



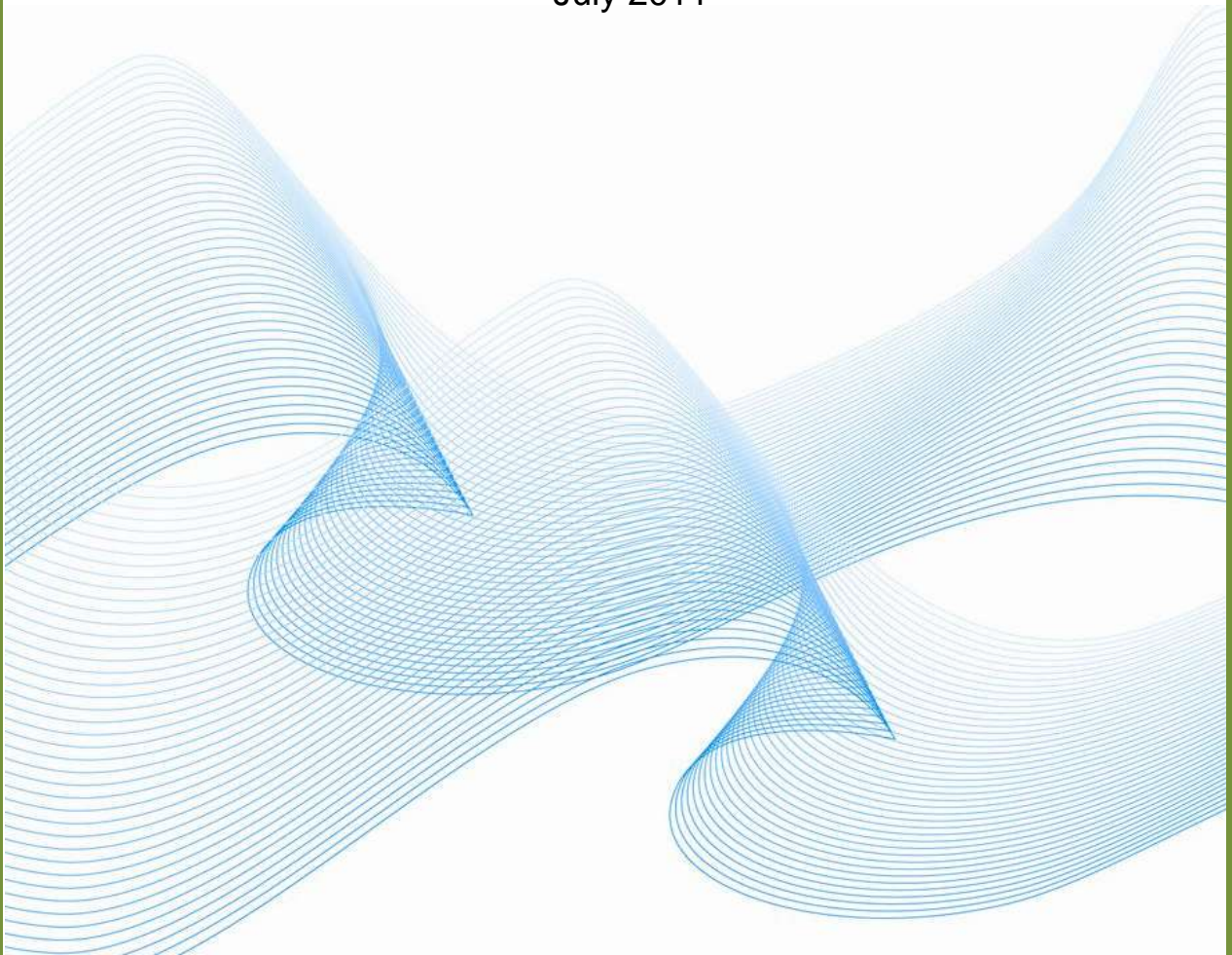
Dispute referred under Article 61 of the Water and Sewerage Services  
(Northern Ireland) Order 2006

