

The background features a large, abstract graphic composed of overlapping, semi-transparent blue triangles and polygons, creating a dynamic, layered effect. The colors range from light sky blue to deep navy blue.

Statement of Board Assurance provided to the Water Services Regulation Authority 2018-19 Wholesale charges

11 January 2018

Contents

Item	Page
Statement of Board Assurance provided to the Water Services Regulation Authority: 2018-19 Wholesale Charges	3
Annex to wholesale charges assurance statement - compliance with Ofwat's wholesale charging rules	4
Statement regarding the Board's assessment of bill increases	18
Summary Log of Consultation with CCWater	20

Statement of Board Assurance provided to the Water Services Regulation Authority: 2018-19 Wholesale Charges

The Company, under the direction of the Board, has undertaken a thorough process of internal and external assurance with regard to the setting of wholesale charges for the 2018-19 charging year. As a result of the assurances it has received, the Board has satisfied itself to the best of its ability that:

- a) the Company complies with its legal obligations relating to the Wholesale Charges it has published;
- b) the Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%;
- c) the Company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its Wholesale Charges is accurate;
- d) the Company has consulted with relevant stakeholders in a timely and effective manner on its Wholesale Charges; and
- e) where final Wholesale Charges are significantly different from the indicative Wholesale Charges published for the same period, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated.

We provide information on our compliance with Ofwat's wholesale charging rules in the Annex to this assurance statement.



Ian McAulay
Chief Executive Officer



Paul Sheffield
Senior Independent Non-Executive Director

Annex to wholesale charges assurance statement - compliance with Ofwat's wholesale charging rules

Rule no.	Wholesale charging rule	Compliance statement
1-6	<i>Introduction and Interpretation</i>	N/A
7-12	<i>Publication</i>	
7	Each water undertaker must publish the Wholesale Charges payable by a water supply licensee for the supply of water to Eligible Premises that are connected to the undertaker's supply system. This includes the Eligible Premises to which a Special Agreement would otherwise apply (although nothing in these rules requires the publication of a customer's name or address).	Compliant. We have published our wholesale charges, including those subject to a special agreement, on our website by the prescribed deadline of 12 January 2018. We have published the charges in two formats: our "Wholesale Statement of Principles and Charges" document, which includes wholesale charges for residential customers, and non-primary wholesale charges for retailers in accordance with Ofwat's wholesale charging rules; and in the spreadsheet template developed by Ofwat to aid comparability of wholesale charges across the industry.
8	Each sewerage undertaker whose area is wholly or mainly in England must publish the Wholesale Charges payable by a sewerage licensee in respect of the provision of sewerage services to Eligible Premises that are connected to the undertaker's sewerage system. This includes the Eligible Premises to which a Special Agreement would otherwise apply (although nothing in these rules requires the publication of a customer's name or address).	Compliant. As rule 7.

Rule no.	Wholesale charging rule	Compliance statement
9	<p>Each relevant undertaker must also, as a minimum, publish the Wholesale Charges (or the methodology for calculating such charges where the charges cannot be determined in advance) that would, where relevant, be payable by a water supply or sewerage licensee for:</p> <ul style="list-style-type: none"> (a) the replacement of lead service pipes; (b) the provision and maintenance of fire hydrants; (c) damage to apparatus; (d) the carrying out of inspections to ascertain whether any provision contained in or made or having effect under the Water Industry Act 1991 with respect to any water fittings or with respect to the waste or misuse of water is being or has been contravened; (e) site inspections; (f) the provision and use of standpipes; (g) the testing of meters; and (h) the disconnection of a service pipe (or for otherwise cutting off a supply of water) to any premises and the reconnection of such premises to a water main. 	<p>Compliant.</p> <p>Our “Wholesale Statement of Principles and Charges” document includes all Non-Primary charges that we will make to retailers in the new business retail market.</p> <p>This includes all the charge types listed in rule 9 ((a) to (h)).</p>
10	<p>Wholesale Charges must be published at least eleven weeks before the start of the period for which the charges will be imposed.</p>	<p>Compliant.</p> <p>We have published our wholesale charges by the prescribed deadline of 12 January 2018.</p>
11	<p>Wholesale Charges must be published on a relevant undertaker’s website and in such other manner as the undertaker considers appropriate for the purpose of bringing it to the attention of persons likely to be affected by it.</p>	<p>Compliant.</p> <p>As rule 7, we have published our “Wholesale Statement of Principles and Charges” document on our website.</p> <p>In addition, we have published our wholesale charges using the spreadsheet template developed by Ofwat to aid comparability of wholesale charges across the industry.</p>
12	<p>Wholesale Charges must be published with such additional information or explanation as is necessary to make clear what services are covered by each charge.</p>	<p>Compliant.</p> <p>In addition to setting out the financial value of our wholesale charges for 2018-19, our “Wholesale Statement of Principles and Charges” document provides explanatory narrative for each area of charging.</p>

