

SUP1A - Connected properties, customers and population

Line description		Commentary
Customer numbers - average during the year		
1	Residential water only customers	Data represents an accurate forecast of growth. Optant and Selective Metering data sourced from Table CW7 represents an accurate forecast of activities
2	Residential wastewater only customers	
3	Residential water and wastewater customers	
4	Total residential customers	Void levels remain as per current outputs until 31/3/2026. For remaining years, a reduced annual ratio has been used to reflect Void reduction opportunities resulting from AMI active assets and associated new business processes
5	Business water only customers	
6	Business wastewater only customers	Aligned to entries in Table RR7 which reflects the profile of occupied residential properties. Unmetered Water Only and Dual Customer portfolio reduces across AMP8 period to reflect activities associated with Selective & Optant Metering reflected in Table CW7
7	Business water & wastewater customers	
8	Total business customers	
9	Total customers	<p>Void properties profiled to align to mid year 22/23 percentages. SW will target holding Voids to that level throughout AMP8 to absorb the growth in new properties Base year uses End of Year data @31st March for Properties and Customers using MOSL distributed reports.</p> <p>Average is based upon position @30th September for Properties and Customers using MOSL distributed reports (due to nature of the reporting averages are not representative)</p> <p>Market wide initiatives may impact Vacant properties, as Market eligibility and Long Term Vacants (>6 years) are being targeted. Unlikely that the impact will be felt within this AMP but has the potential to reduce Voids (in the NHH space). Risk that this work will increase HH Voids, but numbers will be negligible.</p>
Property numbers - average during the year		
10	Residential properties billed	<p>Profile of Unmetered Water billing reduces across the AMP8 period to reflect the activities associated with Selective & Optant Metering reflected in Table CW7</p> <p>Profile of Metered billing increases in line with growth and selective & optant switches</p>
11	Residential void properties	The profile of Void properties has been calculated in line with the 22/23 mid year averages. Accordingly, SW intends to absorb the growth in connections to retain current Void levels
12	Total connected residential properties	<p>Profile of Unmetered Water billing reduces across the AMP8 period to reflect the activities associated with Selective & Optant Metering reflected in Table CW7</p> <p>Profile of Metered billing increases in line with growth and selective & optant switches</p>
13	Business properties billed	The profile of Metered billing is targeted to increase in line with growth and a reduction of Void levels in 2023/24 which is aimed to be retained across future years



14	Business void properties	The profile of Void properties is assumed to reduce in 2023/24 due to Market targeting of long term Voids. For future years SW intends to absorb the growth in connections to retain 2023/24 targeted Void levels
15	Total connected business properties	Total installations have been calculated on growth sourced from Table RR7
Population data		
17	Resident population	Exclusion - The annual average resident population served. This includes both households and businesses billed. No material year-on-year variations, only increases are due to standard growth. No change in reporting methods or assumptions. Ten wastewater catchments, COLGATE THAMES, COPTHORNE, COLGATE PRIVATE, GREENHYTHE, GUILDFORD WTW, HASLEMERE, IDE HILL TO THAMES, LONGFIELD HILL TO THAMES, LONGFIELD & SMALLFIELD, excluded from the calculation as these are treated by Thames Water. Confidence grade A2.
18	Non-resident population (wastewater)	Confidence grade A2. Future years kept static at time of calculation, January 2022, No material year-on-year variations, No change in reporting methods or assumptions. Non-resident population (wastewater) is calculated by first taking an estimate of bedspace data obtained from Tourism Southeast. These bedspaces are then assumed two thirds occupancy rate for four months of the year. Currently there is no accurate forecast for future years, so the latest annual report figure is used.
Household population data		
19	Household population	Non-resident population forecasts are use EDGE analytics No material year-on-year variations, only increases are due to standard growth. No change in reporting methods or assumptions. Confidence grade A2.
20	Household measured population (water only)	
21	Household unmeasured population (water only)	

SUP1b - Properties and meters

Line description		Commentary
	Property and meter numbers - at end of year (31st March)	
1	Total new residential properties connected in year	Aligned to data table DS4
2	Total number of new business properties connections	Aligned to data table DS4
3	Residential properties billed at year end	Aligned to data table RR7 and CW7
4	Residential properties unbilled at year end	Aligned to data table RR7 and CW7
5	Residential void properties at year end	Aligned to data table RR7 and CW7
6	Total connected residential properties at year end	Aligned to data table RR7 and CW7
7	Business properties billed at year end	Base year uses End of Year data (@31st March) for Properties and Customers using MOSL distributed reports. These reports are provided daily by MOSL and made available to Trading Parties via Central Market Operating System (CMOS) and are downloaded to Local file share area.
8	Business properties unbilled at year end	
9	Business void properties at year end	
10	Total connected business properties at year end	
11	Total connected properties at year end	Calculated cells

