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Our Ref
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OFWAT CONSULTATION ON “PAYMENT TERMS BETWEEN WHOLESALERS AND RETAILERS”

PORTSMOUTH WATER’S RESPONSE

Portsmouth Water is pleased to respond to the Ofwat consultation on “Payment Terms between Wholesalers and Retailers”.

Background to Portsmouth Water:

“We aim to supply drinking water of the highest quality, providing high levels of customer service and excellent value for money.”

Portsmouth Water has been an independent water company proudly supplying water to Portsmouth for over 150 years.

The Company:

- serves large towns and cities such as Portsmouth, Gosport, Fareham, Havant, Chichester and Bognor Regis, as well as rural areas of South East Hampshire and West Sussex.
- has the lowest bills in England & Wales and is considered to be one of the most efficient companies in the water sector.
- has 21 water sources comprising 1 group of springs, 1 river and 19 borehole sites. However, despite being located in the south of England and, therefore, in an area of high water stress, the company has only had one hosepipe ban in 35 years.
- can provide a bulk supply to Southern Water of up to 15 Ml/d, currently running at 1 Ml/day (sweetening flow).
- plays an active role in Water Resources in the South East Group (WRSE).

Therefore, we believe that Portsmouth Water is well placed to comment on this consultation. We will deal with each of the questions raised in the consultation below:

Portsmouth Water Responses to the specific questions:

- 1) *Is our proposal to set standard terms, but to allow companies to agree to vary these terms, appropriate?***

We agree that standard terms and negotiated variations are appropriate.

- 2) *Are our proposals around publication of non-standard payment terms appropriate?***

We agree that transparent publication of non-standard terms to be appropriate.

- 3) *Is a settlement period of one day appropriate?***

One day settlement is an adequate time period.

- 4) *Is it reasonable to apply the same payment terms to all products and services in the markets?***

It is our view that it is not unreasonable to apply the same payment terms to all products and services.

- 5) *Are the details of the standard payment terms – billing period, payment period and collateral requirements – appropriate?***

We agree that details of the standard payment terms are appropriate.

We would be happy to have future discussions with you on any of our responses to the above questions, if this is required. Our contact in the first instance is:

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