**Mrs K v NI Water Ltd**

Dispute in relation to charges for water and sewerage connections

**FINAL DETERMINATION**

July 2011



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**1. Introduction**

- 1.1. The Northern Ireland Utility Regulator for Utility Regulation (the Utility Regulator) received, by way of a letter dated 28<sup>th</sup> October 2009, a request from the Consumer Council for Northern Ireland (CCNI) on behalf of Mrs K of Moira, Co. Down, BT67, to determine a dispute with Northern Ireland Water Limited (NI Water).
- 1.2. The dispute between Mrs K and NI Water (together **the Parties**) concerns the amount recovered by NI Water in respect of the connection of Mr & Mrs K's property, Moira, Co. Down, BT67 (**the property**) to the network of water mains and the network of foul and storm sewers, provided by NI Water.
- 1.3. NI Water has recovered £1,266.00 for the water connection and £2,247.88 for the sewerage connections. Mrs K claims that these amounts were excessive and also that there was a significant difference between NI Water's initial quotations for the work and the final quotations, against which Mrs K paid.
- 1.4. The dispute was referred to the Utility Regulator under Article 79 of the Water and Sewerage Services (Northern Ireland) Order 2006 (**the Order**) in respect of the amount recovered by NI Water for the connection to its water mains; and under Article 164 of the Order in respect of the amount recovered by NI Water for the connections to the foul and storm sewers. The Utility Regulator has powers under Article 61 of the Order to determine the outcome of these disputes.
- 1.5. The Board of the Utility Regulator has appointed me, Jo Aston (Director of Water) to determine on the complaint. I do so as a delegate of the Utility Regulator and on its behalf.
- 1.6. This final determination sets out the decision the Utility Regulator has made in respect of this dispute.

## 2. Factual Background to the Dispute

- 2.1. Mr K applied to NI Water on the 21<sup>st</sup> October 2008 for a connection at, Moira, Co. Down, BT67 (the property) to the water main and sewerage system under Article 79 and Article 164 respectively of the Water and Sewerage Services (Northern Ireland) Order 2006 (the Order).
- 2.2. NI Water provided a quotation reference 20081022093548 dated 28<sup>th</sup> October 2008 for the water connection at an estimated cost of £586.00 and a quotation reference SI 1037S dated 29<sup>th</sup> October 2008 for the sewerage connections at an estimate cost of £206.00; a total of £792.
- 2.3. During the period October 2008 and April 2009, we believe Mrs K was in a position to arrange road opening permits to enable her contractors and NI Water to make the necessary connections.
- 2.4. In March 2009, Mr & Mrs K were unable to obtain the necessary road opening permits from the Department for Regional Development (DRD) Roads Service to cover the necessary period of time for the work to take place. The responsibility for opening the public highway changed on 1<sup>st</sup> April 2009. Mr & Mrs K were advised by NI Water that roads opening permits (now called Street Works Licences) were no longer available to members of the general public and that, for water and sewerage connections, permits could only be obtained by licensed contractors of NI Water. Prior to 1<sup>st</sup> April 2009, DRD Roads Service operated a concessionary procedure to DRD Water Service and subsequently to NI Water customers, permitting members of the public to open the public highway.
- 2.5. NI Water subsequently refunded Mr K's full payment of £792 for both connections and subsequently provided new quotations for the connection work.
- 2.6. NI Water issued a revised Approval of Application for a New Water Connection reference 20081022093548 dated 5<sup>th</sup> October 2009 at an estimated cost of £1,266.00, and a revised Approval of Application for a New Sewerage Connection reference SI 1037S/N 012978 at an estimated cost of £2,247.88.
- 2.7. NI Water did not provide a breakdown of the costs with the quotations nor did it provide Mrs K with an explanation of the increase in the total estimated cost for all connections from £792.00 to £3,513.88 over a period of one year; other than advising in the sewerage quotation that road opening permits were no longer available and that these have been replaced by Street Works Licences.
- 2.8. In view of the increase in the estimated costs of the connections, Mrs K complained to NI Water and to CCNI. CCNI represented Mrs K in her complaint with NI Water with the intention of resolving the dispute to the satisfaction of both parties. Through this process, NI Water provided further breakdown of the original and revised quotations and an explanation of the reasons for the significant increase in the estimated cost. However, this process did not result in any change to the estimated cost for the connections.
- 2.9. On the 28<sup>th</sup> October 2009, CCNI referred the dispute to the Utility Regulator on behalf of Mrs K for determination under Article 61 of the Order.
- 2.10. The water connection was made in October 2009. The sewerage connections were made in June 2010. In both cases, the work was carried out by Meridian Utilities.
- 2.11. Mrs K has paid NI Water the costs of the connections in full.

