

Peter Jordan

By email:
PR14reconciliation@ofwat.gsi.gov.uk

Your ref

Our ref

Date
31 March 2017

Contact

Tel 01902 272336

Fax

Dear Peter

Re: Southern Water response to Ofwat's further consultation on the 2015-15 final reconciliation for the change protocol and overlap mechanisms

Thank you for the opportunity to review Ofwat's proposals for reconciling the incentive arrangements for companies' performance and expenditure during the 2010-15 price review period.

We have reviewed your consultation document and agree with the approach you have taken for the reconciliation relating to the change protocol. We welcome Ofwat's conclusion that the appropriate approach is for Ofwat to focus on whether there have been any changes to output delivery rather than to cost. We have also used the opportunity to review the calculations underpinning the proposal, and have verified these internally.

As a result, we are happy to accept your proposed revision.

Kind regards,

Nikki Deeley
Head of Economic Regulation