

Wessex Water

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14 January 2013

Dear Keith

I write in reply to your December 2012 Section 13 notice to modify our conditions of appointment.

Our Board consents to the modification.

The recent dialogue has been very constructive and Ofwat's willingness to discuss the proposals so openly with companies is most welcome. I hope it has given confidence that the industry is willing to engage positively in future reform.

We have always worked in this way with Ofwat and will continue to do so. In our view, the new duty in our licence to engage in a constructive and cooperative manner on the development of price controls simply formalises a situation that already exists. However, it is clear that there will be times when we disagree with potential reforms proposed by Ofwat, as indeed has been the case with the earlier licence modifications. In accepting your modification we therefore note our understanding that clause 18.1 places no restriction on such legitimate disagreement.

The Section 13 notice contained an illustrative example of what conditions B and C may look like following the proposed modifications. The specific wording relating to Wessex Water will vary in points of detail. We look forward to receiving an updated version of our own licence for comment and approval.

Yours sincerely



Colin Skellett
Chairman



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