

Private & confidential

Water Services Regulation Authority
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

27 August 2024

Dear Director

Report on Estimating the Cost of Equity for PR24

We attach a copy of the above confidential report dated August 2024 ("Final Report") prepared by KPMG LLP ("KPMG"). The Final Report was solely prepared for Wessex Water Services Limited, Northumbrian Water Limited, South East Water Limited, Thames Water Utilities Limited, Anglian Water Services Limited, Southern Water Services Limited, Yorkshire Water Services Limited, Affinity Water Limited, and South Staffordshire Water Plc (together, "the Companies").

KPMG has agreed that we may disclose the attached Final Report to you, on the basis set out in this letter, to enable you to verify that a report has been commissioned by us and issued by KPMG in connection with the estimation of required cost of equity for the PR24 price control, and to facilitate the discharge by you of your regulatory functions subject to the remaining paragraphs of this letter to which your attention is drawn. KPMG has also agreed that you may publish the Final Report (in full only) on your website pages.

KPMG's work was designed to meet our agreed requirements and the engagement activities were determined by our needs at the time. The Final Report should not be regarded as suitable to be used or relied on by any party other than us for any purpose or in any context.

In consenting to the disclosure of the Final Report to you, KPMG does not assume any responsibility to you in respect of its work for us or for the Final Report. To the fullest extent permitted by law, KPMG accepts no liability in respect of any such matters to you. If you rely on the Final Report or any part of any of them, you do so at your own risk.

Yours faithfully



Andrew Beaver
Regulation & Assurance Director