### 3. Mrs K's Views

- 3.1. Mrs K is unhappy that there was a considerable difference between the first quotations for water and sewerage connections issued by NI Water and the second set, against which she paid for the connections.
- 3.2. Mrs K is also unhappy with the charges raised by NI Water for making the connections to the company main and sewerage network, as she considers that the amount recovered by the company was excessive, compared with costs originally quoted by her contractor. She considers that she has been overcharged for the services provided by NI Water.

### 4. Legal Background and Approach to the Determination

- 4.1. Article 61 of the Order allows for legally enforceable determinations to be made on relevant disputes by the Utility Regulator by virtue of relevant provisions of the Order.
- 4.2. Article 79(7) of the Order provides that a water undertaker such as NI Water shall be entitled to recover from the person who has requested a connection to the main for a supply of water for domestic purposes, the expenses reasonably incurred by it in making the connection. Article 79(8) of the Order provides that any dispute about whether the expenses were reasonably incurred may be referred by either party for determination by the Utility Regulator. The determination is binding on both parties to the dispute.
- 4.3. Article 164(3) of the Order provides that a sewerage undertaker may recover from the person who has requested a connection to the sewerage network for domestic purposes the undertaker's reasonable costs incurred by it in making the connection. Section 164(5) of the Order provides that any dispute about whether the expenses were reasonably incurred may be referred by either party for determination by the Utility Regulator. The determination is binding on both parties.
- 4.4. In making this determination, the Utility Regulator has had regard to information about contractors' charges and other information about costs which has been made available to it when considering other disputes referred for determination under Article 79 and Article 164 of the Order. The Utility Regulator's considerations have also taken account of information from the water and sewerage regulator in England and Wales (Ofwat) and in particular recent publications on the costs of connection charges and of determinations made and published over the past 20 years relating to the cost of water and sewerage connections and other related services.
- 4.5. When NI Water has used a contractor selected following a process of competitive tender, the Utility Regulator will generally accept that the amount paid to the contractor for the work represents the expenses reasonably incurred. We will, however, query those costs where they appear to be substantially higher than might be expected having regard to other information available to us.
- 4.6. The determination made by the Utility Regulator concerns the total amount charged by the water and sewerage undertaker NI Water as set out in its 2<sup>nd</sup> quotations of 5<sup>th</sup> May 2009 (Water) and 24<sup>th</sup> June 2009 (Sewerage). However, in order to make the determination the Utility Regulator has assessed the total amount charged as two separate components: the cost of connection work; and, overhead costs. The scope of work included in each component is described below.
- 4.7. **Connection work** includes all costs associated with excavation, pipe-laying, Street Works Licences, connection and temporary reinstatement including direct pay of operatives and labour overheads (e.g. National Insurance, sickness, bonuses etc) plant, transport and direct supervision. Where a contractor is employed these costs would be covered by its

charge to the water and sewerage company. These costs would also include the cost of materials and any costs associated with reinstatement of the public footpaths and roads.

- 4.8. **The overhead charge** covers all costs incurred when carrying out the connection work which are not covered by the connection work described above. It includes adding the new customer to the billing database, billing and invoicing costs (where applicable); planning and design costs; appointment and supervision of contractors; warning notices costs; depot on-costs, set up costs and inspection where applicable.
- 4.9. When considering the determination we have noted the significant increase in cost between the first and second quotations which NI Water provided to Mrs K. We recognise that the revised quotation reflects the additional work which NI Water became responsible for in light of the introduction of Street Works Licences. For reference, we have provided below details of the areas of responsibility for the water and sewerage connections for the first and second quotations.