Rule no.	Wholesale charging rule	Compliance statement
13	<i>General charging principles</i>	
13	<p>Relevant undertakers whose areas are wholly or mainly in England must determine what types of charges may or may not be imposed and the amount of any charges that may be imposed in accordance with the principle that Wholesale Charges should reflect:</p> <ul style="list-style-type: none"> (a) fairness and affordability; (b) environmental protection; (c) stability and predictability; and (d) transparency and customer-focused service. 	<p>Compliant.</p> <p>Our charges for the surface water drainage service use meter size as a proxy for surface area.</p> <p>We recognise that using actual surface area to set surface water drainage charges is more cost-reflective and has the potential to provide a stronger environmental price signal. However, implementing this basis of charge will create significant bill impacts, and for some classes of customer it may not be practicable or affordable for them to modify their surface water drainage arrangements in order to mitigate the charge.</p> <p>Based on our high-level assessment of costs and benefits, we currently don't see a compelling case for moving to area-based charges.</p>
14-18	<i>Principles for determining the amount of charges</i>	
14	<p>Consistent principles and methodologies must be applied to the calculation of charges for different classes of Eligible Premises, regardless of the services provided.</p>	<p>Compliant.</p> <p>We apply consistent principles and methodologies to the calculation of charges for different classes of Eligible Premises, regardless of the services provided.</p>

Rule no.	Wholesale charging rule	Compliance statement
15	Charging structures must reflect the long-run costs associated with providing the relevant service.	<p>Compliant.</p> <p>With the exception of a small number of properties that attract a fixed annual charge, our wholesale water supply revenue from customers not on our large user tariff is recovered by variable charges.</p> <p>The costs of providing surface water drainage and highway drainage are recovered by fixed annual charges.</p> <p>Otherwise, with the exception of a small number of properties that attract a fixed annual charge, our wholesale sewerage revenue from customers not on our large user tariff is recovered by variable charges.</p> <p>Our water and sewerage large user tariffs comprise a lower volume charge and a fixed annual charge. The fixed annual charge is volume-related, and is set to ensure parity of the unit charge at the band threshold volumes.</p> <p>In the case of wholesale trade effluent revenue, the majority is recovered by variable charges based on the Mogden formula, with the costs of monitoring consents recovered by a fixed annual charge structure, which better reflects the risk presented by the discharge and the associated monitoring requirements.</p> <p>The underlying position outlined above is temporarily subject to a small change as a result of the new wholesale fixed charge structure implemented in 2017-18. In accordance with the assurance of our 2017-18 wholesale charges, it remains our intention to phase out this structure over time. However, in order to contain bill increases within the 5% threshold (rules A1(b) and A5(b)), our Board has decided not to commence the phasing out process in 2018-19. This position will be reviewed when indicative wholesale charges for 2019-20 are set.</p>

