

Indicative charges statement of assurance

In approving the 2019-20 Severn Trent Indicative Water Charges, the Board has considered:

- the information requirements as set out in Ofwat's Information Notice 17/09 (Information requirements on publication of indicative wholesale access charges) and Charges scheme rules July 2018.
- the 'Statement of significant changes in our wholesale charges - 2019-20' as published on our website in July 2018.
- papers outlining the Company's procedures for the production and assurance of the tariffs and associated Charges Scheme, and
- with respect to the production of the tariffs and Charges Schemes the Board has specifically considered the following:
 - The governance framework detailing the assurance approach adopted and the outcome of the independent review of the framework undertaken by Internal Audit.
 - The clearly defined accountabilities and responsibilities including formal sign off by approved data owners.
 - The scope of the assurance work undertaken by our independent Financial and Technical assurance partners, and their findings as detailed in the final audit reports.
 - Confirmation of the degree of assurance undertaken on the source information / data used in the tariff calculations.
 - The dedicated and assured Charges model designed to deliver wholesale and retail tariffs.
 - Confirmation that there are no material issues outstanding arising from the assurance work undertaken.
 - Confirmation that the indicative wholesale tariffs have been calculated in a manner compliant with the individual price controls.
 - The outcome of the discussions with CCWater regarding indicative tariffs and evidence that any feedback has been duly taken into consideration.
 - The content and tone of the Board Statement.

Having considered the above the Board confirms that in their opinion:

- The tariffs and Charges Schemes have been compiled in a planned and professional manner with appropriate accountabilities and responsibilities and are consistent with the overriding system of governance and control of the company.
- A committee comprising of Executive and non-Executive Board members have been fully engaged in the process and have approved the final submission.
- The Charges Schemes and Charges model presents fairly, in all material respects, data for the different volumes and charges for 2019-20; and tariffs for 2019-20 that comply with the price controls.

This endorsement can only apply to data supplied from our own systems. Where we use data from other water and sewerage companies or from the Central Market Operator System, we do so on the basis that other companies apply similar measures to ensure that their data meets Ofwat requirements.

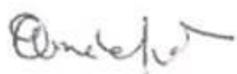
They have carefully considered the impact of charges on customer bills for different customer groups with appropriate tariff strategies and impact assessments where necessary. The assessments are informed by the level of RPI the indicative policy threshold of 5% and specific factors of the customer groups being considered.

Furthermore, the Board specifically confirms that:

- The Company has sufficient processes and internal systems of control to ensure that the data and information contained in the Charges Schemes and tariff model is sufficiently accurate to meet its obligations.
- For the sample reviewed that there are no tariff rises above the 5% threshold that would require a further impact assessment.
- The wholesale charges have been presented in a suitable format consistent with the requirements of Ofwat's standard wholesale schedule template.
- Stakeholders (including CCWater) were consulted in a timely and effective manner.

Accordingly, we believe that the 2019-20 Charges Schemes comply with our statutory and regulatory obligations in all material respects and are consistent with Ofwat's published guidance on charging principles.

Signed by, and on behalf of the Board:



Liv Garfield
Chief Executive
Severn Trent Water
5 October 2018



Andrew Duff
Chairman
Severn Trent Water
5 October 2018



John Coghlan
Non-Executive Director
Severn Trent Water
5 October 2018