

Henry Edmunds
Managing Director
Cholderton and District Water Company Limited
Estate Office
Cholderton
Salisbury
SP4 0DR



12 December 2014

Dear Mr Edmunds,

Final determination of price controls

I enclose the formal notification of the determination by the Water Services Regulation Authority (Ofwat) of price controls for the 2010-15 period. This sets out:

- the K factors for each Charging Year; and
- (in the attached annex) the Land sales assumptions.

This final determination letter has been published on our website. We are also publishing the outcomes and associated performance commitments for the company to deliver, together with information on our general approach and the reasons for our decisions.

The set of outcomes and performance commitments (as detailed in the published appendix specific to your company) should be seen as an essential part of both the price review package and what you need to deliver for your customers.

You have two months from today to decide whether to ask us to refer the determination to the Competition and Markets Authority. If you wish to refer the determination you must let us know in writing no later than 12 February 2015.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cathryn Ross', is positioned above the printed name and title.

Cathryn Ross
Chief Executive

Cathryn Ross, Chief Executive
Direct line: 0121 644 7590
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Cathryn.Ross@ofwat.gsi.gov.uk
Website: www.ofwat.gov.uk

Notification by the Water Services Regulation Authority of its determination of price controls for Cholderton and District Water Company Limited (“the Determination”)

Introduction

This is the Determination by the Water Services Regulation Authority (“Ofwat”) as to the price controls for the 2010-15 period. It is made by Ofwat in accordance with Part III of Condition B (Charges) of your Appointment as a water undertaker, having had regard to all the circumstances which are relevant in the light of the principles which apply by virtue of Part I of the Water Industry Act 1991, including, without limitation:

- any change in circumstance which has occurred since the last Periodic Review or which is to occur; and
- the guidance issued by the Secretary of State for Environment, Food and Rural Affairs under section 2A of the Water Industry Act 1991.

The price controls will apply to the five consecutive Charging Years starting on 1 April 2015.

Under Condition B of your Appointment, the prices which you may charge for water services are limited by a formula which restricts the weighted average increase in charges in any Charging Year to RPI plus an Adjustment Factor (K) designed to take account of your individual circumstances (the RPI+K formula).

Adjustment Factors

Ofwat has decided that for the five consecutive Charging Years starting on 1 April 2015 the Adjustment Factors shall be:

Charging Year beginning 1 April	Adjustment Factor
2015	-1.20
2016	-0.54
2017	-0.27
2018	-0.33
2019	0.02

Annex: Land Sales

Land sales

For the purposes of the Determination Ofwat gives notice that for each of the five consecutive Charging Years starting on or after 1 April 2015:

- the value attributable to Relevant Disposals of Land allowed for in making this determination is zero; and
- variations in value received or expected to be received from Relevant Disposals of Land shall constitute a Relevant Change of Circumstance.