONENTS OF DEMAND

DRY YEAR ANNUAL AVERAGE





THE FINAL PLAN

Portsmouth Waters baseline supply demand balance does not forecast a deficit over the planning period, therefore the company is not seeking to promote any options.

We will, however, continue to promote water efficiency and reduce leakage to help protect the environment.