SUP4 - Green recovery expenditure - water resources and water network+

Line description		Commentary
	No Green Recovery expenditure– N/A for Southern	

SUP5 - Green recovery expenditure - water resources and water network+

Line description		Commentary
	No Green Recovery expenditure– N/A for Southern	

SUP6 - Green recovery data

Not applicable for Southern Water

SUP7 - Green recovery - Water common performance commitments

Not applicable for Southern Water



SUP8 - Green recovery - Wastewater common performance commitments

Not applicable for Southern Water

SUP9 - Green recovery - Bespoke performance commitments

Not applicable for Southern Water

SUP10 - Green recovery data capture reconciliation model input

Not applicable for Southern Water



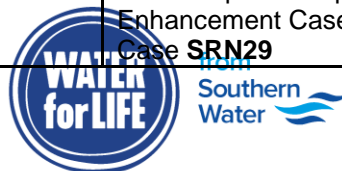
SUP11 - Real price effects and frontier shift		
Line description		Commentary
	CPIH assumptions used for RPE calculations	
1	CPIH: Financial year average indices year on year %	This is as per table PD1
	Real price effect	
2	Real change in input price - Labour	For year 2023/24 and 2024/25 our RPEs match our actual price effects in our current AMP7 forecasts. For year 2025/26 We have inputted an RPE % to bring us back to the market rate. From 2026/26 onwards this is the market rate as per the ONS. Explanation of, and evidence for, how our assumptions have been derived for are set out in our RPEs annex.
3	Real change in input price - Energy	For year 2023/24 and 2024/25 our RPEs match our actual price effects and our hedged positions in our current AMP7 forecasts. For year 2025/26 We have inputted an RPE % to bring us back to the market rate. From 2026/26 onwards this is the market rate as per Cornwall insight forecasts. Explanation of, and evidence for, how our assumptions have been derived for are set out in our RPEs annex.
4	Real change in input price - Chemicals	For year 2023/24 and 2024/25 our RPEs match our actual price effects in our current AMP7 forecasts. For year 2025/26 We have inputted an RPE % to bring us back to the market rate. From 2026/26 onwards this is the market rate as per the ONS. Explanation of, and evidence for, how our assumptions have been derived for are set out in our RPEs annex.
5	Real change in input price - Materials, plant and equipment	For year 2023/24 and 2024/25 our RPEs match our actual price effects in our current AMP7 forecasts. For year 2025/26 We have inputted an RPE % to bring us back to the market rate. From 2026/26 onwards this is the market rate as per the ONS. Explanation of, and evidence for, how our assumptions have been derived for are set out in our RPEs annex.
6	Real change in input price - Other	For year 2023/24 and 2024/25 our RPEs match our actual price effects in our current AMP7 forecasts. For year 2025/26 We have inputted an RPE % to bring us back to the market rate. From 2026/26 onwards this is the market rate as per the ONS. Explanation of, and evidence for, how our assumptions have been derived for are set out in our RPEs annex.
	Wholesale water base	
7	RPE wholesale water base - Labour	The combination of capex and opex proportions weighted by the capex-opex split, see the RPE Technical Annex.
8	RPE wholesale water base - Energy	
9	RPE wholesale water base - Chemicals	
10	RPE wholesale water base - Materials, plant and equipment	
11	RPE wholesale water base - Other	
12	Total real price effect - wholesale water base	
	Wastewater N+ base	

13	RPE wastewater N+ base - Labour	The combination of capex and opex proportions weighted by the capex-opex split, see the RPE Technical Annex.
14	RPE wastewater N+ base - Energy	
15	RPE wastewater N+ base - Chemicals	
16	RPE wastewater N+ base - Materials, plant and equipment	
17	RPE wastewater N+ base - Other	
18	Total real price effect - wastewater N+ base	
Bioresources base		
19	RPE bioresources base - Labour	The combination of capex and opex weighted by the capex-opex split, see the RPE Technical Annex.
20	RPE bioresources base - Energy	
21	RPE bioresources base - Chemicals	
22	RPE bioresources base - Materials, plant and equipment	
23	RPE bioresources base - Other	
24	Total real price effect ~ bioresources base	
Wholesale water enhancement		
25	RPE wholesale water enhancement - Labour	The simple average of capex proportion and enhancement proportion spending.
26	RPE wholesale water enhancement - Energy	
27	RPE wholesale water enhancement - Chemicals	
28	RPE wholesale water enhancement - Materials, plant and equipment	
29	RPE wholesale water enhancement - Other	
30	Total real price effect ~ wholesale water enhancement	
Wastewater N+ enhancement		
31	RPE wastewater N+ enhancement - Labour	The simple average of capex proportion and enhancement proportion spending.
32	RPE wastewater N+ enhancement - Energy	
33	RPE wastewater N+ enhancement - Chemicals	
34	RPE wastewater N+ enhancement - Materials, plant and equipment	
35	RPE wastewater N+ enhancement - Other	
36	Total real price effect ~ wastewater N+ enhancement	
Bioresources enhancement		
37	RPE Bioresources wastewater enhancement - Labour	The simple average of capex proportion and enhancement proportion spending.



38	RPE Bioresources wastewater enhancement - Energy	
39	RPE Bioresources wastewater enhancement - Chemicals	
40	RPE Bioresources wastewater enhancement - Materials, plant and equipment	
41	RPE Bioresources wastewater enhancement - Other	
42	Total real price effect ~ Bioresources enhancement	
	Additional control	
43	RPE Additional control - Labour	Nil return
44	RPE Additional control - Energy	
45	RPE Additional control - Chemicals	
46	RPE Additional control - Materials, plant and equipment	
47	RPE Additional control - Other	
48	Total real price effect ~ Additional control	
	Retail	
49	RPE retail - Labour	Opex spending proportions for retail.
50	RPE retail - Energy	
51	RPE retail - Chemicals	
52	RPE retail - Materials, plant and equipment	
53	RPE retail - Other	
54	Total real price effect ~ retail	
55	Frontier shift assumption	
56	Frontier shift assumption - Wholesale water base	This is calculated from the report by Economic Insight, see the RPEs Technical Annex.
57	Frontier shift assumption - Wholesale wastewater N+ base	
58	Frontier shift assumption - Bioresources base	
59	Frontier shift assumption - Wholesale water enhancement	
60	Frontier shift assumption - Wholesale wastewater N+ enhancement	
61	Frontier shift assumption - Bioresources enhancement	
62	Frontier shift assumption - Retail	
	Net price change	No commentary, formulae only
	Cumulative net price change	No commentary, formulae only