#### Comparison of responsibility for works associated with the water connection

Connection	Customer Responsibility	NI Water Responsibility
Water – 1 <sup>st</sup> Quotation Charge £196	1 Appointment of contractor 2 Obtaining Road Opening Permit 3 Excavation of trench and location of water main 4 Reinstatement of public footpath and highway to satisfaction of DRD Roads Service	1 Planning, design 2 Lay service pipe 3 Site meter box 4 Connect customer supply pipe to service pipe 5 Tap water main 6 Update customer database with new customer
Water – 2 <sup>nd</sup> Quotation Charge £882	None	1 Planning, design, supervision of contractor 2 Contractor initial site appraisal and quotation 3 Contractor to obtain Street Works Licence 4 Excavation of trench and location of water main 5 Lay service pipe 6 Site meter box 7 Connect customer supply pipe to service pipe 8 Tap water main 9 Reinstatement of public footpath and highway to satisfaction of DRD Roads Service 10 Update customer database with new customer

**Comparison of responsibility for works associated with the sewerage connections**

<b>Connection</b>	<b>Customer Responsibility</b>	<b>NI Water Responsibility</b>
Foul and Storm sewerage – 1 <sup>st</sup> Quotation Charge £206	<ol style="list-style-type: none"> <li>1 Appointment of contractor</li> <li>2 Obtaining Road Opening Permit</li> <li>3 Excavation of trench and location of foul sewer and storm sewer.</li> <li>4 Lay and connect foul lateral to foul sewer</li> <li>5 Lay and connect storm lateral to storm sewer</li> <li>6 Reinstatement of public footpath and highway to satisfaction of DRD Roads Service</li> </ol>	<ol style="list-style-type: none"> <li>1 Planning, design</li> <li>2 Inspection and sign off of new foul and storm sewerage connection</li> <li>3 Update customer database with new customer</li> </ol>
Foul and Storm sewerage – 2 <sup>nd</sup> Quotation Charge £2,247.88	None	<ol style="list-style-type: none"> <li>1 Planning, design, supervision of contractor</li> <li>2 Contractor initial site appraisal and quotation</li> <li>3 Contractor to obtain Street Works Licence</li> <li>4 Excavation of trench and location of foul sewer and storm sewer</li> <li>5 Lay and connect foul lateral to foul sewer</li> <li>6 Lay and connect storm lateral to storm sewer</li> <li>7 Reinstatement of public footpath and highway to satisfaction of DRD Roads Service</li> <li>8 Update customer database with new customer</li> </ol>

## 5. Assessment of the Estimated Costs for the Water Connection

- 5.1. The following breakdown of the original and revised quotations for the water connection was provided by NI Water as part of the exchange of information between NI Water and CCNI acting on behalf of Mrs K.

Connection to the water main	Original	Final
Infrastructure charge (sewerage)	171.00	171.00
Infrastructure charge (water)	171.00	171.00
Building water supply	48.00	42.00
Connection to the water main	196.00	included below
Arrangement of Road Opening Permit/Street Works Licence, Excavation of trench in public highway and reinstatement to DRD Roads Service satisfaction	By the property owner	882.00
<b>Total</b>	<b>586.00</b>	<b>1,266.00</b>
Note:- NI Water chose to reduce the building water supply charge for the following year (2009-10).		

- 5.2. The work comprised:

Length of pipe	2 metres 32 mm diameter
Connection	Single
Surface	Footpath and road

- 5.3. Our assessment of each element of the water connection charge is set out below.

