

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 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 SRN-DDR-026 Real Price Effects Methodology.
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 SRN-DDR-026 Real Price Effects Methodology
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 SRN-DDR-026 Real Price Effects Methodology
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 SRN-DDR-026 Real Price Effects Methodology.
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 SRN-DDR-026 Real Price Effects Methodology.
	Wholesale water base	
7	RPE wholesale water base - Labour	The combination of capex and opex proportions weighted by the capex-opex split, see SRN-DDR-026 Real Price Effects Methodology
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 SRN-DDR-026 Real Price Effects Methodology
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 SRN-DDR-026 Real Price Effects Methodology
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	
	Frontier shift assumption	
56	Frontier shift assumption - Wholesale water base	This is calculated from the report by Economic Insight, see SRN-DDR-026 Real Price Effects Methodology.
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 Market Delivery (SRN-DDR-39). This sets out our approach and rationale and provides business cases for each of the projects selected. It updates the annex provided in the October 2023 business plan, taking into account further work we have done, particularly on market engagement with investors and contractors, and the Draft Determination. In two cases – Sandown re-use and wetland creation, we have decided to revert to in house delivery. The DD identified two re-use projects – Aylesford and Ford -as new DPC projects. In the remainder of the cases put forward in the business plan, the extra work we have carried out shows that there is a strong case for market-based delivery in the case of smart meters and bioresources, and potentially a case for the remainder if a range of issues for each project can be resolved.</p> <p>We have included all appropriate costs in the relevant data tables for each scheme. The costs shown in SUP12 are those that would apply if each scheme were accepted as DPC, or a similar market delivery approach. The costs are divided into the development costs that we would need to occur (SUP12.8) and the capex costs that would be incurred by a CAP or CAP equivalent (SUP12.9)</p> <p>We have updated the whole life costs for each project, putting them on a more consistent basis with each other.</p> <p>Because we have included the full costs for each project other than the DPC eligible ones, we no longer included the estimated payments to CAPs or CAP equivalents in the relevant part of RR9. We do not at this stage anticipate making such payments in AMP8.</p>
Sandown re-use	<p>Project name in data tables: Recycling: Sandown WwTW (8.1MI/d) Status: revert to in-house delivery Data table reference CW8.23 Payment to CAP or CAP equivalent; n/a</p>
Aylesford re-use (Medway)	<p>Project name in data tables: Recycling: Medway WwTW (12.8MI/d) Status: DPC Data table reference CW8.19 Payment to CAP or CAP equivalent; n/a</p>
Ford re-use (Littlehampton)	<p>Project name in data tables: Recycling: Littlehampton WwTW (15MI/d) Status: DPC</p>



		Data table reference CW8.7 Payment to CAP or CAP equivalent; n/a
	Sittingbourne re-use	Project name in data tables: Recycling: Sittingbourne industrial reuse (7.5Mld) Status: Continue to explore possibility for market-based delivery Data table reference CW8.17 Payment to CAP or CAP equivalent; n/a
	Smart metering	Project name in data tables: Smart meter infrastructure; metering capex, opex and totex Status: market delivery Data table reference CW3.87 to CW3.89 Payment to CAP or CAP equivalent; n/a
	Whitfield WTW	Project name in data tables: Component of waste treatment works growth Status: Continue to explore possibility for market-based delivery Data table reference CWW3 Payment to CAP or CAP equivalent; n/a
	CSO Wetlands	Project name in data tables: Component of CSO Status: revert to in-house delivery Data table reference CWW3 Payment to CAP or CAP equivalent; n/a
	CSO Local Authority Highways SuDS	Project name in data tables: Component of CSO Status: Continue with local authority collaboration Data table reference CWW3 Payment to CAP or CAP equivalent; n/a
	Bioresources - Ham Hill AAD	Project name in data tables: Various components of sludge treatment and disposal Status: market based delivery Data table reference CW1.a Payment to CAP or CAP equivalent; n/a
	Bioresources - Ashford AAD	Project name in data tables: Various components of sludge treatment and disposal Status: market based delivery Data table reference CW1.a Payment to CAP or CAP equivalent; n/a
	Havant Thicket Transfer	Project name in data tables: Import: Havant Thicket - ██████████ direct raw water transfer (90MI/d); Recycling: Recharge of Status: DPC Data table reference CW8.24 Payment to CAP or CAP equivalent; n/a All the Southern Water costs, including planning and development and DPC specific costs are included in CW8.24 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 SRN-DDR-031 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 completion is assumed to take place in AMP9.
	T2ST	Project name in data tables: T2ST Potable resource: Crabwood to Yew Hill Status: DPC Data table reference CW8.30 Payment to CAP or CAP equivalent; n/a SRO enhancement business case SRN-DDR-031
	SESRO	Project name in data tables: New Reservoir - SESRO 150Mm3 (SWS: 30%) Status: DPC or SIPR Data table reference CW8.31 Payment to CAP or CAP equivalent; n/a SRO enhancement business case SRN-DDR-031

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	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.



