

D Public Domain Summary

D1 Summary	1
-------------------------	----------

D Public Domain Summary

D1 Summary

We are of the opinion that the public domain summary (Part D) of South West Water's draft business plan provides a reasonable summary of the key issues contained in the main body of the submission. We are of the opinion that it is well founded and is consistently supported by textual and numerical information in the main submission. We are of the opinion that the text in Part D is supported by the key material assumptions in the main submission.

We have not carried out a full consistency check on all the figures reported in Part D and its associated tables. However, to the extent revealed by our review we are of the opinion that the information in Tables D2 – D9 has been correctly abstracted from other parts of the submission, apart from one instance. On page 4 of Part D the Company reports figures for the waste water quality programme. These are not consistent with the figures in section 1.2.3 of Part A where the reported figures are:

	SWW preferred strategy	Ofwat Reference Plan A	Ofwat Reference Plan B
Waste Water Quality Programme	£32 million	£69 million	£126 million

We challenged the Company on this and it has agreed that the figures reported in Part D are incorrect and that the correct figures are those in Part A section 1.2.3, as shown above. We understand that the Company is to submit an amendment to Ofwat.

Throughout our work undertaken to scrutinise, challenge and report upon the preparation of South West Water's draft business plan we have received the fullest cooperation from the Company. The timeframe for the audit of the final tables in the draft business plan has been tight, but we consider this to be primarily as a result of the regulatory processes rather than any delay by the Company.

Within the timeframe the Company has not examined fully all available options or refined fully its cost estimates and allocations to the various drivers. However, more work on these and other aspects will be undertaken over the coming months and we will report further on these following our audits on the Company's final Business Plan submission, due in April 2004.

South West Water has populated the Ofwat Aquarius 3 model. However, we have not yet had the opportunity to review the Aquarius data that the Company has submitted. We understand that the Company has provided a reconciliation between its own financial model and the results from Aquarius