

Date

## **CHANGE OF ACCOUNT MANAGEMENT SERVICES FOR BUSINESS CUSTOMERS**

I am writing to inform you that, with effect from 1 April 2016, we will be changing the way your water account is managed. The retail management of your account, which includes billing, bill payment and non-emergency call handling, will be undertaken by Castle Water on our behalf. Castle Water is a specialist business retail company, already operating in Scotland, with expertise in account management.

**This change will affect business customers only. Household customers will not be affected.**

**This change will not affect:**

- **the quality and reliability of your water supply.** Portsmouth Water will still be responsible for the water supplied to your premises, but it will no longer send a bill or be your first point of contact, except in an emergency.
- **the cost of your water bills.** Prices for the five years to March 2020 were agreed with Ofwat, the economic regulator of the water industry, in 2014.
- **the standard of service you receive.** This includes billing frequency, payment options and any guaranteed compensation payments for service failures.

In most cases this change will happen automatically and you will not have to do anything. Your account details and any special payment arrangements you have in place will stay the same.

What will change is that your payments will in the future be made to Castle Water rather than directly to us. We will remind you of this change in all future correspondence and on your bills as they are despatched. For Direct Debit customers we will write to you again to confirm that your payments will now be made to Castle Water. We will also provide contact details for Castle Water.

Initially Castle Water will be providing this service on our behalf. However, we intend that they will become solely responsible for the management of your account when retail competition for business customers comes into effect. This is expected to be from April 2017. The full transfer of your account will be subject to the necessary Government approval. We will write to you again before this happens.

In the attachment to this letter, we explain the background to the changes we are making and provide an answer to some questions you may have, you can also visit our website [www.portsmouthwater.co.uk](http://www.portsmouthwater.co.uk).

If you would like further information about the proposed transfer, please contact us by email on [business@portsmouthwater.co.uk](mailto:business@portsmouthwater.co.uk) or by writing to us at P O Box 8, West Street, Havant, Hants PO9 1LG. If you have any concerns that you wish to discuss you may also call us on 023 9249 9666.

Yours sincerely

NEVILLE SMITH  
Managing Director

## FREQUENTLY ASKED QUESTIONS

### **What is Retail Competition and why is it happening?**

In 2014, the Government passed legislation to allow non-household (business) customers to choose their water supplier, and it is intended that this becomes effective from 1<sup>st</sup> April 2017. The creation of this new market will allow businesses to switch from their local monopoly water company (the “incumbent water company”) to another water supplier for account management activities. Currently most water supplies are provided by a single “incumbent water company” who is responsible for supplying the water to a customer’s premises. This is known as the “Wholesale” service, and the customer facing services including billing and handling customer queries etc., are known as the “Retail” service. In this area, Portsmouth Water is responsible for drinking water and Southern Water is normally responsible for the sewerage service.

As a result of this new legislation water and sewerage services to business customers premises will be split into Wholesale services and Retail services. The Retailer will be responsible for providing the customer facing service; they will issue bills and deal with customer contacts, queries and complaints. This retail activity will be open to competition and customers will have the choice of who they want to provide this service. The legislation also allowed incumbent water companies to “Exit the Market” which means that they would transfer the retail activities to another party, but this would have to be approved by the Secretary of State for the Department of the Environment, Fisheries and Rural Affairs. The Wholesaler who provides the clean drinking water, or sewerage services will not change. As such, Portsmouth Water will continue to provide the same high quality of water we do now.

### ***How does all this work?***

- A simple analogy is to look at a Supermarket like Tesco. All the goods in the shop are produced by wholesalers which are then purchased by the retailer (Tesco) to sell to customers. Using that example we are the wholesaler (producer of the goods) and Castle Water are Tesco, the retailer who sell the goods to the customer. From April 2017 you as the customer will get to choose the retailer. Whoever you choose as the retailer they have to buy the product (water) from us.

### **Why have Portsmouth Water decided to exit the Retail market?**

When the market for business retail services opens in April 2017, it is likely that there will be a number of large water companies and specialist retail companies competing in the new market. Whilst Portsmouth Water has an excellent record of customer service it is a relatively small company and its retail activity for businesses is a small proportion of its activity. Portsmouth Water does not believe it has systems, skills and experience to compete on a national scale in this market. It has decided therefore to focus on its wholesale and household business, where it has much greater scale.

### **Will my bills go up as a result?**

Not as a result of this change. Prices during the period 2015 to 2020 were agreed in 2014 with Ofwat, the economic regulator of the water industry in England and Wales.

### **What happens to my Levels of Service?**

Castle Water have agreed to maintain the service standards currently offered by Portsmouth Water. In reaching our decision, we believe that Castle Water is able to deliver a first class service to its customers.

The quality and reliability of your water supply will not change.

### **Who are Castle Water?**

Castle Water is a Licenced Provider of water and sewerage services in the Scottish market where competition has been in place since 2008. It has developed sales, customer services, billing and settlement capabilities to operate successfully in Scotland, and in England when the market is opened. It has 5,000 customers in Scotland and affinity partnerships with organisations including the National Farmers Union and the Scottish Council for Voluntary Organisations. For more information visit [www.castlewater.co.uk](http://www.castlewater.co.uk)

### **Will my sewerage retailer change?**

This is a matter for your sewerage provider (normally Southern Water). As noted earlier, Portsmouth Water provides only drinking water services.

### **What happens after April 2017?**

In advance of market opening April 2017, we will seek approval from the Government to exit the retail water market. If approval is granted and once the market opens, your account will be formally transferred to Castle Water and they will become your retailer.

### **What if I don't want to be a customer of "Castle Water"?**

You will have the choice to stay with Castle Water or switch to another retailer. There will be a number of retailers available.

We have chosen someone we believe will offer a high standard of service

### **Who are business customers?**

Business customers, in respect of these changes, are customers running a business and non-household organisations that occupy premises that are not principally a home.

### **Will household customers be affected?**

No. Portsmouth Water will continue to supply and bill its household customers. This change only relates to business customers.

### **Who do I call if there is no water or water quality issues?**

For issues relating to the quality of water, or if you have no water, you can still contact us directly. For issues relating to your bills you will contact Castle Water.

We will still be providing the water and therefore the product remains the same high quality.

### **Who do I call if I have a billing query?**

From 1 April 2016 you should call Castle Water on 01250 833101. They will have responsibility for answering all billing enquiries and queries.

### **What happens if I have a complaint?**

For the period 1 April 2016 to 31 March 2017 the following process applies. It will change from 1 April 2017 but we will let you know about these changes nearer that date.

- You should contact Castle Water on 01250 833101. If the matter is not resolved first time then it will be escalated to one of their Directors.

If you are still dissatisfied then you can refer your complaint to the Consumer Council for Water who provide a free and impartial complaints handling service. They can be contacted on 0300 034 2222, by email to [enquiries@ccwater.org.uk](mailto:enquiries@ccwater.org.uk) or writing to the Consumer Council for Water, 1<sup>st</sup> Floor, Victoria Square House, Victoria Square, Birmingham B2 4AJ.

### **How much impact will this have on my business?**

You should not see any change or impact on your business other than the bills you will now receive will be from "Castle Water". Everything else will be as it is now in terms of your water supply.

### **Does this mean I am no longer a customer of Portsmouth Water?**

You remain our customer until the new market opens, which is expected to be in April 2017.