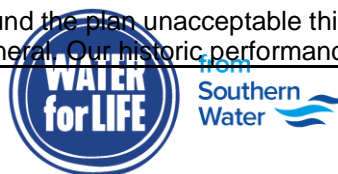
	Water and wastewater customer (whole bill and whole business plan)	
	Affordability for customers	
13	Customers who have struggled to pay at least one of their household or non-household bills	The overall percentage of customers have struggled is broadly consistent with the levels we have seen in wider 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	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. 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.
Acceptability for customers		
21	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.
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 these 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 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		
31	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,



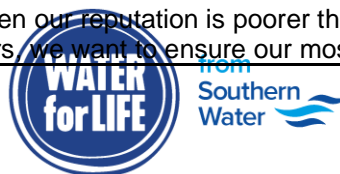
		<p>have led to a level of mistrust and an erosion of public confidence in the operational resilience of the business alongside questions about our integrity and transparency. Our performance, especially in pollution shown in the affordability research reinforces this concern with customers during the 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 agrees to APR , while year 5 target is 147k 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 40%. AMP 8 reflects a linear increase in reach 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 maintain funding to that same level of customers in AMP 8. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget and AMP 8 values have been updated to reflect our DD response.
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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response.
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). 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response,
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. CCW have said they support this source of funding if it aligns to Ofwat policy. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response,
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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response,
7	Average WaterSure tariff discount	October 2023



		This value is the total £'m funding divided by total count of customers being supported by the WaterSure tariff discount. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response.
	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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response,
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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response, assuming we are approved the use of £15m ODI penalties towards social tariff funding in addition to £20 per customer per year in real terms. We met with CCW on 22 August and they confirm their support for this innovative use of funding to support those most in need in the face of unavoidable bill increases in AMP 8.
	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 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</p>



		<p>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> <p>[1]130- Southern Water - Social Tariffs Combined report Jul 23</p> <p>[2] 129 - Customer Service and Reputation - March '23</p> <p>[3] 207a - FINAL Acceptability and Affordability Presentation - June '23</p>
	A2. Vulnerability	
	Priority services for customers in vulnerable circumstances - PSR	
13	PSR reach	<p>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.</p> <p>2023/24 Actuals updated for Draft Determination response</p>
14	Customers receiving services through the SAR/PSR: (a) support with communication	<p>This is the number of customers on the PSR with needs codes of blind, hearing, language barrier, partially sighted, sight, speech impairment.</p> <p>2023/24 Actuals updated for Draft Determination response</p>
15	Customers receiving services through the SAR/PSR: (b) support with mobility and access restrictions	<p>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, hospital recovery, ventilator.</p> <p>2023/24 Actuals updated for Draft Determination response</p>
16	Customers receiving services through the SAR/PSR: (c) support with supply interruption	<p>This is all the customers on the PSR as we provide all with assistance in a supply outage scenario.</p> <p>2023/24 Actuals updated for Draft Determination response</p>
17	Customers receiving services through the SAR/PSR: (d) support with security	<p>This is the number of customers on the PSR who have a password set up on their account.</p> <p>2023/24 Actuals updated for Draft Determination response</p>
18	Customers receiving services through the SAR/PSR: (e) support with 'other needs'	<p>This is all other customers on the PSR who are not included in the above categories (other than supply in an outage).</p> <p>2023/24 Actuals updated for Draft Determination response</p>
19	Attempted contacts	<p>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.</p> <p>2023/24 Actuals updated for Draft Determination response</p>
20	Actual contacts	<p>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.</p> <p>2023/24 Actuals updated for Draft Determination response</p>
	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. Updated to reflect latest score of 11.0% in 2019-20
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 AMP 8 values have been updated to reflect revised impact on bills based on DD response.</p> <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. <p>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.</p> <ul style="list-style-type: none"> 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	Updated to reflect revised IMD score. 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	All AMP 8 values have been updated to reflect revised impact on bills based on DD response and SRN_205 WINEP Submission 2 in Feb 2024. 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 the majority of 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. All AMP 8 values have been updated to reflect revised impact on bills based on DD response.
	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 £5m of ODI penalties. We spoke to CCW on 22 August about this proposed source of funding and they said they agree if it aligns with Ofwat policy. 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. AMP 8 values have been updated to reflect our DD response



	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. AMP 8 values have been updated to reflect SRN 205 WINEP Submission 2 in Feb 2024.
45	Average household bill	Year 1 and 2 are as per published average bills; year 3 to 4 of AMP 7 are forecast, and year 5 is based on 2024-25 published charges. AMP 8 values have been updated to reflect our DD response submission
46	Average net bill reduction per income-deprived household	Total value in £'m per row 44 divided by the total income-deprived customers. AMP 8 values have been updated to reflect SRN_205 WINEP Submission 2 in Feb 2024.
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. AMP 8 values have been updated to reflect SRN_205 WINEP Submission 2 in Feb 2024.
	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 count of customers per our internal affordability model in row SUP15.49 plus all of the customers listed as being supported above, added together to give the total customers if no innovative charges nor support measures were offered. AMP 8 values have been updated to reflect our DD response.
49	Number of customers in water poverty after affordability support measures	This is the estimated count of customers as per our internal affordability model based on the forecast tariffs through to end of AMP 8 and estimated projected income for households. AMP 8 values have been updated to reflect our DD response
	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. AMP 8 values have been updated to reflect our DD response
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. AMP 8 values have been updated to reflect our DD response
	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 toward our social tariff, the 'essentials' tariff. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response submission
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 support measures.
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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response submission
	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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response submission
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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response submission



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. 2023-24 values have been updated to reflect actual doubtful debt in APR tables, 2024-25 values have been updated to reflect 2024-25 budget, and AMP 8 values have been updated to reflect our DD response submission. To avoid continuous circular re-iterations of the financial model, RET1a has not been updated with the latest higher forecast doubtful debt, which is reflected in this line SUPP15.61
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