

7 January 2013

Abbey Road, Pity Me, Durham, DH1 5FJ
Telephone: +44 (0) 870 608 4820
Fax: +44 (0) 191 301 6202
Website: www.nwl.co.uk

Ingrid Olsen
Finance and Networks Division
Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

Dear Ingrid

Revised Section 13 Notice

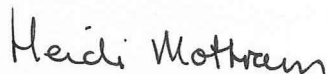
Having given the matter careful consideration, the Board of Northumbrian Water Limited has decided to accept the amendments outlined in the Section 13 Notice published by Ofwat on 21 December 2012.

We believe we have demonstrated our willingness to work in a constructive and cooperative manner with Ofwat. We are very keen to continue our dialogue on the PR14 price review methodology and future regulation.

We feel there may have been a better way to underline the commitment to a constructive working relationship, in particular in relation to the evolution of price controls, than including a commitment in the licence. However, we are content with the wording in the revised licence providing it is clearly understood by all parties, as we believe it is, that a genuine commitment to work in a constructive and cooperative manner cannot be taken to imply that agreement on any particular outcome will necessarily be achieved.

We are pleased to put the uncertainty regarding licence changes behind us. It is now important to focus on the PR14 price review which is fast approaching. We look forward to receiving the draft price control methodology for consultation and are keen to assist Ofwat in developing a transparent, robust and practicable methodology.

Yours sincerely



Heidi Mottram
Chief Executive

Direct tel: 0191 3016367
Email: heidi.mottram@nwl.co.uk