Rule no.	Wholesale charging rule	Compliance statement
16.	Differences between charges for services provided to Eligible Premises that are larger users of water and sewerage services and charges for services provided to Eligible Premises that are smaller users of water and sewerage services must only be based on cost differences associated with differential use of network assets, differential peaking characteristics, different service levels and/or different service measurement accuracy.	Compliant. The difference in charges between our standard charges and large user charges are based on cost differences associated with differential use of network assets. The differences are supported by our cost model, and are broadly in line with the rest of the industry.
17	Where cost differences associated with differential peaking characteristics are used as a basis for differences between charges for services provided to Eligible Premises that are larger users of water and charges for services provided to Eligible Premises that are smaller users of water, the charges fixed on that basis must be structured on an appropriate peak demand basis.	N/A. We do not have charges associated with differential peaking characteristics.
18	Charges for sewerage services must take into account the different pollutant loads associated with foul water, trade effluent, surface water draining from Eligible Premises and surface water draining from highways.	Compliant. We have separate charges for foul drainage, surface water drainage, highway drainage, and trade effluent.
19	<i>Unmetered charges</i>	
19	No Unmetered Wholesale Charges may be imposed unless the basis on which those charges are fixed or determined is clear and, in the case of Rateable Value Charges, it is clear: (a) which Rating Valuation List charges are fixed or determined by reference to; and (b) if the undertaker uses a different value or other amount to that specified in such a list, the methodology or other basis on which that different value or other amount is calculated.	Compliant. Our “Wholesale Statement of Principles and Charges” document specifies the Rating Valuation List that unmetered charges are fixed or determined by reference to. Additionally, the document sets out how we may apply a notional Rateable Value in certain circumstances.

Rule no.	Wholesale charging rule	Compliance statement
20-21	<i>Wastewater charges</i>	
20	Sewerage undertakers whose area is wholly or mainly in England must, in relation to each period beginning on or after 1 April 2020, separate Wholesale Charges for sewerage services provided to Eligible Premises into separate charges for the reception, treatment and disposal of: (a) foul water; (b) trade effluent; (c) surface water draining from Eligible Premises; and (d) surface water draining from highways.	Compliant. As rule 18. We have separated sewerage charges in this way since April 2000.
21	Sewerage undertakers must provide for an appropriate reduction in the Wholesale Charges payable for the provision of sewerage services to any Eligible Premises where the sewerage undertaker knows, or should reasonably have known, that surface water does not drain to a public sewer from those premises.	Compliant. We have provided customers with a rebate of the surface water drainage charge, upon successful application, since April 2000. Where we make a rebate, we proactively apply the rebate to other properties in the immediate vicinity. Prior to 2015-16, we only backdated the rebate to the start of the charging year in which the claim was made. With effect from 2015-16, we make the rebate effective from 1 April 2015 or the customer's occupation date if this is later.
22	<i>Trade effluent</i>	
22	Charges to be paid in connection with the carrying out of a sewerage undertaker's trade effluent functions must be based on the Mogden Formula, a reasonable variant of the Mogden Formula or on a demonstrably more cost-reflective basis.	Compliant. Our trade effluent charges are based principally on the Mogden formula, supplemented by our fixed annual consent monitoring charge structure, which better reflects the risk presented by the discharge and the associated monitoring requirements.

Rule no.	Wholesale charging rule	Compliance statement
23-24	<i>Concessionary drainage charges</i>	
23	<p>The Wholesale Charges published by each sewerage undertaker must set out:</p> <p>(a) the classes of community group (if any) in relation to which the undertaker allows reductions in the Wholesale Charges payable by a sewerage licensee in respect of surface water drainage from Eligible Premises; and</p> <p>(b) the reductions allowed.</p>	<p>N/A</p> <p>We do not offer concessionary drainage charges, and this is explicitly stated in our “Wholesale Statement of Principles and Charges” document.</p> <p>We note that these concessionary charges are principally offered by those water and sewerage companies that have implemented area-based charges for surface water drainage to mitigate the impacts of those charges on groups such as schools, churches, and community organisations.</p>
24	<p>Where a sewerage undertaker’s charges scheme under section 143 of the Water Industry Act 1991 includes a provision designed to reduce charges to community groups in respect of surface water drainage from their Eligible Premises, the amount of Wholesale Charges payable by a sewerage licensee in respect of the provision of sewerage services to Eligible Premises occupied by community groups must be determined in accordance with the principles that:</p> <p>(a) Wholesale Charges must be reduced in relation to the same classes of community group; and</p> <p>(b) the reductions in Wholesale Charges must be the same and apply for the same period.</p>	<p>N/A.</p> <p>As rule 23.</p>