SUP12 - Direct procurement for customers (DPC)		
Line description		Commentary
	Project name	
	<i>General</i>	<p>We are providing a Technical Annex on Alternative Delivery. This sets out our approach and rationale for it, and provides business cases for each of the projects selected. We are proposing a voluntary approach for work such as smart meter roll out and bioresource new advanced digesters where DPC is not applicable, but a similar market-based delivery by a third party provided is considered to be the best approach.</p> <p>We have identified 4 new DPC projects in addition to the Havant Thicket transfer, which is already in DPC. This project has passed Control point B and is now adopting the new stage gate system. For this reason it is not included in the Technical Annex.</p> <p>We have also identified 5 projects or groups of projects where we propose voluntary use of third parties. The TA refers to these projects as “DPC-Lite”</p> <p>We recommend that the TA is used as the main source of narrative on each of the projects.</p> <p>The costs that would be incurred by a CAP or equivalent have been excluded from the relevant totex data tables. Where we would need to be making payments to CAPs / equivalents in AMP 8 estimates of these amounts are included in Table RR9.</p> <p>We have added costs that we expect to incur initially as the result of using the DPC or DPC Lite Route for water (CW3.182, £49m) and waste (CWW3.131, £44m). The total of development costs plus DPC specific costs have been added into SUP12.8 as for the “DPC lite” projects it is not at this stage easy to distinguish between development and launch of a DPC-like process. Where we expect to need to make payment to a CAP or CAP equivalent in AMP8, estimates of these payments have been provided in RR9</p>
SUP12.1	Sandown re-use	<p>Project name in data tables: Recycling: Sandown WwTW (8.1Ml/d) Main chapter: Chapter 5 Wholesale Water Costs and Outcomes SRN05 Enhancement Case: Water Resources Supply Options Enhancement Business Case SRN29</p>



		Cost Adjustment Claim: n/a Payment to CAP or CAP equivalent; RR9.136
SUP12.2	Aylesford re-use (Medway)	Project name in data tables: Recycling: Medway WwTW (12.8MI/d) Main chapter: Chapter 5 Wholesale Water Costs and Outcomes SRN05 Enhancement Case: Water Resources Supply Options Enhancement Business Case SRN26 Cost Adjustment Claim: n/a
SUP12.3	Ford re-use (Littlehampton)	Project name in data tables: Recycling: Littlehampton WwTW (15MI/d) Main chapter: Chapter 5 Wholesale Water Costs and Outcomes SRN05 Enhancement Case: Water Resources Supply Options Enhancement Business Case SRN26 Cost Adjustment Claim: n/a
SUP12.4	Sittingbourne re-use	Project name in data tables: Recycling: Sittingbourne industrial reuse (7.5MI/d) Main chapter: Chapter 5 Wholesale Water Costs and Outcomes SRN05 Enhancement Case: Water Resources Supply Options Enhancement Business Case SRN26 Cost Adjustment Claim: n/a
SUP12.5	Smart metering	Project name in data tables: Various Main chapter: Chapter 5 Wholesale Water Costs and Outcomes SRN05 Enhancement Case: Water resources – Smart Metering SRN28 Cost Adjustment Claim: Meter Replacement SRN24 Payment to CAP or CAP equivalent; RR9.171
SUP12.6	Whitfield WTW	Project name in data tables: Component of Waste treatment works growth Main chapter: Chapter 6 Wholesale Wastewater Costs and Outcomes SRN06 Enhancement Case: WTW Growth Enhancement business case SRN44 Cost Adjustment Claim: n/a
SUP12.7	CSO Wetlands	Project name in data tables: Component of CSO Main chapter: Chapter 6 Wholesale Wastewater Costs and Outcomes SRN06 Enhancement Case: WINEP Storm overflows enhancement business case Cost Adjustment Claim: n/a Payment to CAP or CAP equivalent; RR9.144
SUP12.8	CSO Local Authority Highways SuDS	Project name in data tables: Component of CSO Main chapter: Chapter 6 Wholesale Wastewater Costs and Outcomes SRN06 Enhancement Case: WINEP Storm overflows enhancement business case SRN40 Cost Adjustment Claim: n/a Payment to CAP or CAP equivalent; RR9.150
SUP12.9	Bioresources - Ham Hill AAD	Project name in data tables: Various components of sludge treatment and disposal Main chapter: Chapter 6 Wholesale Wastewater Costs and Outcomes SRN06 : Enhancement Case: WINEP Bioresources Cake storage SRN43 , Industrial Emissions Directive (IED) SRN27