### Infrastructure charges

- 5.4. The infrastructure charge is a contribution towards the cost of increasing the capacity of the existing water and sewerage distribution network to meet the demand created by the connection of new premises over time. This charge was levied for the first time in 2007-08 when it was set at £250 for each water and sewerage new connection. Any change in the charge is determined by the Utility Regulator under Condition C of NI Water's Licence. It is generally increased annually to reflect cost inflation. The charge was phased in over three years with 2/3rds of the full charge levied for new connections in 2008-09 with the balance paid by government subsidy.
- 5.5. NI Water did not increase the infrastructure charges for the revised estimates in 2009-10 when a full charge of £263 would have been levied for new connections. We understand that this is because the charge was accounted for in 2008-09 and the associated subsidy already paid by government.
- 5.6. The company included the infrastructure charge for the sewerage connection in the estimate for the water connection without providing a breakdown or explanation. We understand that this is convenient for the company, reducing its administrative burden.
- 5.7. We conclude that the infrastructure charges have been charged properly and the company has acted properly by not increasing the infrastructure charges to the full level charged for new applications in 2009-10.



**Building water charge**

- 5.8. The building supply charge is a one off charge for the water provided to the developer/house-builder for use during the construction of the property. The charge is clearly set out in NI Water’s annual Scheme of Charges. The principle of the charging for water used over and above normal domestic use is reasonable. The charge is less than similar charges by water companies in Scotland, England and Wales.
- 5.9. NI Water chose to reduce the charge in 2009-2010 to £42 from £48 which applied in the previous year.
- 5.10. We conclude that the building water charge is reasonable and has been charged properly.

**Construction of the communication pipe and connection to the water main**

- 5.11. The increase in the estimated costs for the water connection between the original and final estimate was due to a change in charging policy by NI Water, following the change in policy made by DRD Roads Service in respect of construction in highways.
- 5.12. The original estimate was based on the property owner arranging and paying for the necessary excavation, backfill and reinstatement of the footpath and road. NI Water’s work would be limited to installing the communication pipe and a stop-cock and surface box at the property boundary and making the connection to the water main. This is the “standard connection charge” referred to in NI Water’s scheme of charges for 2008-09.
- 5.13. The excavation work to connect the property to the water main would have been carried out in the public highway controlled by DRD Roads Service and would have required a Street Works Licence. Early in 2009, Road Service made a decision to only issue Street Works Licences to utility companies and their approved contractors. This made it necessary for NI Water to carry out the excavation and reinstatement in the highway to make the connection using its approved contractor and at that time appeared to preclude the option of Mrs K engaging her own contractors to carry out the work. The cost of a Street Works Licence at that time was £376.68.
- 5.14. NI Water’s cost for constructing the communication pipe and making the connection to the water main were:

A full service connection (contractor’s charge to NI Water)	£653.30
NI Water staff and overheads	£228.70
Total	£882.00

- 5.15. The cost to NI Water of the “full service connection” is taken from a schedule of rates tendered by NI Water’s contractor as part of a competitive tender. The rate includes: arranging the necessary Street Works Licence, excavation in the highway up to 10m length, tapping the water main, laying communication pipe up to 10m in length, installing a boundary box and connection to the consumers supply pipe and reinstatement of footpath and public highway.
- 5.16. The rate charged to Mrs K covers the provision of a pipe up to 10m in length. It does not distinguish between different lengths of connection. This is likely to benefit those installing connections of 10m in length but disadvantage those installing short connection pipes. The length of the communication pipe installed to connect Mrs K’s property was 2m. We believe that Mrs K should not be disadvantaged by the structure of work items and rates which NI Water chose to include in its tender schedules or Scheme of Charges. Therefore we

conclude that the charge made for the communication pipe and connection to the water main was not reasonably incurred.

