

23 May 2007

Katherine Russell
The Water Industry Commission for Scotland
Ochil House
Springkerse Business Park
Stirling
FK7 7XE

**SCOTTISH WATER
Business Stream**

55 Buckstone Terrace
EDINBURGH
EH10 6XH

0131 445 6459

Dear Katherine,

Approach to the 2010-14 Price Review: A consultation

Thank you for giving Scottish Water Business Stream the opportunity of commenting on your approach to the 2010-14 price review.

SWBS welcomes the fact that the Commission has adopted the five principles of better regulation, and believe that these will allow for an effective and informative process.

SWBS's comments on the proposed overall approach.

SWBS agree that the overall approach proposed by the Commission is in accordance with the principles of better regulation; however, we do have a couple of observations to make as follows.

We would ask the Commission to confirm SWBS's role in this price review and whether we will be required to submit a business plan in addition to Scottish Water's submission. If this is to be the case, we would expect suitable warning to allow us to prepare these documents.

SWBS is concerned that the Commission's decisions on the proposed approach to the price review will not be published until 24th May, when methodology volume 1 will have been published some 2 weeks earlier. This seems contrary to the principles of better regulation and we would ask for this timeframe to be reviewed.

Are there any other ways that stakeholders would like us to communicate with them?

SWBS welcomes the Commission's plans to communicate with stakeholders in a variety of ways, and we are in agreement with suggestions that regular updates via an email subscription detailing upcoming events, activities and progress would be a good way to communicate with stakeholders, and we welcome potential developments in this area.

How can we ensure that stakeholder information days are as useful as possible?

SWBS agree with the Commission that the stakeholder information days should be kept strictly to discussing each volume or topic as outlined.

We would also encourage the Commission to look at holding these information days in other venues, particularly in Edinburgh and Glasgow, as well as their Stirling headquarters to ensure as many stakeholders as possible have a reasonable opportunity to attend and make their views heard.

Are MSP updates and briefings the most effective way to communicate with MSPs as representatives of customers?

SWBS consider that it would be worthwhile incorporating relevant stakeholders in the MSP briefings. This would allow MSP's to hear a range of views within a single forum.

Are there any other key issues that should be examined as part of the price review?

SWBS would have liked more information at this stage about how the Commission expects to calculate the default tariffs through the price review, in particular, an indication of whether SWBS's costs will be used in conjunction with Scottish Water's to allow for benchmarking analysis. If this is to be the case, we would again welcome an early indication of the requirements of SWBS from the Commission.

We hope that you find our comments on your approach to the 2010-14 price review to be constructive.

Should you wish to discuss any of the points raised please feel free to contact me.

Yours sincerely

Tom May
Head of Regulation and Procurement