



South Staffs Water

Green Lane, Walsall WS2 7PD
www.south-staffs-water.co.uk

Regulatory reporting consultation response,
Ofwat,
Centre City Tower,
7, Hill Street,
Birmingham,
B5 4UA

22 June 2016

Dear Sir,

Re: Consultation regulatory reporting

Thank you for the opportunity to respond to the above consultation. Attached are our responses to the consultation questions.

Please do let me know if you have any questions.

Yours faithfully,

Philip Saynor,
Director of Finance and Regulation
South Staffordshire Water PLC

Q1. What are your views on the content and format of the proposed tables in Appendix 1?

We are happy with the content and have no specific points to make.

Q2. Do you have any views on the revised guidance in RAG1 which is intended to assist completion of pro forma table 4G?

The only clarification for the future is whether after PR19, capital maintenance charges will be calculated by indexing values with CPI or 50% CPI and 50% RPI.

Q3. RAG2 consists of a mixture of high level principles and detailed guidance for cost reporting;

Q3a Is the balance of principles and rules appropriate?

Q3b Are there areas where more principles should be provided?

Q3c Are there areas where more guidance should be provided?

In terms of the water resource price control that will be established as a consequence of Water 2020, if companies revalue assets only for that price control it could lead to the allocation of some costs and assets becoming skewed.

Q4-Q5 Related to sludge hence no response from South Staffs

Q6. In RAG2 we have set out how imported bulk supplies should be treated- do you have any views on this approach?

Oswat has suggested that when companies import bulk potable water, costs should be split between water resources and water treatment based on splits of costs by the exporting company. We suggest that the importing companies be able to use the exporters previous year cost splits in case the exporter is not able to provide the cost split data for the present year in a timely manner.

Q7. In RAG3 we have clarified our expectations for reporting transactions with associates and the non-appointed business. Do you have any comments on these?

None

Q8. Our intention is to include the metrics for Financial Monitoring Framework and site data for the Abstraction Incentive Mechanism (AIM) in the Annual Performance Report. Do you agree with this approach?

None

Q9. Should the Annual Performance Report contain more transparency over metering assets and installation and maintenance costs from 2017?

We support increased transparency in data for stakeholders to understand how charges have been derived.

Q10. Ofwat is working with the sector to develop new charging rules covering activities such as connection charges, infrastructure charges and other contributions from third parties. Should the Annual Performance Report contain more detailed cost information on new connections and other costs associated with these charges?

In South Staffs Water's consultation response on New Connection Charging (Dated 21 April 2016), we suggested that companies should publish information on connection charges in a single document to improve transparency. We therefore believe that the Annual Performance Report (APR) should refer to this separate document on connection charges (with a web link), rather than including more detail in the APR itself. We think that this would make it easier for developers, self-lay organisations and other stakeholders if all relevant information was contained within one targeted document.