		Cost Adjustment Claim: Advanced digestion SRN21
SUP12.10	Bioresources - Ashford AAD	Project name in data tables: Project name in data tables: Various components of sludge treatment and disposal Main chapter: Chapter 6 Wholesale Wastewater Costs and Outcomes SRN06 Enhancement Case: WINEP Bioresources Cake storage SRN43 , Industrial Emissions Directive (IED) SRN27 Cost Adjustment Claim: n/a
SUP12.11	Havant Thicket Transfer	Project name in data tables: Import: Havant Thicket - Otterbourne direct raw water transfer (90MI/d); Recycling: Recharge of Havant Thicket reservoir from Budds Farm and new WRP (60MI/d) Main chapter: Chapter 6 Wholesale Water Costs and Outcomes SRN05 Data Table Lines: CW3.56 to CW3.58; CW8.16, CW8.69 Enhancement Case: Water Resources – Strategic Resource Options SRN29 Cost Adjustment Claim: n/a All the Southern Water costs, including planning and development and DPC specific costs are included in CW8.16 and CW8.69. In this case the Alternative Delivery Technical Annex does not provide the narrative and business case as this project is already in the DPC process and the RAPID under its formal name Hampshire Water Transfer and Water Recycling Project (HWTWRP) The SRO enhancement business case SRN29 should be used as the main source of narrative. The SRO enhancement case also includes costs for Thames to Southern Transfer and SESRO. For AMP 8 these are development costs only, and DPC or SIPR is assumed to take place in AMP9.

SUP13 - Havant Thicket (Portsmouth Water only)

Line description	Commentary
Not applicable for Southern Water	



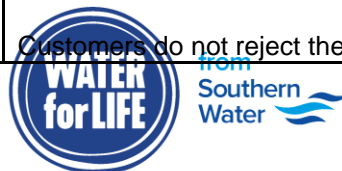
SUP14 - Customer engagement and affordability/acceptability of business plans		
Line description		Commentary
	Customer engagement	
1	Number of household customers engaged with on the business plan	Our engagement focuses very much on quality of our insight. We have been conservative if the numbers we reflect, as we only want to focus on those with true meaningful engagement on the plan. Whilst we have used millions of data points (complaints, customer contacts) – we have not reported these numbers. Details of our approach can be found in the Customer Engagement Chapter and supporting Technical Annex.
2	Number of non-household customers engaged with on the business plan	
	Affordability for customers	
3	Customers who have struggled to pay at least one of their household or non-household bills	Data not provided as small percentage of overall Southern Water customers are water only. Coverage for the Acceptability and Affordability Testing was agreed with Ofwat.
4	Customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30	
5	Customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30	
	Acceptability for customers	
6	Customers responding that the proposed business plan is unacceptable	Data not provided as small percentage of overall Southern Water customers are water only. Coverage for the Acceptability and Affordability Testing was agreed with Ofwat.
7	Customers responding that the proposed business plan is acceptable	Data not provided as small percentage of overall Southern Water customers are water only. Coverage for the Acceptability and Affordability Testing was agreed with Ofwat.
	Water only customer (whole bill and both business plans)	
	Affordability for customers	
8	Customers who have struggled to pay at least one of their household or non-household bills	Data not provided as small percentage of overall Southern Water customers are water only. Coverage for the Acceptability and Affordability Testing was agreed with Ofwat.
9	Customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30	
10	Customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30	
	Acceptability for customers	
11	Customers responding that the proposed business plan is unacceptable	Data not provided as small percentage of overall Southern Water customers are water only. Coverage for the Acceptability and Affordability Testing was agreed with Ofwat.
12	Customers responding that the proposed business plan is acceptable	
	Water and wastewater customer (whole bill and whole business plan)	



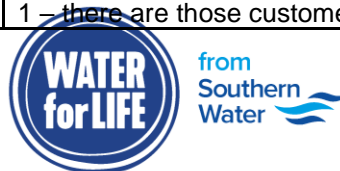
Affordability for customers		
13	Customers who have struggled to pay at least one of their household or non-household bills	The overall percentage of customers have struggled is broadly consistent with the levels we have seen in wider testing. As expected, we see a significant difference with vulnerable and financially struggling households.
14	Customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30	The percentage of customers that will find it difficult to afford future bills is significantly higher in this testing compared to the deliberative acceptability test (24%). We believe that customers who are more informed are better able to understand the need for investment. We are concerned with the high numbers of customers who will find their future bills difficult and are responding to feedback to do all we can to help make as affordable as possible. As expected, we see a significant difference with vulnerable and financially struggling household – who will need support.
15	Customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30	The percentage of customers that will find it easy is concerning. This is very different to what we have seen in deliberative testing. In additional qualitative insight with our qualitative panel we believe: 1 – there are those customers who will genuinely struggle, and require additional support 2 – there are many who are feeling the ‘squeeze’ from the cost of living crisis. Whilst water bills are generally affordable compared to other utilities (which are higher) any increase in costs impacts customers. Greater transparency on the need for investment is needed and the actions we are taking to keep bills as affordable as possible. 3 – our damaged reputation and loss of trust with customers, which means some are rejecting the score based on principle that customers should pay for investment. Instead, they believe this should be funded through companies, shareholders and executive pay.
Acceptability for customers		
16	Customers responding that the proposed business plan is unacceptable	Satisfaction is a major driver of acceptance. We have a poor reputation compared with other water companies. For those who found the plan unacceptable this was driven by scepticism around water company profits and a lack of trust in general. Our historic performance issues, and the court cases that made headlines in 2021, have led to a level of mistrust and an erosion of public confidence in the operational resilience of the business alongside questions about our integrity and transparency. Our performance, especially in pollution shown in the affordability research reinforces this concern with customers during the testing. Customers do not reject the plan based on its content, focus, or its affordability.
17	Customers responding that the proposed business plan is acceptable	Plan acceptance (or lack of) is equally split among HHs, though the majority of NHHs are supportive. Acceptance is a result of a focus in the right areas and support in the long term vision.



