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4 August 2017

Dear Sir

PRT Response to New Connection Charges for the future

Thank you for the opportunity to respond to the consultation on New Connection Charges, published 5 July 2017. We welcome the consultation and the greater clarity it provides on the issue of connection charges in general.

Further it helps to clarify our thinking in advance of 1 April 2018 when the new methodology for determining the charge is required to be applied.

Our brief responses to the questions are as attached.

Yours faithfully

A handwritten signature in black ink, appearing to read "Helen Orton".

Helen Orton
Finance and Regulation Director

Q1 Do you agree that our Option 3 on the treatment of the income offset/asset payments, has merit? If not, please explain your reasoning and provide relevant evidence. If so, how and when should this change be brought about?

We support Option 3 which defers the change in methodology until April 2020 except if a NAV requires a new bulk supply. We agree that any impact in end-customer bills is not desirable.

Q2 Do you agree with our draft impact assessment? Can you provide quantitative figures in terms of the potential benefits or costs? Is there anything we have missed?

We have reviewed the draft impact assessment and have no comments. We have not undertaken an exercise to quantify the impact of the change in methodology, but will do so post summer as we prepare our April 2018 charges.

Q3 Do you have any comments on the drafting of the possible future changes to our rules (set out in Appendices A3 and A4)?

We note the changes to the charging rules, which appear clear.

Q4 Do you have any comments on our proposed licence modification to Condition C (Infrastructure Charges) for English water companies other than NAVs (including the proposed wording set out in Appendix A7)?

No. The revision to the licence appears clear.