

Delivering **PureWater** **PureService** and a **PureEnvironment**

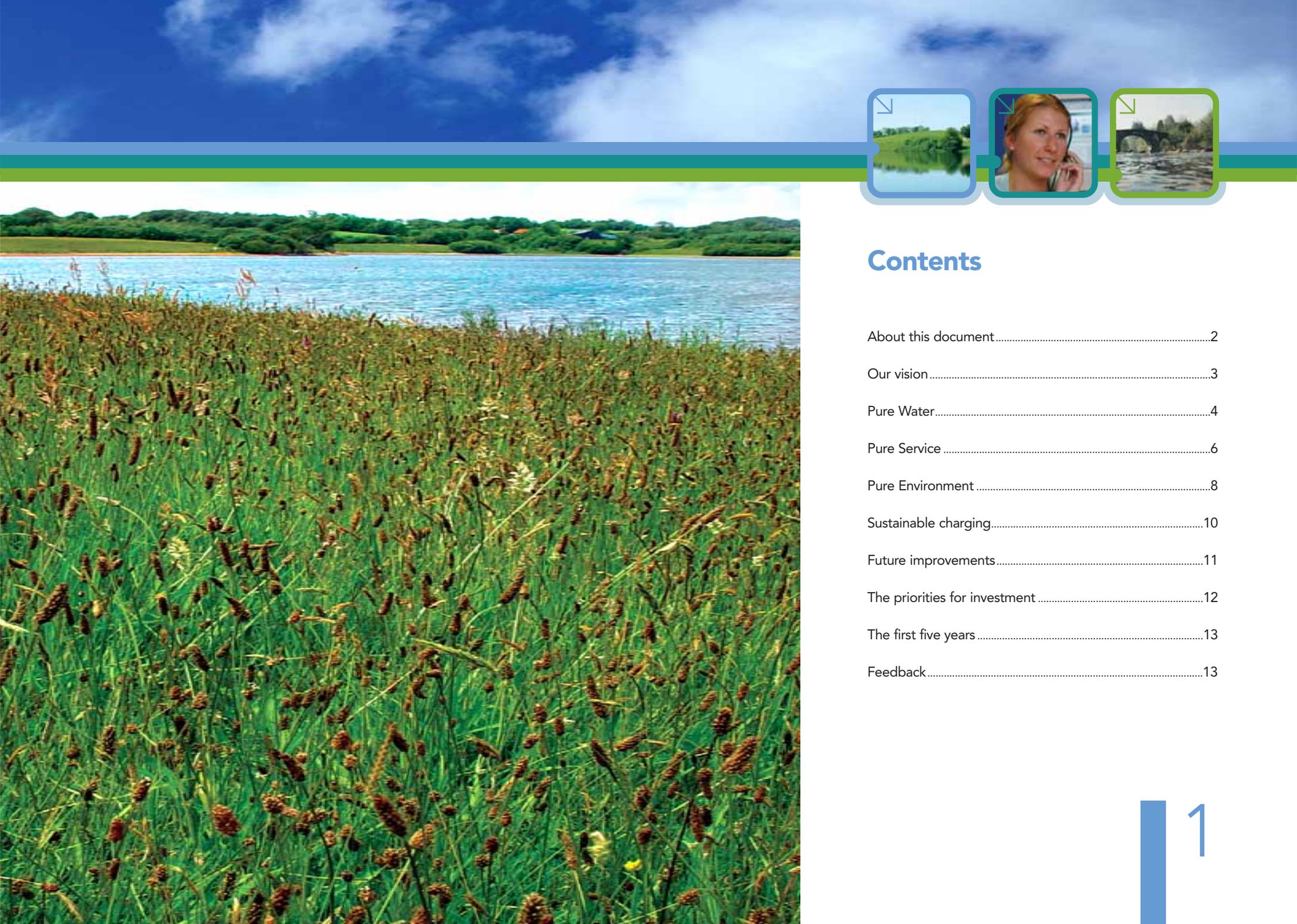


SOUTH WEST WATER

We need your views on future priorities

- What South West Water's water and sewerage services could be like in the future
- Looking forward to 2030
- How to influence our plans





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About this document

The price-setting process

When the water industry was privatised in 1989, a regulatory body Ofwat was established. Ofwat's role is to determine the limits for charges customers pay to water companies to provide water and sewerage services to agreed standards.

