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██████████  
Director of Regulation and Competition  
Severn Trent Water  
Severn Trent Centre  
PO Box 5309  
Coventry  
CV3 9FH

12 January 2017

Dear ██████████

### **Engagement with business customer re charges for 2016/17**

I am writing to gather some information in relation to Severn Trent Water's engagement with its business customers about their charges. In 2016/17 we received four different billing complaints from business customers served by Severn Trent Water. While there is no suggestion that these charges or the company's handling strategy in this area were inappropriate, we would like to understand more about the latter in the light of the complaints we received.

One of my colleagues, Peter Jordan, has already spoken with ██████████ at your offices about the wording used in correspondence with business customers in relation to their bills. This specifically relates to the company's suggestion that it was instructed by Ofwat to include a fixed retail charge payable by all business customers in 2016/17 as part of its charges. We welcome the swift response on this particular point and have been assured that it has been dealt with.

Separately however we would like to understand more about Severn Trent Water's handling strategy for explaining increases in charges, particular those experienced by business customers in 2016/17.

We note that in the document 'Significant changes in our charges for 2016/17, Severn Trent Water, 11 January 2016' there is a section headed '2.3 Handling strategies'. In this section the company states that:

*.... the most significant impacts (in percentage terms) fall on non-household customers with very low bills. In some instances, these charges are less than half of an average household bill, and will continue to be near half after these changes. Percentage increases also look very significant if measured against a single element of our service; customers that receive all services will see offsetting changes in other elements of their overall bill (particularly on surface water).*

*Given the absolute scale of these increases for small customers, and the offsetting reductions for other tariffs, we believe that these changes are reasonable and do not require further measures in the scheme. But with the most significant impacts we will consider what proactive communication we can do to help individual customers understand and manage these changes when bills are generated.*

To help us understand Severn Trent Water's approach in this area we would welcome some further details around the nature of the proactive communication highlighted above i.e. how many business customers have seen significant impacts in their bills in 2016/17; how have these business customers been identified; and how has Severn Trent Water engaged with those customers?

We would also welcome some understanding of the number of complaints that Severn Trent Water itself has received from business customers more generally about their charges (including the nature of those complaints) and how these complaints have been handled, including any lessons learnt.

I look forward to hearing from you once you have had a chance to consider this letter, including details of when you will be able to provide the information set out above.

Yours sincerely



**Harpreet Atwal**  
**Principal, Casework**