

## TYPICAL BILL CHANGES FOR HOUSEHOLD CUSTOMERS

This information provides customers with an explanation of typical changes to bills, based on the charges for the year 2023/24. These bill changes assume a constant level of volume for metered customers (100m3), or average rateable value for unmetered customers (£200). They are therefore only driven by the change in charges for the year.

These bill increases for both metered and unmetered customers will be 7.1% in 2023/24.

Our Board has discussed the impact of high inflation in considering our Wholesale Tariffs for 2023/24. November CPIH was 9.4%, resulting in all groups of customers experiencing a change in bills greater than 5%. To mitigate against the increase, our Board can confirm the decision to continue to defer performance rewards, which reduced wholesale Tariffs by 1.1%, from 8.2% to 7.1%.

Our Board has also agreed to further initiatives and actions to support customers through cost-of-living pressures. These are outlined in our letter to Ofwat and CCW on 08 December 2022, and include:

- Continuing to maintain the lowest water bills in the industry,
- Extending our payment holiday and free leak repair and allowance offerings,
- Working to develop an adaptive plan for our social tariff that aligns with Ofwat's Long-Term Delivery Strategy,
- Collaborating with local organisations in the communities we serve on initiatives that benefit our customers, and
- Investing in a new CRM and Billing platform to deliver industry-leading capabilities to customers.

Every 5 years, Ofwat allocates annual allowed revenue amounts to water companies, which they can recover from their customers to provide water services. The increases in charges each year represent a number of movements, and these are detailed and explained below.

### Typical Bill Increases Breakdown of movements

Note		Water Resources	Water Network	Retail	Total	% Change
	Total Allowed Revenue 2022/23	6,193	30,574	5,150	41,917	
1	CPIH - 9.4%	581	2,930	0	3,511	8.4%
2	Input price pressures	0	0	76	76	0.2%
3	K factors in Final Determination	126	163	0	290	0.7%
4	ODI's	-145	264	-81	38	0.1%
5	RFI 2021/22	0	-972	0	-972	-2.3%
6	Adjustment for properties			15	15	0.0%
	Total Allowed Revenue 2023/24	6,755	32,960	5,160	44,875	7.1%

**Note 1**

Inflation for November 2022 was 9.4%, and this is applied to the Wholesale business.

**Note 2**

A small allowance for inflation in the Retail is included in the Ofwat Final Determination.

**Note 3**

An allowance for growth in the Wholesale business is included in the Ofwat Final Determination.

**Note 4**

A number of Outcome Delivery Incentives are assessed each year, and the associated rewards and penalties are applied to the next available charges. The amounts shown in the table above represent the change in the level of these rewards and penalties relative to the prior year.

**Note 5**

The over-recovery of revenue in 2021/22 is given back to customers via the 2023/24 charges. This is partly due to a change in volumes consumed relative to the forecast for that year. It also includes the over-recovery of revenue from Developers.

**Note 6**

Retail revenue allowed is calculated on a per property basis. An increase in property numbers will result in higher amount of revenue billed.