

## Portsmouth Water – Draft Business Plan 2008

### Reporter Report on Company public domain summary

The draft business plan proposes the following main outputs which are I consider are consistently described in both the summary and the main plan:

- Reducing leakage levels by 10%
- Development of a small number of new boreholes and continuing development of Havant Thicket Winter Storage Reservoir to meet forecast future increases in water demand
- Renewal and maintenance of existing underground assets including an increase in the length of water mains replaced from 23.2km over the current five year period to 33km over the AMP5 period
- Renewal and maintenance of existing above-ground assets with capital expenditure of £10.4 million in the AMP5 period
- Increased metering of domestic properties with installation rising from a typical level of 4000 per annum in recent years to 8300 per annum for the AMP5 period and the twenty years beyond
- Dealing with a water quality issue (trihalomethanes) by placing a roof on the existing concrete raw water storage reservoir at the River Itchen intake
- Broadly continuing to target current levels of service
- An increase in bills of 1.4% above the rate of inflation per annum.

The Company highlights the rise in input prices especially electricity and chemicals which are resulting in an increase in operating expenditure.

I have reviewed the Company's proposals and scrutinised background data used to compile the draft business plan and the associated draft Water Resources Management Plan previously submitted to Defra. I have also checked consistency with the Company's Strategic Direction Statement published in December 2007.

I have challenged to Company to demonstrate justification for the measures proposed. I was generally satisfied with responses received but will be requesting further justification for the proposed increase in the length of water mains replaced each year.

I confirm that the public domain summary has been prepared by directors of the Company who have also prepared or supervised production of the whole draft business plan. I believe that the summary is well founded and generally supported by the textual and numerical information in the draft business plan. There are however one or two errors in the Tables with some of the capital expenditure being omitted from Table A4 due to a misinterpretation of the Ofwat guidance. The Company proposes to make the corrections and update the report on its website.

I confirm that I have had good co-operation from the Company including the directors in gaining access to the company's data, reports by consultants, workbooks and systems used to develop inputs to the draft business plan.