Rule no.	Wholesale charging rule	Compliance statement
25	<i>Special agreements</i>	
25	Where a Special Agreement would apply to the provision of services to Eligible Premises if the undertaker continued to provide the services, a relevant undertaker must impose on a water supply licensee or, as the case may be, a sewerage licensee only such charges as would enable the licensee to charge for those services at the same rate or rates as would have applied if the Special Agreement had applied.	<p>Compliant.</p> <p>For each of our special agreements, the special agreement only relates to the wholesale element of the total charges; i.e., customers subject to a special agreement pay standard retail charges in addition to the wholesale charges.</p> <p>Since the opening of the business customer retail market in April 2017, there has been no change to the way we calculate the wholesale charges that we pass on to retailers in respect of special agreements.</p> <p>This allows the retailer to charge for those services at the same rate.</p>
26	<i>Small companies</i>	<i>N/A</i>

Rule no.	Wholesale charging rule	Compliance statement
<i>Annex</i>	<i>Information requirements</i>	
<i>A1</i>	<i>Assurance statements</i>	
A1	Each undertaker should provide to the Water Services Regulation Authority an assurance statement from its Board of Directors and publish its statement no later than the time of publication of its final Wholesale Charges confirming that:	Compliant. We have submitted our assurance statement to Ofwat and published it at the same time we published our wholesale charges.
(a)	the company complies with its legal obligations relating to the Wholesale Charges it has published;	Compliant. Licence Condition B (compliance with price controls): Oxera Consulting LLP has provided assurance that our wholesale charges are compliant with the wholesale price controls. Licence Condition E (undue discrimination and undue preference): In some areas our cost allocation is necessarily based on assumption as opposed to actual data. Where assumptions have been used these have been verified by subject matter experts within the Company. Compliance in this area is subjective, and therefore cannot be stated absolutely. As per our statement re: rule 15, the underlying position outlined above is temporarily subject to a small change as a result of the new wholesale fixed charge structure implemented in 2017-18. In accordance with the assurance of our 2017-18 wholesale charges, it remains our intention to phase out this structure over time. However, in order to contain bill increases within the 5% threshold (rules A1(b) and A5(b)), our Board has decided not to commence the phasing out process in 2018-19. This position will be reviewed when indicative wholesale charges for 2019-20 are set.

Rule no.	Wholesale charging rule	Compliance statement
(b)	the Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%;	Compliant. We include below, as part of this assurance statement submission, a statement explaining the Board's assessment of bill increases. See also our statements re: rules 15, A1(a) and A1(d).
(c)	the company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its Wholesale Charges is accurate;	Compliant. Deloitte LLP provided assurance on the appropriateness of our systems and processes for the assurance of our 2017-18 wholesale charges, and there have been no material changes to those systems and processes for the purposes of setting indicative and final wholesale charges for 2018-19. Deloitte also audited our 2016-17 accounts. While they were unable to adopt a control reliance strategy for their audit, due to IT issues, they undertook substantive testing and made the following comment in their report to our Audit Committee: "... we have tested the design and implementation of controls related to significant risks. We consider these controls to be appropriately designed and implemented...". In addition there were no material issues raised in their report and they issued an unmodified audit statement on our financial statements. As part of their assurance work on our 2018-19 charges, Oxera Consulting LLP performed checks on the base data used for forecasting the number of billed properties and volumes of water and wastewater. For the ten most material charges in terms of revenue yield, Oxera checked the base data used for forecasting purposes back to source systems.