	Wastewater only customer (wastewater bill and wastewater only business plan)	
	Affordability for customers	
18	Customers who have struggled to pay at least one of their household or non-household bills	The overall percentage of customers have struggled is broadly consistent with the levels we have seen in wider testing. As expected, we see a significant difference with vulnerable and financially struggling households.
19	Customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30	The percentage of customers that will find it difficult to afford future bills is significantly higher in this testing compared to the deliberative acceptability test (24%). We believe that customers who are more informed are better able to understand the need for investment. We are concerned with the high numbers of customers who will find their future bills difficult and are responding to feedback to do all we can to help make as affordable as possible. As expected, we see a significant difference with vulnerable and financially struggling household – who will need support.
20	Customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30	<p>The percentage of customers that will find it easy is concerning. This is very different to what we have seen in deliberative testing. In additional qualitative insight with our qualitative panel we believe:</p> <p>1 – there are those customers who will genuinely struggle, and require additional support</p> <p>2 – there are many who are feeling the ‘squeeze’ from the cost of living crisis. Whilst water bills are generally affordable compared to other utilities (which are higher) any increase in costs impacts customers. Greater transparency on the need for investment is needed and the actions we are taking to keep bills as affordable as possible.</p> <p>3 – our damaged reputation and loss of trust with customers, which means some are rejecting the score based on principle that customers should pay for investment. Instead, they believe this should be funded through companies, shareholders and executive pay.</p> <p>We see marginally higher scores for our waste only customers in the Portsmouth Water area. This is likely due to the lower bill impact overall.</p>
	Acceptability for customers	
21	Customers responding that the proposed business plan is unacceptable	<p>Satisfaction is a major driver of acceptance. We have a poor reputation compared with other water companies.</p> <p>For those who found the plan unacceptable this was driven by scepticism around water company profits and a lack of trust in general. Our historic performance issues, and the court cases that made headlines in 2021, have led to a level of mistrust and an erosion of public confidence in the operational resilience of the business alongside questions about our integrity and transparency. Our performance, especially in pollution shown in the affordability research reinforces this concern with customers during the testing.</p> <p>Customers do not reject the plan based on its content, focus, or its affordability.</p>



22	Customers responding that the proposed business plan is acceptable	Plan acceptance (or lack of) is equally split among HHs, though the majority of NHHs are supportive. Acceptance is a result of a focus in the right areas and support in the long term vision. We see marginally higher scores for our waste only customers in the Portsmouth Water area. This is likely due to the lower bill impact overall.
	Wastewater only customer (whole bill and both business plans)	
	Affordability for customers	
23	Customers who have struggled to pay at least one of their household or non-household bills	Southern Water provided the wastewater predicted bill amount to South East Water who have run the testing on affordability of the whole bill.
24	Customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30	
25	Customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30	
	Acceptability for customers	
26	Customers responding that the proposed business plan is unacceptable	Testing of the plan with this customers was not a requirement as we do not bill these customers. However, we did additional testing using an online panel – but have not provided the data in the tables, because it is a different methodology. South East Water tested the bill amounts as per the Ofwat guidance.
27	Customers responding that the proposed business plan is acceptable	
	All customers (weighted combination)	
	Affordability for customers	
28	Customers who have struggled to pay at least one of their household or non-household bills	The overall percentage of customers have struggled is broadly consistent with the levels we have seen in wider testing. As expected, we see a significant difference with vulnerable and financially struggling households.
29	Customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30	The percentage of customers that will find it difficult to afford future bills is significantly higher in this testing compared to the deliberative acceptability test (24%). We believe that customers who are more informed are better able to understand the need for investment. We are concerned with the high numbers of customers who will find their future bills difficult and are responding to feedback to do all we can to help make as affordable as possible. As expected, we see a significant difference with vulnerable and financially struggling household – who will need support.
30	Customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30	The percentage of customers that will find it easy is concerning. This is very different to what we have seen in deliberative testing. In additional qualitative insight with our qualitative panel we believe: 1 – there are those customers who will genuinely struggle, and require additional support



		<p>2 – there are many who are feeling the ‘squeeze’ from the cost of living crisis. Whilst water bills are generally affordable compared to other utilities (which are higher) any increase in costs impacts customers. Greater transparency on the need for investment is needed and the actions we are taking to keep bills as affordable as possible.</p> <p>3 – our damaged reputation and loss of trust with customers, which means some are rejecting the score based on principle that customers should pay for investment. Instead, they believe this should be funded through companies, shareholders and executive pay.</p>
	Acceptability for customers	
31	Customers responding that the proposed business plan is unacceptable	<p>Satisfaction is a major driver of acceptance. We have a poor reputation compared with other water companies.</p> <p>For those who found the plan unacceptable this was driven by scepticism around water company profits and a lack of trust in general. Our historic performance issues, and the court cases that made headlines in 2021, have led to a level of mistrust and an erosion of public confidence in the operational resilience of the business alongside questions about our integrity and transparency. Our performance, especially in pollution shown in the affordability research reinforces this concern with customers during the testing.</p> <p>Customers do not reject the plan based on its content, focus, or its affordability.</p>
32	Customers responding that the proposed business plan is acceptable	<p>Plan acceptance (or lack of) is equally split among HHs, though the majority of NHHs are supportive. Acceptance is a result of a focus in the right areas and support in the long term vision.</p>