Ofwat sets the maximum level of charges for water and sewerage services every five years. Although water companies produce five-year plans, we need to consider issues and plan long-term investment more than five years ahead.

The thorough price-setting process is called the Periodic Review and involves many representative bodies and organisations. At South West Water, we want to reflect our customers' and stakeholders' views in this process.

The next Periodic Review is in 2009 (PR09) and at the end of that year we will confirm our plans for 2010-2015.

About this document

This document sets out South West Water's vision of what we want to do. We would like comments on our plans and feedback on your priorities.

Although we cannot be definitive about the future, through discussions with customers and stakeholders we will develop our ideas as the Periodic Review progresses.

This document also sets out how we will keep customers, stakeholders and Ofwat informed of our priorities over the next five years and beyond, with an early indication of what this means for customers.

Choices

We are seeking your opinion, so we can be sure that the choices we make reflect your views and give you the best possible value for money.

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We need your views / How to give us feedback

You can either return the feedback form accompanying this document, or register your opinion online at:
www.southwestwater.co.uk/PR09

Our vision



South West Water's long-term vision

Delivering **PureWater** **PureService** and a **PureEnvironment**

We have developed a long-term vision and taken the first steps to meeting our future challenges. We have already started the process of implementing our strategy, clearly defining what we need to do and gathering the required supportive evidence.

South West Water – our past and the next 25 years

To overcome historic deficiencies, many major improvements have been made to the region's water and sewerage services over the past 18 years.

- Improved drinking water through the mains refurbishment and replacement programme.
- The Clean Sweep programme to improve coastal water quality.
- Reducing leakage from water pipes by 40% between 1995 and 2006.
- Improving our ability to move water around the region, to avoid water restrictions.
- Service Plus, combining customer service and operational technical expertise to deal with customer issues in a timely and efficient way.
- WaterCare, a scheme that deals sensitively with customer debt through a combination of free water efficiency measures, benefit checks and financial advice.

South West Water's customers benefit from having amongst the highest quality rivers and bathing waters in Europe on their doorstep. Despite recent years with some successive dry winters, warm sunny springs and hot dry summers, for the last 11 years we have avoided water restrictions such as hosepipe bans and drought orders.

Our plans for the next 25 years build on this by further improving customer service, raising the quality and reliability of drinking water, and reducing incidents of sewer flooding that can affect customers' properties and the wider environment.

Future prices

We want prices to be as stable as possible during 2010-2015. Where we face new requirements, we will challenge them if we do not believe that they are necessary. We will work hard to deliver service improvements and become more efficient in what we do. This will help us to avoid passing increased costs onto customers. We will test the acceptability of limited price rises if there are options that both stakeholders and customers support, while considering our wider approach to affordability.

Water supply strategy

We will continue to help customers use water wisely and we will continue to reduce the volume of water lost through leakage. We will maintain our industry leadership in leakage management.

To postpone for the foreseeable future the need for significant new resources such as reservoirs, we want to invest in our ability to move water around the region.

By 2030 we aim to have completed a 'ring main' around Dartmoor.

We also want to focus our investment and increase efficiency by producing drinking water at fewer, larger treatment works.