Rule no.	Wholesale charging rule	Compliance statement
(d)	the company has consulted with relevant stakeholders in a timely and effective manner on its Wholesale Charges; and	<p>Compliant.</p> <p>We commenced engagement with CCWater on 2018-19 charges in June 2017.</p> <p>There has been an on-going exchange of emails since June, including the provision of information to CCWater both proactively and in response to their queries.</p> <p>A teleconference with CCWater took place prior to the Board's approval of, and publication of, the indicative charges. CCWater asked a number of questions during the telecon, which we responded to prior to publication of the indicative charges.</p> <p>A follow up meeting was held in November 2017, with indicative bill impacts added to the scope of discussions. In addition to publishing our preliminary Statement of Significant Changes on our website in July 2017, our Wholesale Services Team proactively contacted retailers to make them aware of the Statement, and to offer them the opportunity to provide feedback and seek clarification. We received feedback from Business Stream, the principal retailer in our area. Given the potential level of charges increase indicated in our statement, they requested that we consider delaying the phasing out of the fixed charge structure in order to mitigate bill impacts for business customers. This feedback was taken into account by our Board in their assessment of bill increases. See also the statement below explaining the Board's assessment of bill increases.</p> <p>We received a letter from CCWater on 5 January 2018 confirming the engagement that had taken place and summarising the key matters arising from it.</p> <p>A summary log of our consultation with CCW is provided with this Annex.</p>

Rule no.	Wholesale charging rule	Compliance statement
(e)	where final Wholesale Charges are significantly different from the indicative Wholesale Charges published for the same period, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated. For these purposes, “indicative Wholesale Charges” means the information referred to in A3 below and charges are “significantly different” if a reasonable person would consider the changes to be material.	Compliant. Our forecast of the November RPI, on which our indicative wholesale charges were set, was accurate to within 0.04%. This has allowed us to set our final charges at exactly the same level as our indicative charges.
A2-A5	<i>Indicative charging information</i>	
A2	No later than six months before publishing its final Wholesale Charges, each undertaker (other than a small company), should if considering making any significant changes to its primary Wholesale Charges publish information that, at a minimum, informs stakeholders of the scope of its proposed changes. For these purposes, changes will be “significant” if a reasonable person would consider them to be material. The information provided does not need to be as detailed as that referred to in A3 and A4 below.	Compliant. We published a preliminary Statement of Significant Changes on our website in July 2017.
A3	No later than three months before publishing its final Wholesale Charges, each undertaker (other than a small company) should provide to the Water Services Regulation Authority and publish indicative Wholesale Charges. For these purposes, “indicative Wholesale Charges” are the primary Wholesale Charges that the undertaker reasonably expects to fix for the following period (based on the information available to it at that time).	Compliant. We published indicative wholesale charges for 2018-19 on our website on 4 October 2017, and notified Ofwat accordingly.

Rule no.	Wholesale charging rule	Compliance statement
A4	No later than three months before publishing its final Wholesale Charges, each undertaker (other than a small company) should, if it intends to make any significant changes to its primary Wholesale Charges, provide to the Water Services Regulation Authority and publish a statement of significant changes. For these purposes:	Compliant. We published an updated Statement of Significant Changes on our website on 4 October 2017, and notified Ofwat accordingly.
(a)	changes to the level of primary Wholesale Charges, or to the methodology for calculating them, will be significant if a reasonable person would consider them to be material; and	
(b)	a statement of significant changes should include:	
(i)	what changes are expected;	
(ii)	how water supply and sewerage licensees (as a whole or in groups) and customers occupying Eligible Premises (as a whole or in groups) are likely to be affected; and	
(iii)	the handling strategies that may be adopted by the undertaker or why the undertaker considers that no handling strategies are required.	