- 5.17. In view of this conclusion it is necessary for the Utility Regulator to establish what reasonable expense should be recovered by the company for the provision of the communication pipe and connection to the water main at Mrs K's property. From April 2010, NI Water's Scheme of Charges made provision for a full service connection of up to 5m at a rate of £535.24. In our opinion, this rate is an appropriate basis for determining the reasonable expenses the company should have incurred when connecting Mrs K's property to the water main. Therefore, we conclude that Mrs K should only pay £535.24 for the full service connection (excluding NI Water's internal overhead).
- 5.18. NI Water argued that Mrs K should not benefit from a connection rate which was not in the published scheme of charges at the time the connection was made. In its argument, the company drew attention to the fact that the relevant scheme of charges was subject to approval by the Utility Regulator. We do not accept this argument because:
- While NI Water includes a number of additional estimates or indications of charges in its published scheme of charges scheme, such as connection charges, these charges are not subject to approval under the Order by the Utility Regulator and cannot, as has been suggested by NI Water, have been approved by the Utility Regulator by virtue of the whole document being approved.
  - Articles 79 and 164 allow a connection charge which is disputed by the customer to be subject to a determination by the Utility Regulator and requires the Utility Regulator to consider whether or not the expenses recovered by NI Water were incurred reasonably.
  - The argument put forward by the company would require the Utility Regulator to set aside the specific requirement of Articles 79 and 164 that only expenses reasonably incurred may be recovered by the company. This would mean that the protection available to consumers in Articles 79 and 164 could be rendered redundant by the charges scheme. We do not agree with this interpretation of the Order.
  - We are not applying the 2010-11 scheme of charges retrospectively, but using the information available to provide a reasonable basis for determining an appropriate cost of connecting Mrs K's property to the water main for the purpose of this appeal.
- 5.19. NI Water's staff and overhead charge of £228.70 is an estimate of the costs incurred by NI Water directly. It includes adding the new customer to the billing database, billing and invoicing costs (where applicable); planning and design costs; appointment and supervision of contractors; warning notices costs; depot on-costs, set up costs and inspection where applicable.
- 5.20. NI Water includes the rate for a full service connection within the miscellaneous charges section of its annual Scheme of Charges. When we reviewed the Scheme of Charges for 2009-10 we asked the company to provide a breakdown of the proposed charge for a full service connection; to inform us in our review of the makeup of those charges. The breakdown provided by NI Water included an overhead charge of £105.49. For this determination, we conclude that the overhead submitted to the Utility Regulator as part of its substantiation for the 2009-10 Scheme of Charges should apply. In support of this conclusion we note that the amount allowed to NI Water is consistent with the overhead charge allowed in similar circumstances by Ofwat when assessing Schemes of Charges and determining connection charge disputes in England & Wales.

## 5.21. Final Determination – Water Connection

Connection to the water main	NI Water's quotation	Utility Regulator's Determination
Infrastructure charge (sewerage)	£171.00	£171.00
Infrastructure charge (water)	£171.00	£171.00
Building water supply	£42.00	£42.00
Connection to the water main	included below	
Arrangement of Road Opening Permit/Street Works Licence, Excavation of trench in public highway and reinstatement to DRD Roads Service satisfaction		
Construction costs	£653.30	£535.24
NI Water staff and overheads	£228.70	£105.49
Total	£1,266.00	£1,024.73

5.22. We conclude that Mrs K has been overcharged by an amount of £241.27, being the difference between NI Water's quotation and the Utility Regulator's final determination.

## 6. Assessment of the Estimated Costs for the Foul and Storm Sewerage Connections

6.1. The following breakdown of the original and revised quotations for the sewerage connections were provided by NI Water as part of the exchange of information between NI Water and CCNI acting on behalf of Mrs K.

Connections to the foul and storm sewers	Original	Final
Inspection fee	£206.00	
Arrangement of Road Opening Permit/Street Works Licence, Excavation of trench in public highway and reinstatement to DRD Roads Service satisfaction Construction of lateral foul and storm sewers from the boundary of the property to the existing foul sewer and storm sewer; and connection to the foul sewer and storm sewer.	By the property owner	
Construction cost		£2,133.73
NI Water staff and overheads		£114.15
Total	£206.00	£2,247.88

6.2. Our assessment of each element of the estimated cost is set out below.

6.3. The fee originally quoted by the company to inspect the sewer connections was the miscellaneous charge of £103 per connection set out in NI Water's Scheme of Charges for 2008-09 (one each for the separate connections to the foul sewer and the storm sewer).

