

Information Sheet: Affordable Bills

The Need

We know that our customers expect value for money for the services we deliver. They have also told us they want bills that are affordable and stable. In response to this, we have taken the step of keeping the amount they pay in their bills flat (what we call 'flat nominal bills'). During the period, we will take on the risk of inflation for our customers.

Our typical nominal household water bill for each of the five years between 2020 and 2025 is **£144**. While this presents more of a challenge for our business, it means our customers will know that either the price of their unmetered water bill or that the price of each unit of water they use will stay the same. Our plan is ambitious, but it is set within the context of this certainty for customers, which is possible to implement by a simple licence change.

Our customers said...

"If bills are staying the same it means people know where they stand"

Key Facts

- Flat nominal household bills – with a reduction of **11%** in real terms.
- Joint 3rd highest bill reduction in real terms.
- Modest appointed dividend yield of **2%** – with gearing no higher than **70%**.
- Investment **40%** greater than the current period, with net wholesale total expenditure of **£538 million** and retail expenditure of **£52 million**.
- No claim for specific cost of capital adjustment – sharing Ofwat's view of **2.4% WACC**.