SUP15 - Affordability - residential customers		
Line description		Commentary
A1. Social tariffs and WaterSure - residential customers		
Number of residential customers		
1	Number of customers on social tariffs	Year 1 to 3 are actual values as per the AMP tables; year 4 target is 128k and agrees to the target we commit to in 2022-23 when we increased our minimum discount to 45% , while year 5 target is 158k as we increase cross-subsidy to £13 ,which is the maximum accepted by customers as part of Willingness-to-pay research for PR19 and agreed with CCW. This level exceeds our PR19 AMP 7 commitment of 107k by 50%. AMP 8 reflects a linear increase in reach up to 182k customers by year 5, by increasing the cross-subsidy to £20 each year in real terms as supported by our extensive customer research, and also using a contribution of £15m revenue from AMP 7 ODI penalties to fund the additional 24k customers in AMP 8.
2	Number of customers on WaterSure tariffs	Actuals and forecast for increased reach to customers through to end of AMP 8
3	Number of customers not on social tariffs	This value is our total connected household property base less line 1 above
Social tariff discount		
4	Total amount of money provided by customers and company to fund social tariffs discounts	The £'m value in each year of AMP 8 reflects the dual-service cross-subsidy of £20 per year, with the equivalent pro-rata amount being funded by water only and waste only customers (there is no funding from the company included)
5	Average social tariff discount	This value is the total funding divided by total count of customers being supported by the social tariff discount. These annual values appear to exceed the £20 per year supported by customer research. The difference between these values and that £20 is that they include funding via re-allocated ODI penalty values to the value of £15m across AMP 8. We have made the request of Ofwat to use the "funding" from £15m worth of ODI penalties to go directly to the Social tariff to offer a meaningful benefit to those most in need, rather than apply a small reduction to all customers' bills via the application of these penalties to general charges.
WaterSure tariff discount		
6	Total reduction in bills for WaterSure customers	This is the total £m funding, collected via retail charges, applied to WaterSure customers based on our forecast average bill and forecast total customers on a WaterSure tariff
7	Average WaterSure tariff discount	This value is the total £'m funding divided by total count of customers being supported by the WaterSure tariff discount
Social tariff cross-subsidy - residential customers		
8	Total amount of money collected from all customers in charges to fund social tariffs discounts	As per line 4. £20 per year contributed by dual-service customers in each year of AMP 8 in 2022-23 price-base (see commentary for row 12 relating to maximum contribution supported by customer research) ; AMP 7 reflects actual values per APR Table 2N in years 1-3 of AMP



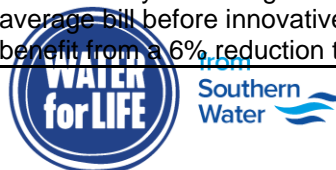
		7, and £7.45 in year 4 and £11.40 forecast for year 5 (both values in 2022-23 price-base); the amounts are pro-rated for water-only and wastewater only customers
9	Average cross-subsidy from customers	This value is the total funding divided by total count of customers being supported by the Social tariff discount
Social tariff and WaterSure tariff cross-subsidy - company		
10	Total revenue forgone by company to subsidise social tariffs	In order to maintain financial resilience, the company have not commit to funding at this time.
Social tariff support - willingness to pay		
11	Level of support for social tariff customers reflected in charges	Latest extensive research supports £20 max cross-subsidy for a dual –service customer in each year of AMP 8, in today’s prices
12	Maximum contribution to social tariffs supported by customer engagement	<p>In 2023-24 we currently have an agreed cross subsidy of up to £13 per year for a dual service customer. In research we ran July 2023[1] we followed CCW guidance and approval before launching a new Willingness to Pay survey for increasing the cross subsidy of the social tariff. From the findings we see:</p> <ul style="list-style-type: none"> ■ 60% of customers 'support or don't mind' an additional £3. CCW support this proposed increase. ■ 56% of customers 'support or don't mind' an additional £4. CCW stated their support might be extended for this level.. ■ At £5 we see over 50% (52%) of customer support or don't mind ■ At £7 we see customer objection increase to above 50% (52%) - which matches the level of support we have agreed today, compared to the previous Social Tariff Research (in 2018). <p>In analysis we also see that the level of support is impacted by our reputation. For example,</p> <ul style="list-style-type: none"> ■ Dissatisfied customers - £2 increased support is the point where support and opposition intersect ■ Satisfied customers - £7 increased support is the point where support and opposition intersect <p>On reflection and given our reputation is poorer than other companies [2]and we have a higher number of dissatisfied customers, we want to ensure our most vulnerable customers are not penalised as a result. Based on this insight, the impact of the cost of living and potential bill increases[3], we are proposing a £7 annual increase to cross subsidy support.</p> <p>Reference documents:</p>