Reliable supply

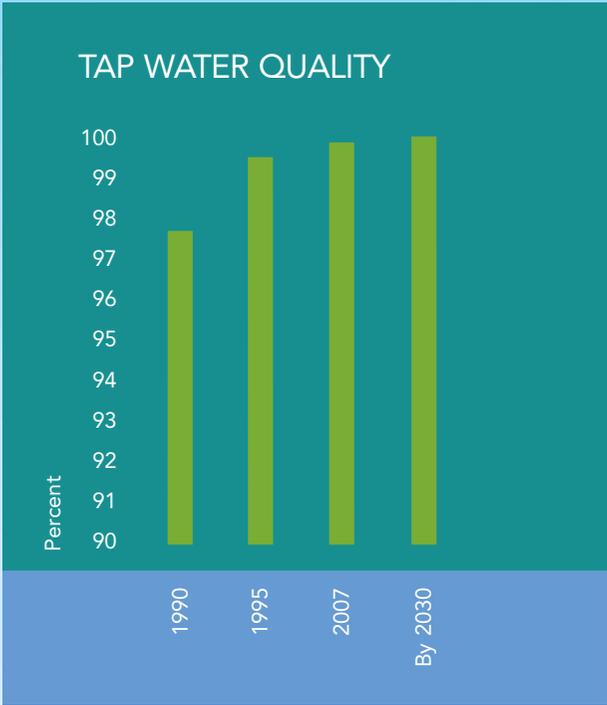
We want our customers to have an uninterrupted supply of water. To achieve this, we will use advanced technology when it is available. Before then, we want to target the replacement of the types and age of pipe most likely to burst.

We will not impose water restrictions such as hosepipe bans except in the most extreme circumstances.

Pressure

By 2030 we would like to achieve a target of zero households that regularly suffer from low water pressure. To do this we will need to invest in additional sensors and local pumps.





Quality of clean water

The quality of the South West's tap water today is such that we hope no major new treatment investment will be required. We will continue to work to achieve 100% compliance with drinking water standards, updating technology at water treatment works and service reservoirs as necessary. We will focus on cleaning, relining and replacing mains where there are issues with taste, odour and discolouration. A programme is being considered to help us achieve our long-term objective of minimising the use of chlorine in drinking water by 2030. We believe this could reduce drinking water taste complaints by 50%.

We aim to work more closely with other land and water users, so that the raw water we collect in reservoirs and take from rivers is cleaner. This will improve treatment reliability and could reduce costs in the longer term.



To achieve pure service, we will:

- deliver an excellent water and sewage operational service, as measured by a range of service indicators
- make it easy for our customers to contact us via a range of communication channels, reaching a human being whenever they want
- provide excellent service by resolving issues first time and by focusing on the areas where we get it wrong
- deliver customer service according to need, introducing a range of targeted affordability initiatives and new tariffs
- be industry leaders in customer service, particularly through helping customers with water efficiency
- be community leaders, recognising our responsibilities to the region

	By 2015	By 2030
Overall customer satisfaction with services	At least 80%	At least 95%
Water efficiency savings by customers	Increase by 100%	Increase by 300%
Repeat contacts from customers	Less than 5%	Less than 1%
Number of complaints	Reduce by 30%	Reduce by 50%



CUSTOMER SATISFACTION WITH SERVICES



South West Water and the environment

South West Water is vital to the economy of Devon and Cornwall. The excellent quality of the region's rivers and beaches helps to attract large numbers of tourists. Our reservoirs are also popular with visitors and with wildlife. We will work with regulators, environmental groups, farmers and other organisations to protect the biodiversity of the region. This will help to avoid expensive investments in the future.

Climate change

Climate change in the South West is expected to result in:

- higher winter rainfall, but hotter, drier summers leading to increased demand for water. We will need to store more of the winter rainfall and manage demand during the summer.
- more frequent and intense storms. We will need to increase the size of some sewers. Highway and surface water drainage will need to be separated from sewage whenever we can.
- rising sea levels. We will need to protect our coastal assets.

We will seek to minimise our carbon footprint. We will also look at generating electricity from our activities wherever cost effective. In addition we will set targets for our consumption of energy and chemicals.

Zero pollution incidents

Although our customers expect us to avoid pollution from our facilities, we depend on the responsible use of our sewers and drainage systems. To support this, we will develop and provide more customer information and advice. To achieve zero pollution incidents we will also invest in technology to remotely control and monitor our assets.

Sludge recycling

We remain committed to the agricultural recycling of sewage sludge, and to protecting this sustainable route, but are investigating other options should they become necessary. We also intend to investigate whether biofuels can be grown using our sludge as a long-term sustainability project.

Sewer flooding

Very few properties in the region suffer from internal sewer flooding. We will continue to reduce the risk of flooding to both internal and external areas and deal with new problems as they emerge.