Rule no.	Wholesale charging rule	Compliance statement
A5	Each undertaker (other than a small company) should provide to the Water Services Regulation Authority an assurance statement from its Board of Directors and publish its statement no later than the time of publication of its indicative Wholesale Charges confirming, using the best available information available at that time, that:	Compliant. We submitted our assurance statement to Ofwat and published it at the same time we published our indicative wholesale charges.
(a)	the company complies with its legal obligations relating to the indicative Wholesale Charges it has published;	See A1 (a) above.
(b)	the Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services to eligible customers and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%;	See A1 (b) above.
(c)	the company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its indicative Wholesale Charges is accurate; and	See A1 (c) above.
(d)	the company has consulted with relevant stakeholders in a timely and effective manner on its indicative Wholesale Charges.	See A1 (d) above.

Statement regarding the Board's assessment of bill increases

In accordance with Ofwat's wholesale charging rules, the scope of this statement is restricted to the wholesale charges made to retailers participating in the business customer retail market.

Under Ofwat's wholesale charging rules (rules A1(b) and A5(b)), our Board are required to provide assurance to Ofwat that they have assessed the effects of the new charges on water supply and sewerage licensees, and that they approve the impact assessments and handling strategies developed in instances where bill increases for licensees exceed 5%.

Without intervention by our Board, the increase in total wholesale charges for some classes of business customer would exceed 5% for the two reasons set out below.

The first reason is principally driven by the November 2017 RPI (3.9%). Based on this, and our forecast of billed properties and billed volumes of water and sewage for the 2018-19 charging year, the maximum allowed weighted average increase in our wholesale sewerage charges under Ofwat's wholesale price control is 5.2%. The equivalent increase in our wholesale water supply charges is 4.2%.

The second reason is in connection with the new structure of fixed wholesale charges for business customers that we implemented with effect from 1 April 2017, following consultation with retailers and other stakeholders in 2016. Full details of this consultation can be found on our website <http://beta.southernwater.co.uk/working-with-us/retailer-consultation/>.

Our intention remains that these fixed charges should be phased out, as noted in our assurance statement in respect of 2017-18 wholesale charges, because they do not relate to specific fixed wholesale costs. However, given the underlying weighted average increase in our wholesale charges set out above, commencing this process in 2018-19 would result in total wholesale charges increasing by significantly more than 5% for some classes of business customer. In this context, we have received a formal request from Business Stream, the principal retailer in our area, that we do not begin the phasing out process in 2018-19.

The Board has given these matters due consideration, and decided to:

1. Defer the take-up £1.1m of wholesale sewerage revenue until the next price control period in order to ensure that the overall weighted average increase in our wholesale charges is capped at 5%.
2. Not commence the phasing out of the fixed charge structure in 2018-19.

These decisions are aimed at ensuring that retailers did not experience an increase in total wholesale sewerage charges above 5% for any class of business customer.

The position regarding commencing the phasing out of the fixed charge structure will be reviewed when indicative wholesale charges for 2019-20 are set.

The table below provides total wholesale charge impacts for a range of sample business customers.

Volume m3/a >>>	50	100	500	1,000	5,000	12,000	20,000	60,000	100,000	150,000
Dual Service										
Change £	11	19	80	170	825	1,904	3,175	9,360	15,628	21,620
Change %	4.69%	4.67%	4.66%	4.67%	4.67%	4.67%	4.68%	4.70%	4.68%	4.68%
Sewerage Only										
Change £	8	13	54	113	551	1,294	2,166	6,462	10,898	14,841
Change %	4.95%	4.95%	4.94%	4.95%	4.96%	4.96%	4.95%	4.95%	4.95%	4.95%
Water Only										
Change £	3	6	26	57	274	610	1,009	2,897	4,730	6,780
Change %	4.17%	4.17%	4.16%	4.20%	4.17%	4.16%	4.20%	4.23%	4.17%	4.16%

Footnote: Assessed wholesale sewerage charges for customers in the South East Water supply area

On 25 September 2017 we were advised by South East Water that they were consulting stakeholders on a proposed restructure of their assessed charges for business customers.