		[1]130- Southern Water - Social Tariffs Combined report Jul 23 [2] 129 - Customer Service and Reputation - March '23 [3] 207a - FINAL Acceptability and Affordability Presentation - June '23
	A2. Vulnerability	
	Priority services for customers in vulnerable circumstances - PSR	
13	PSR reach	This is the % of households on the Priority Services Register. We are targeting an increase to 22% of households by the end of AMP8, with the increase happening in a linear fashion.
14	Customers receiving services through the SAR/PSR: (a) support with communication	This is the number of customers on the PSR with needs codes of blind, hearing, language barrier, partially sighted, sight, speech impairment
15	Customers receiving services through the SAR/PSR: (b) support with mobility and access restrictions	This is the number of customers on the PSR with needs codes of cant answer door, home lift/hoist, nebuliser, oxygen use, physical health, req. oxygen, t.hospital recovery, ventilator
16	Customers receiving services through the SAR/PSR: (c) support with supply interruption	This is all the customers on the PSR as we provide all with assistance in an a supply outage scenario
17	Customers receiving services through the SAR/PSR: (d) support with security	This is the number of customers on the PSR who have a password set up on their account.
18	Customers receiving services through the SAR/PSR: (e) support with 'other needs'	This is all other customers on the PSR who are not included in the above categories (other than supply in an outage).
19	Attempted contacts	The % of customers who have been on the PSR for more than two years who we have proactively attempted to contact in order to confirm their PSR status. Common Performance Commitment requires us to contact 90% of customers who have been on the PSR for over two years.
20	Actual contacts	The % of customers on the PSR who we have actually had a PSR discussion with over a two year period, either as a result of the proactive outreach or as part of another contact. Common Performance Commitment currently requires this to be 35% but experience this AMP suggests that this is extremely difficult to achieve so the ambition in AMP8 is set lower.
	B1. Income deprivation	
	Proportion and number of households that are income-deprived (income score of IMD) - to be supplied by Ofwat	
21	IMD score (proportion of income deprived households)	As per Ofwat model
22	Number of income deprived customers	Line 21 multiplied by total customers in Rows 1 to 3 above
	B2. Innovative charges	



Number of residential customers on innovative charges to support affordability and average bill reductions		
23	Number of income-deprived customers on innovative charges	<p>All customers are on innovative charges from year 1 of AMP 8, whether income-deprived or not so this value equals row 22.</p> <p>Our modelling reflects innovative charges commencing in AMP 8. These include:</p> <ul style="list-style-type: none"> a. Phasing out of Large User discounts for water and wastewater by year 3 of AMP 8. b. Phasing in site-area-based-charging (SABC) for surface water drainage charges from year 2 of AMP 8. We are in the discovery phase of this project to move to a more progressive, cost-reflective form of charging. We have completed an initial desktop exercise to gauge the impermeable surface area of each our connected non-household wastewater SPIDs to inform this modelling. The key benefits of adopting of such a charge is to more accurately apportion the burden of charge those customers contributing most to the cost of maintenance and enhancement of our drainage networks, and also to motivate the adoption of more sustainable drainage. We will continue to refine our likely approach over the next 2 years, with a view to phasing in new charges from year 2. We are concurrently reviewing a hybrid approach, whereby the surface water fixed charge could be linked to usage bands (rather than site area) with an “opt-in” option for customers who feel they would be better off on the SABC approach. This could be a progressive alternative to the complex and costly SABC-only version, and also signal water usage efficiency. c. the removal of Highway drainage fixed charges to be absorbed in volumetric charges per m³; again, the benefit of this is to link to usage, rather than a flat fee for all irrespective of usage, and will influence behaviour change and allow for more affordable bills for households. <p>Innovation in water usage charges: we are also committed to rolling out, and embedding, new water usage charges, most likely Rising Block tariffs, once we roll out the installation of our Smart Meters. Until such a time as we have results from these trials which commence in 2024-25, we cannot with any real accuracy confirm the impact on our customers. Therefore, we have not embedded any amendment to our charges nor any benefit from consumption reduction or average bill reduction to our data table numbers from such charges in AMP 8. We fully expect the majority of household customer will see a reduction in their bill once these water efficiency charges are embedded which will further support affordability goals.</p>
24	Number of non-income-deprived customers on innovative charges	All non-income-deprived customers benefit as all of the above charges impact all customers
25	Average bill reduction for income-deprived customers as a result of innovative charges	This reduction applies to all customers, not just those who are income deprived; this is calculated by deducting the average bill after the application of innovative charges from the average bill before innovative charges are applied. For a dual service customer, they will benefit from a 6% reduction to their average bill from the embedded innovative charges



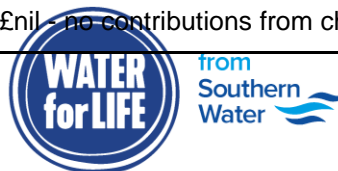
		listed above. When the new rising block tariff is embedded, we fully expect a further reduction for all customers (not just those who are income-deprived) estimated between 10-25%, the higher range relating to lower users. Analysis is ongoing and we will use results from our tariff trials to further inform this.
26	Total bill reduction for income-deprived customers as a result of innovative charges	This is the £'m total bill reduction calculated by multiplying row25 by row 1 &2 above.
B3. Targeted demand side support		
Water efficiency advice		
27	Number of income-deprived customers provided with water efficiency advice	Measured as the number of customers in receipt of financial support who have received water efficiency advice (not currently tracked). Experience suggests that there is little correlation between income deprivation and customers wanting/needing water efficiency advice so ambitions in this area are relatively modest.
28	Average bill reduction from water efficiency advice provided to income-deprived customers	As we have not tracked this measure to date, there is no reasonable basis for estimating this.
Provision of meter		
29	Number of income-deprived customers moved from unmeasured to measured billing	As we have completed a Universal Metering Programme, this element is not applicable
30	Average bill reduction from meter provision to income-deprived customers	See above
B3.Total benefit for income-deprived customers from targeted demand side support		
31	Total bill reduction for income-deprived customers as a result of targeted demand side support	See above
B4. Other affordability support measures that reduce bills for customers struggling to pay their bills		
32	Number of customers provided with affordability support from financial hardship funds	Our hardship fund is worth £250,000 this AMP and we plan to increase to £1.25m in the next AMP through use of ODI penalties. The number of customers supported is based on experience this AMP and scaled up.
33	Average affordability support payment	The financial support provided through our hardship fund is in the form of debt write-off or a one-off bill reduction. This is a simple average calculation of the amount of financial support provided divided by the number of customers helped.
B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Charges written off during application period for Universal Credit		



