



**Water &
Sewerage Bills
1999-2000**



Regulation of charges in England and Wales

Current price limits set by Ofwat came into effect on 1st April 1995. Over the five year period 1995-2000 the average permitted increase in price limits for water and sewerage services is 1.4% above the rate of inflation.

Ofwat will reset price limits in November 1999. The new limits will come into effect on 1 April 2000.

All water and sewerage companies and water only companies change their tariffs on 1 April each year, with the exception of Portsmouth Water where new charges are applied from 1 July. This leaflet summarises the changes which will affect households for the 1999-2000 charging year.

Tables 1 and 2 show the percentage change in household bills (this includes metered and unmeasured customers) since 1994-95, when Ofwat last reset price limits, and the average level of bills for 1999-2000. Table 4 shows rebates given to customers by a number of companies in 1999-2000. Most households receive bills related to the rateable value of their property plus a fixed charge. Some 18% of households are metered and now pay in relation to volume used.

The annual increase companies can make is limited by the licences under which they operate. Each company must provide an audited statement to Ofwat which shows that, on average, increases in standard charges have not exceeded the set limit. The limit is $RPI + K + U$; where RPI is expressed as the percentage increase in the Retail Price Index in the year to the

November before the charging year; K is the price limit set by Ofwat for each company for each year to reflect any change in charges that it needs to make, over and above inflation, in order to finance the provision of services to customers (K can be a minus number); and U is the amount of K not taken up in previous years. Price rises each year will, therefore, vary between companies.

The price limit applies to the average increase in standard charges and is calculated using the formula as set out in the company's licence. Increases in charges for any individual customer may be more, or less, than $RPI + K + U$. For example, a company may increase sewerage charges by more than unmeasured water charges if this reflects costs. However, the average increase in the basket of standard charges must not exceed the limit. Table 3 shows: the K factor for 1999-2000; the maximum by which the company could have increased its basket of charges (including underspend not taken up in previous years); the actual increase applied by the company; and the difference between the maximum allowable and actual increase (which indicates any carry forward of K available for next year).

Not all charges are covered by the price limit. Infrastructure charge limits are laid down by licence. Limits on other charges, such as connection charges, are not specified, but Ofwat would expect these charges to be related to costs. As with charges included in the basket of standard charges, companies are obliged not to discriminate unduly between customers.

TABLE 2: 1999-2000 Average household bills for sewerage

Average household sewerage bills have increased by 110.7% (nominal¹) and 41.0% (real²) since privatisation in 1989. The bulk of this increase is attributable to the five year period up to 1994-95 under price limits set by the Secretaries of State at privatisation. Bills increased by 64.9% (nominal¹) and 28.1% (real²) between 1989-90 and 1994-95.

COMPANY	% increase 1994-95 – 1999-2000 ⁴		% increase 1998-99 – 1999-2000 ⁴		Level for 1999-2000 ⁴ £
	Nominal ¹	Real ²	Nominal ¹	Real ²	
WATER AND SEWERAGE COMPANIES					
Anglian Water Services Ltd	13.8	-2.0	-3.6	-6.4	156
Dŵr Cymru Cyfyngedig (Welsh Water)	30.9	12.8	7.2	4.1	166 ³
North West Water Ltd	48.0	27.5	7.6	4.5	143 ³
Northumbrian Water Ltd	42.7	22.9	12.2	8.9	141
Severn Trent Water Ltd	15.2	-0.8	0.5	-2.4	115
South West Water Ltd	27.8	10.1	6.7	3.6	237
Southern Water Services Ltd	40.9	21.3	7.3	4.1	162
Thames Water Utilities Ltd	24.7	7.4	3.1	0.1	104
Wessex Water Services Ltd	20.0	3.3	2.3	-0.7	144
Yorkshire Water Services Ltd	28.9	11.0	5.2	2.1	123
INDUSTRY AVERAGE	27.8	10.0	3.9	0.9	134

1 Nominal percentage increases include the effect of inflation. RPI increased by 16.1% between November 1993 and November 1998 and 3.01% between November 1997 and November 1998.

