

Sutton and East Surrey Water – Draft Business Plan 2008

Reporter Report on Company public domain summary

The draft business plan proposes the following main outputs which are I consider are consistently described in both the summary and the main plan:

- Development of an increased peak output from Bough Beech Treatment Works (fed from the existing Bough Beech Reservoir) to meet peak water demands from customers
- Renewal and maintenance of existing assets at a level of expenditure similar to that being achieved in the current AMP4 period
- Increased metering of domestic properties with installation rising from the 5814 meters installed in 2007/08 to 12,500 per annum during the AMP5 period
- Broadly continuing to target current levels of service.

The Company highlights the rise in input prices especially power costs which are resulting in an increase in operating expenditure.

I have reviewed the Company's proposals and scrutinised background data used to compile the draft business plan and the associated draft Water Resources Management Plan previously submitted to Defra. I have also checked consistency with the Company's Strategic Direction Statement published in December 2007.

I have challenged to Company to demonstrate justification for the measures proposed. I was generally satisfied with responses received but will be scrutinising some of the capital expenditure figures in more detail during development of the Company's final business plan.

I confirm that the public domain summary has been prepared by directors of the Company who have also prepared or supervised production of the whole draft business plan. I believe that the summary is well founded and consistently supported by the textual and numerical information on the draft business plan.

I confirm that I have had very good co-operation from the Company including the directors in gaining access to the company's data, reports by consultants, workbooks and systems used to develop inputs to the draft business plan.

22 August 2008