Private sewer adoption

The Government has announced it intends to require water and sewerage companies to adopt and maintain private sewers and drains up to the boundary of customers' properties. Many customers are currently responsible for their pipes until they reach our sewer, which is often in the middle of the road.

This policy could be introduced sometime after 2010 and would increase our costs. We believe that customer views on the benefits and additional costs of adopting assets should be taken into account.



Sustainable charging

Helping customers manage bills

WaterCare and other initiatives will assist customers who can't pay and those who won't pay will be required to. We will develop these schemes further in 2010 – 2015 such that any extra costs are offset by a reduction in the cost of bad debt.

Metering

More than 60% of our customers have water meters. Customers choosing to have a free meter installed are likely to raise this to over 80% by 2015.

Our plans for metering are:

- continue with voluntary metering for the next 5 years
- as metering approaches 100% of customers, do more to encourage metering to minimise our costs
- installing smart meters to allow for new tariffs and provide better information on water use to customers

Water efficiency

We will use our service focus to assist our customers in making their homes water efficient. Metering, combined with water efficiency, helps most customers with affordability issues, demonstrates the value of water and waste water services and will provide greater long-term choice as we develop new tariffs.

Future tariffs

We are considering what new tariffs we will need in the future. With any new tariff there will be winners and losers, including people with affordability problems. Changes to legislation and billing systems may be required. We may run pilot trials to test new approaches first.

Long-term tariff options summary

- More metering so all customers pay for what they use.
- Rising block tariff, including initial fixed-price 'lifeline' use and an increasing charge for high use.
- Seasonal tariffs for high peak water use.
- A nationally funded Water Savings Trust that funds water efficiency investments for metered customers on low incomes.
- Green tariffs to fund water supplied using renewable energy.
- Extended help through vulnerable-group tariffs.

Future improvements



Water Framework Directive

The EU Water Framework Directive requires all water bodies to achieve good status by 2015. It requires the Environment Agency to decide, with Government approval, on actions to ensure objectives are achieved. Where there is significant uncertainty, or if measures cost too much compared with benefits, improvements can be delayed until the best solution is found. The first priority will be to ensure that the current level of water quality is maintained.

There are other compulsory improvements that South West Water may be required to make:

→ NEW BATHING WATERS DIRECTIVE

Improvements at up to 25 sites may be required, the most likely sites being at Lyme Regis, Teignmouth, Hollicombe, Paignton, Ilfracombe and Combe Martin.

→ SHELLFISH WATERS

South West Water's assets in some of our estuaries may need to be improved to protect shellfish waters.

→ HABITATS DIRECTIVE

To help Dartmoor habitats, we also expect reductions in water abstractions by around 6 Ml/day.

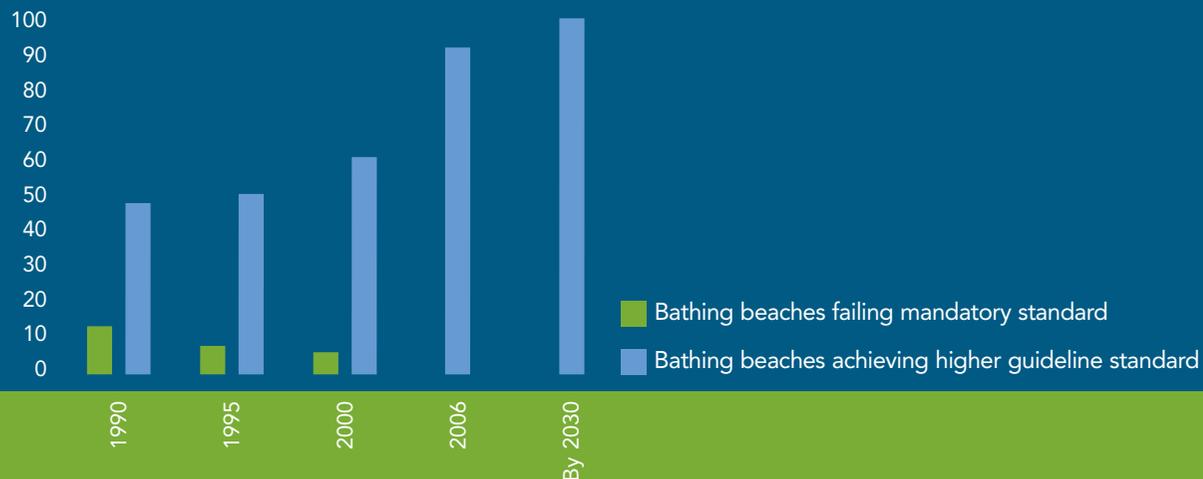
Major projects for the future

South West Water has identified a number of major projects that may be needed to maintain quality and improve our services to customers.