2 Real percentage increases exclude the effect of inflation.

3 The figures given for these companies do not include customer rebates paid this year. See Table 4 for details.

4 Percentage changes and level of bills for 1999-2000 are estimates based on forecast data provided by each company.

HOUSEHOLD BILLS – 1999-2000

These figures do not take account of customer rebates paid.
Figures may not add due to rounding.

AVERAGE UNMEASURED

Water	£116
Sewerage	£139
Total	£255

Increase of 1.6% (excluding inflation) over last year (4.7% including inflation).

AVERAGE MEASURED

Water	£95
Sewerage	£111
Total	£205

Increase of -2.5% (excluding inflation) over last year (0.4% including inflation).

Approximately 18% of households are metered.

The percentage increases given in this leaflet are *average* increases. Some households will see their bills rise by more or less than those shown here.

TABLE 3:
1999-2000 Price limits and tariff increases

COMPANY	K	Price limit RPI + K + U (RPI = 3.01%) %	Tariff basket increase %	Difference between price limit & tariff basket increase ¹ %
WATER AND SEWERAGE COMPANIES				
Anglian Water Services Ltd	1.5	4.5	0.0	4.5
Dŵr Cymru Cyfyngedig (Welsh Water)	0.5	3.5	3.5	0.0
North West Water Ltd ²	2.5	5.5	5.5	0.0
Northumbrian Water Ltd ²	0.7	3.8	3.7	0.0
Severn Trent Water Ltd ²	0.5	3.7	3.5	0.2
South West Water Ltd	1.0	4.0	4.0	0.0
Southern Water Services Ltd ²	4.0	10.0	7.0	3.0
Thames Water Utilities Ltd	0.5	3.5	3.5	0.0
Wessex Water Services Ltd ²	1.5	4.5	4.5	0.0
Yorkshire Water Services Ltd ²	2.5	5.9	5.9	0.0
WATER ONLY COMPANIES				
Bournemouth & West Hampshire Water plc	-0.5	2.5	2.5	0.0
Bristol Water plc	1.0	4.0	4.0	0.0
Cambridge Water Company ²	-2.0	1.2	1.0	0.2
Dee Valley Water plc	-1.7	1.3	1.3	0.0
Essex & Suffolk Water plc ²	2.0	5.5	4.6	0.9
Folkestone & Dover Water Services Ltd	-0.5	2.5	2.5	0.0
Hartlepool Water plc ²	1.5	6.3	0.0	6.3
Mid Kent Water plc	1.0	4.0	4.0	0.0
North Surrey Water Ltd ²	2.0	7.2	4.4	2.8
Portsmouth Water plc ²	-1.5	1.8	1.5	0.3
South East Water plc: Mid Southern Water plc ³	-1.0	2.0	2.0	0.0
South East Water Ltd ³	-1.0	2.0	2.0	0.0
South Staffordshire Water plc ²	-0.5	3.5	2.5	1.0
Sutton & East Surrey Water plc ²	-4.7	-1.7	-3.2	1.5
Tending Hundred Water Services Ltd ²	-0.5	3.5	1.1	2.5
Three Valleys Water Services plc	2.5	5.5	5.5	0.0
York Waterworks plc ²	0.0	3.3	3.0	0.3

1 Difference may not add due to rounding.

2 U represents underspend in the price limit in previous years. K + U is therefore the permitted increase in charges over and above inflation. (U is zero for all other companies).

3 Mid Southern Water and South East Water have come together under a single licence. South East Water plc now serves customers of both companies using the existing separate price limits.

TABLE 4: *Rebates to household customers 1999-2000*

The following companies are giving rebates to customers in 1999-2000. The rebates shown below should be subtracted from the figure for the bills shown in Tables 1 and 2.

COMPANY	Rebate for 1999-2000		
	Water	Sewerage	Water & Sewerage
Dŵr Cymru Cyfyngedig (Welsh Water)	£4.50	£4.50	£9.00
North West Water Ltd	£3.25	£3.25	£6.50
Severn Trent Water Ltd	£6.50	–	£6.50



The Office of Water Services is a government department responsible for making sure that the water industry in England and Wales provides customers with a good quality and efficient service at a fair price.

Ofwat is independent of the water industry.

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