6.4. The original estimate provided by NI Water was based on the assumption that the property owner would arrange and pay for the construction work required to connect from the property boundary to the existing public sewer, including excavation, laying the lateral sewers, connecting to the existing sewer, backfill and reinstatement.

- 6.5. The excavation work to connect the property to the water main would have been carried out in the public highway controlled by the DRD Roads Service and would have required a Street Works Licence. As previously described in paragraph 5.13 above, according to NI Water, DRD Road Service made a decision early in 2009 to only issue Street Works Licences to utility companies and their approved contractors. This made it necessary for NI Water to carry out the excavation and reinstatement in the highway to make the connection using its approved contractor and precluded the option of Mrs K engaging her own contractors to carry out the work.
- 6.6. The situation has recently been clarified by DRD Roads Service for the Utility Regulator, and we understand that private individuals, or DRD Roads Service approved contractors hired by private individuals, are permitted to obtain Street Works Licences, but are required to indemnify DRD Roads Service to the value of £10 million for the duration of the works and for each opening. In addition, the initial cost to the applicant is of the order of £377.
- 6.7. The final estimate provided by NI Water for the construction of the connections was prepared using rates tendered by its contractor as part of a competitive tender.
- 6.8. The quantities priced were an estimate subject to a re-measurement when the works were carried out. As a result of the re-measurement of the quantities of work carried out, the actual amount paid by NI Water to the contractor increased from £2,133.73 to £2,494.05.
- 6.9. We have had the opportunity to confirm the rates from the tender schedules and the quantities from the maps and photographs of the completed reinstatement provided by the company. The schedule of rates does not include cost rates for work carried out in common trench as was the case for part of the connection to the property. The schedule of rates does not include specific items for sewer connections sewers and the company has used rates for a repair to a sewer not exceeding 3 m in length as the closest rate for the work necessary to break into the sewer and make a connection. In view of this we have concluded that NI Water should only recover the cost of the estimate and should not increase the expenses recovered to reflect the actual payment to its contractor.
- 6.10. The costs charged by NI Water for the provision of foul and storm sewerage are comparable, if not less than similar charges in England and Wales for the same service and where the regulator in England and Wales, Ofwat, has determined acceptable costs for the provision of equivalent services. We recognise that Mrs K considers the costs excessive. However, NI Water must ensure that sewerage works are carried out to a standard that guarantees effective drainage of foul and storm water arising from the property, in addition to maintaining the integrity of the infrastructure. Furthermore, NI Water takes on liability for the performance of the infrastructure in perpetuity once the work is complete.
- 6.11. NI Water's staff and overhead charge of £114 is an estimate of the costs incurred by NI Water directly in making the connection. It includes adding the new customer to the billing database, billing and invoicing costs (where applicable); planning and design costs; appointment and supervision of contractors; warning notices costs; depot on-costs, set up costs and inspection where applicable. This overhead amount reported by NI Water is less than equivalent overhead costs reported by water and sewerage companies in England and Wales.
- 6.12. NI Water does not include a rate for a full service sewerage connection within the miscellaneous charges in its annual Scheme of Charges. The company states that connections will be provided 'At cost'. When we reviewed the Scheme of Charges for 2009-10 we asked the company to provide a breakdown of the quotations it had issued to customers for full service water and sewerage connections. This confirmed an NI Water overhead charge of £114 for the full sewerage connection service. We conclude that the overhead charge included by NI Water for the connection is reasonable. In support of this conclusion we note that the amount allowed is less than the overhead charge allowed by

Ofwat in similar circumstances when determining connection charge disputes in England & Wales.

- 6.13. We conclude that the amount charged by NI Water for the foul and storm sewerage connections was reasonable.

