



Update

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Updating Victorian water legacy is investment priority

Meeting growing demand for water and minimising the risk of sewage flooding to properties during storms are top of Thames Water's investment priorities for 2005-2010.

Our draft business plan, recently submitted to the water industry regulator Ofwat, stresses the urgent need to modernise Victorian water mains and sewer networks, particularly in London, where a third of water supply pipes are over 150 years old. The plan also highlights the need for further investment to reduce odours from sewage treatment works.

Reflecting research into customers' own priorities, the draft plan could involve Thames Water's average bill for drinking water and wastewater services rising by around 20% over the five years, but the amount wastewater-only customers pay the company could increase by as little as 2% (around 10p per week).

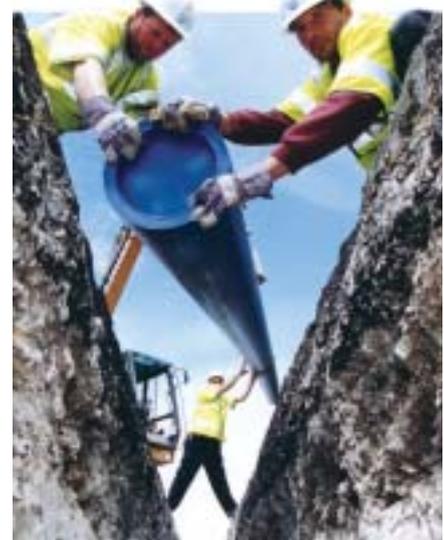
The exact rises will be finalised over the next 15 months through detailed discussions with Ofwat and the water industry's

other regulators. One key factor will be the scale and timing of new legal obligations to be determined by the Government and the Environment Agency.

John Sexton, Managing Director of Thames Water Utilities, said: "The proposed 20% increase may sound a lot, but it actually averages out at around 75p a week per household over the five years - that's less than half a pint of beer. It will also fund an essential £3.5 billion capital investment programme, almost 50% more than in 1999-2004.

"Given the long-term benefits this will bring - helping to sustain a secure, reliable water and sewerage service for one of the world's most economically important regions - I think it represents excellent value for money."

Population growth and climate change are two key factors shaping Thames Water's investment plans. By 2016 London alone is expected to have 700,000 more residents, the equivalent of the current



Victorian: One third of water mains in London are 150 years old

population of Leeds moving to the capital. The recent heatwave and exceptionally dry spell could also become more regular occurrences.

Customer cooperation helps maintain supplies



Increased demand: But no restrictions on supply

Temperatures in August hit record levels in the south east of England, forcing demand for water to rise substantially across the Thames Water region. In London, demand peaked at an eight year high of 2603 million litres per day, 300 million litres above average.

Despite this soaring demand, the tireless work of Thames Water staff and cooperation of our customers meant that there was no

need to restrict supply.

Planning for a sustained period of dry weather began in early spring. Measures taken to pre-empt the rise in demand included the reopening of underground reservoirs in London and increasing the capacity of a number of treatment works across the Thames Water area.

In early August, Jerry England, Director of Water Operations, publicly urged customers to assist our efforts by

continuing to use water wisely. "Cutting down water use in the garden can make a big difference. A sprinkler in just one hour uses enough water to supply a whole family of four for a day," he said.

The company also warned that excessive sprinkler users could even be creating problems for their neighbours, by causing pressure to drop unnecessarily at the outskirts of the water distribution network.

Leakage academy

Twelve unemployed people from north London are hoping to find jobs through Thames Water, after graduating from our 'Leakage Academy'.

A dozen trainees took part in a Government initiative called Ambition Energy, which aims to recruit people into areas of industry where there are skills shortages.

The trainees tried out their new skills on a specially created road grid, built to resemble a miniature village.

Training Consultant, Jim Drury, said: "I am extremely pleased to say that not only did all our trainees complete the



Listening: Students learn the art of leakage detection

course, but that 11 out of the 12 are now working on leakage detection for Thames Water subcontractors. The benefit of a nine week long intensive

course is that some graduates are already taking on responsibilities we would not normally consider possible until they had been 18 months into the job".

NEWS IN BRIEF

Visit us at the London Conference

Thames Water will have an exhibition stand at the 2003 London Conference taking place at the Queen Elizabeth II conference centre on 29 November. The conference will evaluate the achievements of strategic London government over the last three years with particular emphasis on the quality of life of Londoners. Thames Water is keen to see that the water and sewerage network in the capital be included in debates on improving London's infrastructure.

Chinese Student Exchange

Working in partnership with the British Council and Hounslow Education Business Partnership, Thames Water is holding the finals of a competition for schools with a first prize of an exchange trip to Shanghai.

The final will take place at the Kew Steam Museum on 17 October with Ann Keen MP as guest of honour.

The winning team will receive students from a Shanghai school in January 2004 with students from Hounslow travelling to China in April. The competition is based on Thames Water's award-winning 'Network Challenge' game.



River Kennet Open Day

There will be a public riverside open day on the River Kennet between the villages of Mildenhall and Axford in Wiltshire on 18 October to showcase the achievements of an award winning rehabilitation scheme in which Thames Water has been the lead partner.

Members of the public will be able to see improvements made to the flow of the river and several new ecological features.

Tap water quality reaches new high

The quality of tap water supplied by Thames Water has reached a new high for the tenth successive year, according to figures from the Drinking Water Inspectorate (DWI).

The annual report by the independent water quality watchdog shows that last year 99.92% of tests on water supplies passed strict UK and EU

standards. The improvement, from the previous figure of 99.91 per cent, puts Thames Water above the national average of 99.87 per cent.

During the year, 542,000 tests were carried out from points throughout the Thames Water supply network, including water treatment works, reservoirs and customers' taps.

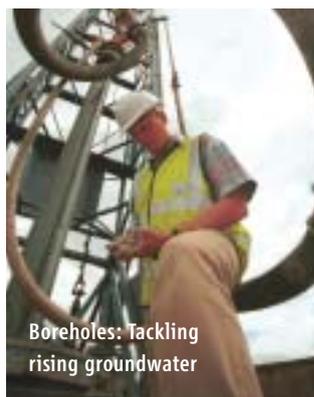
John Sexton, Managing Director of Thames Water Utilities, said: "This is excellent news, and testament to the major investment we continue to make in developing our water treatment and distribution processes."

Tackling rising groundwater

Thames Water is embarking on a £30 million programme to further reduce the threat posed to London by rising groundwater - and meet growing demand for drinking water in the capital in the process.

As part of the programme, company engineers have identified three locations in Islington, North London where boreholes will be constructed to pump groundwater to a reservoir in Hackney, from where it will be treated and put into supply. Together, the three boreholes will provide almost seven million litres of water every day - enough to supply over 40,000 people.

Rising groundwater is caused by rainfall from the North Downs and Chilterns, which settles in a saucer-shaped layer of rocks forming a basin beneath London. In the 19th and early



Boreholes: Tackling rising groundwater

20th centuries, groundwater levels beneath London were depressed because of high industrial water use. Levels have been rising since the 1960s, owing to the decline and relocation of water intensive industries. Left unchecked, this rise in groundwater levels poses a serious threat to deep structures such as tunnels and the foundations of tall buildings.

Chris Davies, Thames Water's Project Manager, said: "Although our work may cause some disruption in the area, it is essential in order to keep levels under control and put the water to the best possible use."