

## Peter Weeks (Metaphor Consulting Ltd) submission to the CMA

Hello,

I am an ordinary person, living in Bristol, and I am outraged by the price increases imposed by Bristol Water.

Our water is provided by Bristol Water via a water meter. Our last water bill but one shows that Bristol Water put up water prices per cubic metre by 7.9% and our household standing charge by 7.2%. At a time of very low inflation this is completely out of order from a so-called "regulated supplier" that is a total monopoly.

I wrote to Bristol Water to complain. In reply they said:

- We are spending a lot on capital investment. We load some of the cost of this work onto your bills. Price increases help us to pay for our investment programme.
- Many of our customers are switching from an unmetered to a metered water supply. Metered customers use less water. To ensure that our total revenue overall does not drop we increase our price per cubic metre by a lot more than the rate of inflation to compensate for lower water use.

I don't buy any of this. Water companies can borrow very easily for capital investment at record very low interest rates. Banks are full of cash right now which they are dying to lend to companies in safe sectors. Water is the safest business sector. When did a water company last go into liquidation? Why does Bristol Water not borrow to invest? Water assets such as pipelines, reservoirs and treatment plant have very long working lives. Why am I as today's customer being charged through much higher water prices to fund long-term investment in assets that will be working long after 2050 for my great-grandchildren?

As for the argument that Bristol Water needs to charge me more per unit customers are consuming less, well that just condones and entrenches inefficiency.

This stance takes the customer totally for granted. Essential commodity; monopoly supplier; no choice. Bristol Water has me and every other household in Bristol firmly over a barrel!

Bristol Water tried to fob me off with statistics about how infrequently their customers complain about water quality or poor service. Don't they or OFWAT understand that price by far is the most important factor for their customers.

As a customer of a regulated monopoly utility I and everyone in Bristol is getting a raw deal.

What makes this harder to bear is that I see Bristol Water is 50% owned by Capstone Infrastructure of Toronto, Canada. Here's what Capstone says on their website about their stake in Bristol Water:

*Bristol Water .... is the sole water supplier in the Bristol area. Bristol Water features **regulated and predictable inflation-linked cash flow** (and) has a track record of excellent operational performance ...*

*The major factors that drive Bristol Water's results are ... **Bristol Water's regulated capital value (RCV) is expected to grow by approximately 26% over the 2010 to 2015 regulatory period compared with the average industry RCV growth of approximately 8% over the same period.***

(quotes taken from Capstone web site:

[www.capstoneinfrastructure.com/OurBusiness/UtilitiesFacilities](http://www.capstoneinfrastructure.com/OurBusiness/UtilitiesFacilities))

Nice for me and everyone in Bristol, paying massively higher water bills every year, to learn that Canadian investors can look forward to enjoying “predictable inflation-proof cash flows” from their stake in Bristol Water, along with capital growth 14 percent above the industry average!

Regards,  
Peter Weeks

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