

9 November 2007

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The Water Industry Commission for Scotland
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Scottish Water Business Stream
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Dear Katherine,

**Fifteenth Licensing Consultation
Clarification of the Default Service Standards**

Thank you for giving Scottish Water Business Stream the opportunity to comment on the Commission's clarification of the Default Service Standards. We are grateful that the Commission has taken the time to clarify the Default Service Standards and are pleased overall with the amendments made. We do, however, have a limited number of remaining points of concern which we would like to highlight.

Default Service Standards 4 (Planned interruptions to an eligible customer's water supply) and 5 (Unplanned interruptions to an eligible customer's water supply) now include the option for the customer to contact Scottish Water with their concerns, rather than the Licensed Provider. Because this option was not in the original Standards, Business Stream has not made arrangements with Scottish Water within our agreed Wholesale Services Agreement to cover this situation. According to the Operational Code (Process 18), should Scottish Water be contacted on the agreed 24-hour number, any situations not affecting public health or considered to be an Emergency are to be referred to the Licensed Provider. Similarly, we request that the Default Service Standards be amended to clarify that calls pertaining to Default Service Standards 4 and 5 will also be handled in this way.

We welcome the changes made to default standard 10 which removes the misalignment which currently exists between the template WSA and the default standards. We do consider, however, that the text in paragraph numbered 1 should revert to "licensed providers working in partnership with SW to inform customers." In the event of a large scale emergency it is possible for thousands of customers to be affected. In order to ensure customers are promptly contacted a licensed provider would need to adopt mass communication techniques. This could potentially lead to information being issued by Scottish Water and multiple retailers. To avoid confusion to customers we consider that this information should be issued by a single source.

If the responsibility rests with Licensed Providers we are also concerned over Scottish Water's ability to provide accurate details of the area affected. Information may be provided on a postcode or area basis and is likely to encapsulate properties

unaffected by the emergency leading to unnecessary contacts and concern to customers.

We also consider that the columns in the summary table labelled "Automatic Payment" and "Claim Required" may cause confusion in light of the amendments made. Since there is no longer reference in the document to automatic payments, we suggest that these two columns be replaced by one column with a different label, for example "Customer Action Required." Within this column it could be noted whether no action is required, customer notification is required or if a formal customer claim is required. This would help to clarify the level of customer involvement required in order to comply with each Default Service Standard.

Finally, we welcome clarity on the practical application of Default Service Standard 11 (Telling customers about default charges). According to current practice, informing customers about tariff information can be done with the publication of an advertisement in major national newspapers. If this is the intended form of communication going forward, we are concerned that, in a competitive market with multiple Licensed Providers, numerous ads from different companies containing the same information may cause confusion among customers. We suggest that publication of this information by Licensed Providers be done collectively via the Commission, so that one clear and consistent advertisement is communicated to all customers. Alternatively, if publication of maximum default tariff information on each Licensed Provider's website would fulfil this obligation, we suggest amending the Default Service Standard for clarity.

We hope that you find our comments to be constructive. Should you have any queries relating to this response, please do not hesitate to contact me.

Yours sincerely,

Tom May
Head of Regulation and Procurement