Our plans include:

- reducing supply interruptions
- continual programme of mains cleaning and maintenance
- major programme of borehole refurbishment
- improving the security of drinking water production and distribution
- future meter installation and replacement programme
- new systems to remotely monitor and control our network and treatment works
- investing in sewage pumping stations at the greatest risk of flooding or causing pollution
- further reducing odours from our assets
- improving capacity at sewage treatment works to serve growing populations

BATHING WATER QUALITY



The priorities for investment

Customer views

Our customer research to date suggests our customers have the following 10 priorities. Here we also outline how we plan to consider customer feedback. The further feedback we receive from this document will help us to refine our plans.

Your priorities for South West Water:

- 1 Maintaining a safe water supply that is good for drinking, free of any unpleasant taste or smell and supplied at adequate pressure.
- 2 More metering to ensure everyone pays according to what they actually use.
- 3 Ensuring that our wastewater treatment activities prevent pollution of the local environment.
- 4 Having sufficient water resources to avoid hosepipe bans.
- 5 Helping customers with water conservation and recycling in the home.
- 6 To always be able to contact a human being who will understand the problem and resolve it.
- 7 Controlling the amount of water lost through leakage from our pipes.
- 8 Ensuring that all our activities have the minimum impact on habitats, plants and animals and on the local environment.
- 9 Minimising interruptions to your water supply, particularly for more than three hours.
- 10 Ensuring that the sewer system can cope with heavy rainfall to prevent flooding inside properties.

What we plan to do:

- Maintain our assets to sustain and enhance quality, reduce the number of discoloured water incidents, undertake targeted mains cleaning and embrace new technology.
- Continue with voluntary metering towards 100%. Introduce new tariffs.
- Strengthen our asset maintenance. Improve robustness when justified.
- Secure the raw water resources needed for the future and improve our ability to treat and move it around the region.
- Expand the water efficiency help we provide.
- Implement our Pure Service strategy to ensure customer contacts are dealt with first time.
- Continue to have amongst the lowest leakage per kilometre of water main in the industry.
- Work with stakeholders to protect the environment and improve regional biodiversity. Minimise our carbon footprint.
- Develop our ability to monitor water supply across our network.
- Improve our network to avoid sewer flooding, particularly where new development or climate change will have an impact.

The first five years



Our priorities for the first five years:

- **Pure Water** – investment in maintaining our assets to give our customers the highest quality drinking water
- **Pure Service** – improving the services that customers experience
- **Pure Environment** – delivering sustainable sewerage services for the region's benefit

Future prices

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Options and your feedback

Please give us your feedback by either completing the online form at www.southwestwater.co.uk/PR09 or the insert here.

Detach this insert and return it to Priorities Feedback, Freepost 186, South West Water, Peninsula House, Rydon Lane, Exeter, EX2 7BF





Please rank the following service areas from 1 to 10, where 1 is your highest priority and 10 is your lowest priority:

- Maintaining a safe water supply that is good for drinking, free of any unpleasant taste or smell and supplied at adequate pressure.
- More metering to ensure everyone pays according to what they actually use.
- Ensuring that our wastewater treatment activities prevent pollution of the local environment.
- Having sufficient water resources to avoid hosepipe bans.
- Helping customers with water conservation and recycling in the home.
- To always be able to contact a human being who will understand the problem and resolve it.
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- Minimising interruptions to your water supply, particularly for more than three hours.
- Ensuring that the sewer system can cope with heavy rainfall to prevent flooding inside properties.

Other priorities for you, e.g. is the level of your bill more important to you than these service areas?

Please include your postcode

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How to contact us:

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or go to www.southwestwater.co.uk/PR09



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