

Mr Keith Mason  
Senior Director of Finance and Networks  
Ofwat  
Centre City Tower  
7 Hill Street  
BIRMINGHAM B5 4UA

21 January 2013

*Dear Keith,*

### **SECTION 13 PROPOSALS BY OFWAT TO MODIFY COMPANY LICENCES**

I refer to your consultation document published on 21 December 2012 containing proposals under section 13 of the Water Industry Act 1991 to modify Conditions B and C of companies' Licences (the "Consultation").

We welcome the effective communication and constructive engagement between companies and Ofwat since the previous section 13 Notice closed in November 2012.

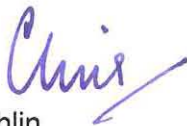
In response to the previous section 13 Notice we indicated our willingness to accept Licence modifications consistent with Ofwat's principal stated aim of introducing separate retail and wholesale price limits, and in time for PR14.

The South West Water Board has reviewed in detail the revised S13 notice and considered what is in the interests of all our stakeholders in discharging the responsibilities and obligations of our Licence.

Having considered the proposals, and noting the Licence changes are aligned with allowing Ofwat to set separate wholesale and retail price controls at the 2014 price review, the South West Water Board is able to consent to the modifications as set out in the section 13 Notice dated 21 December 2012.

Whilst there are no substantive comments to make on the proposed modifications, there are a few minor Licence drafting suggestions that Ofwat may wish to consider. These are outlined in a separate note.

Yours sincerely,



C Loughlin  
Chief Executive