## 7. Conclusions

### Difference between the two quotations

- 7.1. The Utility Regulator accepts the reasons provided by NI Water for the differences in prices for the provision of the water and sewerage connections and outlined these in the table at 4.9 above. The differences are primarily due to the replacement by DRD Roads Service in 2009 of the Road Opening Permit system with the Street Works Licence system, and the restrictions imposed on which bodies are permitted to open the public highway. The effects of this change on the work originally planned by Mr & Mrs K were unfortunate, but were not due to any fault of NI Water. It is disappointing that better quality information was not made available by NI Water to advise customers of the availability, or otherwise, of Street Works Licences to customers. We have recommended below that NI Water take action in relation to this issue. NI Water has confirmed that it has improved the relevant text in its Scheme of Charges document for 2011-12.
- 7.2. The Utility Regulator has recently received clarification on the application of the Street Works legislation from DRD Roads Service. The Utility Regulator understands that private individuals or DRD Roads Service approved contractors hired by private individuals, are permitted to obtain Street Works Licences, but are required to indemnify DRD Roads Service to the value of £10 million for the duration of the works and for each opening. In addition, the initial cost to the applicant is of the order of £377.
- 7.3. In Great Britain, many water companies do not routinely offer sewer connections as a service, if at all. This is because customers arrange their own connections and Street Works Licences, typically by appointing an appropriate and approved contractor. We understand that this option is in effect not available in Northern Ireland for customers such as Mrs K, because of the requirements of the particular Street Works Licence process operated here.

### Recommendations to NI Water

- 7.4. The Utility Regulator is of the opinion that NI Water should offer a foul and storm sewer connection service akin to the water connection service. NI Water should provide in its Scheme of Charges for 2011-12 an estimate of the cost of a full service connection for sewerage. The current scheme of charges (2010-11) for a standard sewerage connection simply states 'At cost'. We believe customers should be provided with further information. The lower cost sewerage standard inspection fee option is essentially only available to developers constructing new housing schemes where roads have not yet been adopted and consequently a Street Works Licence is not required; here, the contractor, provides the infrastructure and sewerage connections himself as part of the overall building development.

NI Water has confirmed that it has provided an estimate of the cost of a full service sewer connection in its Scheme of Charges document for 2011-12.

- 7.5. The Utility Regulator recommends to NI Water that it provides an appropriate and informative breakdown of costs when it issues quotations/estimates to its customers or potential customers. Customers would then be better informed of the services included in the quotation and the cost of those services. We would not expect the company to provide breakdown of the contractor's rates or NI Water's overhead which are an internal matter for the company and subject to regulatory scrutiny where appropriate. We would expect breakdown of costs to itemise and provide an explanation of the following:-
- Connection charge (whether full service connection or connection only, and an explanation of the different options available)

- Infrastructure Charge (with accompanying explanation)
- Building Water Charge (with accompanying explanation)

7.6. The explanation may take the form of an extract or suitably modified text taken from the current Scheme of Charges.

## 8. Final Determination - Charges incurred by Mrs K

8.1. As set out at section 4 above, Articles 79(7) and 164(3) of the Order entitles NI Water to recover the expenses reasonably incurred in carrying out the work necessary to make a connection. Our role is to require NI Water, when a customer seeks a determination on the reasonableness of certain charges under the Order to justify the costs incurred in making those connections and to determine whether those expenses were reasonably incurred.

### Water Connection

8.2. We have concluded that the total costs reasonably incurred by NI Water for provision of the water connection should not have exceeded.

Connection work	£535.24
Overhead	£105.49
<b>Total</b>	<b>£640.73</b>

The amount of £882 recovered by NI Water for the provision of the water supply connection was in excess of this amount by a figure of £241.27.

### Sewerage Connection

8.3. We consider that the costs incurred by NI Water in relation to the foul and storm sewer connections were reasonable. The amount of £2,247.88 paid by Mrs K to NI Water for these connections was less than NI Water was charged by its contractor for the foul and storm connections made and is comparable if not less than charges in England and Wales for comparable services. We consider that the amount charged to Mrs K by NI Water, including NI Water's overhead was reasonable.

**Jo Aston**

**Director of Water**

**July 2011**