34	Number of customers whose charges are written off	This measure relates to the number of customers who we write charges off for whilst they are applying for Universal Credit (a recommendation from the CCW Affordability report). It is too complex to implement for metered customers so we have not implemented.
35	Average amount of charges written off during application period for Universal Credit	See above
	B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Debt support through matched payment schemes to clear debt arrears	
36	Number of customers supported through matched payment schemes	Our New Start scheme currently matches customer payments towards arrears provided the customer can pay enough to cover their usage. WE are exploring a re-design of the scheme to make it more beneficial for customers but this has not been fully signed off so the profile is based on the current approach.
37	Average amount of matched payments	This is a simple average of the arrears matched over the number of customers benefitting from the scheme.
	B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Other measures to support customers struggling to pay water bills to reduce their bills	
38	Number of customers supported through other measures	We have no other support measures to reduce customer bills so this section is not applicable.
39	Average bill reduction through other support measures	See above
	B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Total benefit for customers struggling to pay their bills from other affordability support measures	
40	Total bill reduction for customers struggling to pay as a result of other affordability support measures	This is the £'m total of all of the above support measures in section B4
	B5. Other measures that assist customers struggling to pay their bills without reducing their bills	
	Number of customers assisted with advice on income maximisation	
41	Number of customers assisted with advice on managing debts	We don't currently provide this service but are aiming to introduce something in the last year of AMP7 and then ramp up activities with a target of supporting 12,000 customers per year by the middle of AMP8.



42	Number of customers granted payment breaks / deferrals	The number of customers granted a 3 month payment break as a result of struggling financially. The expectation is that this remains relatively steady through AMP8
43	Number of customers struggling to pay their bills assisted through other measures that do not reduce their bills	This is the number of customers who are assisted with a white good or food voucher through our hardship fund.
	B6. Total benefit of affordability support measures for customers struggling to pay their bills	
44	Total bill reductions for customers struggling to pay	The £'m addition of all support measures above.
45	Average household bill	Year 1 and 2 are as per published average bills; year 3 to 5 of AMP 7 are forecast. AMP 8 values are as per our charges modelling for AMP 8.
46	Average net bill reduction per income-deprived household	Total value in £'m per row 44 divided by the total income-deprived customers
47	Average % net bill reduction per income-deprived customer	Row 45 divided by row 46 which shows the % reduction of income-deprived customers compared to the average bill in that year
	B6. Total benefit of affordability support measures for customers struggling to pay their bills - Impact on customers in water poverty	
48	Number of customers in water poverty before affordability support measures	This is the value of customers as per our internal affordability model if no innovative charges nor support measures were offered
49	Number of customers in water poverty after affordability support measures	This is the estimated count of customer as per our internal affordability model based on a forecast of tariffs through to end of AMP 8, and estimated projected income for households
	B7. Total funding of affordability support measures for customers struggling to pay their bills	
50	Total revenue foregone by company to fund social tariffs	£nil - there is £nil contribution from the company to fund social tariffs
51	Total revenue forgone by company to fund other measures to support affordability for customers struggling to pay	This is the £'m contributed by the shareholders to fund the hardship fund and debt-matching payment scheme
52	Total revenue forgone by company to fund all measures to support affordability for customers struggling to pay	This is the £m total of the above two lines.
	B7. Total Funding through revenue from residential customers to reduce bills for customers struggling to pay	
53	Total revenue from customers to fund social tariffs	£m funded via customers
54	Total revenue from customers to fund other measures to support affordability for customers struggling to pay	This value is £nil as customers do not fund any other measured to support affordability
55	Total revenue from customers to fund all measures to support affordability for customers struggling to pay	This is the £m total of the above two lines
	Funding provided by charitable trusts and other third parties to reduce bills for customers struggling to pay	
56	Total contributions from charitable trusts to fund all measures to support affordability for customers struggling to pay	£nil - no contributions from charitable trusts



57	Total contributions from other third parties to fund all measures to support affordability for customers struggling to pay	£nil - no contributions from other third parties
58	Total revenue from all third parties to fund measures to support affordability for customers struggling to pay	£nil - sum of the above two lines
Impact of affordability support measures on bad debt		
59	Doubtful debt in absence of affordability support measures	Doubtful debt cost increases through AMP 8 due to increased household revenue. Debt as a proportion of revenue is forecasted to fall as a result of actions taken to improve performance.
60	Reduction in doubtful debt due to affordability support measures	Reduction is increasing through AMP 8 due to planned increase in social tariff funding and also due to innovative charging
61	Doubtful debt after application of affordability support measures	Overall doubtful debt cost is expected to rise only slightly despite significant revenue increases, due to a mixture of increased social tariff funding and other operational improvements.