In instances where we are the sewerage wholesaler but not the water wholesaler, we base our assessed sewage volume on the water volume assessed by the water wholesaler. We currently have some 270 premises attracting assessed sewerage charges in South East Water's supply area.

In response to the consultation, we asked South East Water to consider deferring the implementation of the restructure until RPI provided more headroom for the restructuring, or phasing in any increase in assessed water volumes over time in order to mitigate the financial impacts for retailers and business customers.

Following the conclusion of their consultation process, South East Water advised us that they were proceeding with the proposed restructure, but were including a phasing plan to mitigate bill impacts where these would exceed 5%. We will adopt the same approach in order to mitigate any increase in our assessed sewerage charges above the 5% threshold that may arise from South East Water's restructure of their assessed charges for business customers.

Summary Log of Consultation with CCWater

Date	CCWater	Southern Water
19 June 2017		Email sent to kick-off 2018-19 consultation process. Highlighted potential new online/self-serve retail tariff and increase in wholesale charges.
12 July 2017		Email sent attaching copy of preliminary statement of significant changes to wholesale charges in 2018-19.
25 July 2017	Email to set up call re: consultation on 2018/19 charges, and requesting information re: our single occupier assessed charge	
31 July 2017		Email sent in response to CCW email of 25 July
1 August 2017	Email to confirm telecon arrangements for 11 September, and providing a copy of the information sheet CCW will use to record the consultation on 2018/19 charges.	
3 August 2017	Email providing an updated copy of the information sheet CCW will use to record the consultation on 2018/19 charges.	
10 August 2017	Email informing CCW contact for consultation re: new connection and infrastructure charges.	
23 August 2017		Emailed a copy of our formal response to Ofwat re: their query on our assessed charges.
30 August 2017		Emailed copy of slide deck addressing items on CCW's information sheet in advance of telecon on 11 September.
11 September 2017	Telecon held to discuss 2018/19 charges. Follow-up actions for Southern Water agreed.	
27 September 2017		Emailed an update and response to the follow-up actions from the telecon of 11 September, including advice of the increases in indicative wholesale charges approved by the Board on 26 September.
2 October 2017		Email sent re: potential implications of South East Water's proposed restructure of NHH assessed charges.
3 October 2017		Email providing a copy of our response to South East Water's consultation on their proposed restructure of NHH assessed charges.
4 October 2017		Emailed 2018-19 indicative charges, assurance statement, and updated statement of significant changes.
5 October 2017	Email providing a copy of CCW response to South East Water's consultation on	

	their proposed restructure of NHH assessed charges.	
17 October 2017	Email exchange re: setting up follow-on meeting/call re: 2018/19 charges – meeting set for 16 November	
15 November 2017	Emailed updated copy of the information sheet CCW will use to record the consultation on 2018-19 charges, annotated copy of SW presentation 11/09/17, and list of areas for discussion	
16 November 2017	Meeting held to discuss proposed 2018-19 charges. SW made presentation based on areas of discussion identified by CCW. CCW requested that for the bill impact illustrations the number of customers in each band is appended.	
16 November 2017		Emailed copy of slide deck presented at the meeting.
20 November 2017	Email request for 2016-17 data from WRFIM model.	Response to request emailed
20 November 2017		Emailed updated copy of slide deck with customers numbers included in the bill impact slides
18 December 2017	Email re: CCW's review of the single occupier assessed charge and resetting the charge in line with average measured household customer pcc	Email response requesting further information in order to clarify CCW's position
19 December 2017	Further email re: single occupier assessed charge stating that the information we requested would follow, and that CCW did not expect us to make changes to 2018-19 charges in this regard	
19 December 2017	Further email re: single occupier assessed charge providing the information we requested, and confirming that CCW did not expect us to make changes to 2018-19 charges in this regard.	Emailed acknowledgement and provided again the response we made to Ofwat re: their enquiry on our single occupier assessed charge.
5 January 2018	Email confirming consultation on 2018-19 charges	