



The Board members
Anglian Water Services Limited
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6XU

For the attention of: Anglian Water Services Board

Dear Sirs/Madams,

You have asked us to agree to you providing to Ofwat (the “recipient”) a copy of our PR24 Financial Data Tables Observations Summary Report (Draft Determination) (the “Report”) report dated 20 August 2024, prepared in connection with our independent review of your PR24 submission considering the methodologies and output data of the financial data tables within scope. We understand that the Board would like to share the Report with the recipient to support the demonstration that good assurance and governance of PR24 submissions has been applied to allow the recipient to have greater confidence in the information presented to them.

To ensure that the recipient has a clear understanding of the terms under which the Report is being provided to them, a copy of this letter should accompany the Report.

We confirm that we give our consent to you doing so on the clear understanding that the Report was addressed to you and was prepared on your instructions as set out in our agreement dated 30 November 2022 and the associated Statements of Work, and therefore the Report will not address or reflect the interests or circumstances of the recipient or any other third party. Furthermore, we accept no duty or responsibility and deny any liability to the recipient or to any other third party in relation to this or otherwise, whether or not the Report influences the decision or action of the recipient or any other party.

It should be made clear that receipt of the Report should not be a substitute for enquiries the recipient should undertake for its own purposes and any independent advice it should obtain. You should also point out to the recipient that it will be bound by a duty of confidentiality to PricewaterhouseCoopers LLP, as well as to you, and that in respect of any Personal Data in the Report, they are required to comply with the Data Protection Act 1998. Consequently, the Report, and information obtained from it, must not be made available or copied, in whole or in part to any other person without our prior written permission which we may, at our discretion, grant, withhold or grant subject to conditions (including conditions as to legal responsibility or absence thereof).

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Where disclosure of the Report or information contained in the Report is required by law or regulation, the recipient should i) ensure that a copy of this letter is disclosed with such information so that the other party receiving the information is on written notice of the terms on which the recipient itself had access to it; and ii) where legally permissible inform us promptly of the specific requirement to disclose and before making any disclosure.

Notwithstanding our consent to the release of the Report to the recipient, the Report remains addressed to you and it is a matter for you to decide whether the release of the Report is appropriate in the circumstances.

In consideration for PricewaterhouseCoopers LLP consenting to you providing the Report to the recipient, you agree that you will not hold PricewaterhouseCoopers LLP responsible for the consequences of us doing so; accordingly PricewaterhouseCoopers LLP, its members, partners, staff and agents shall have no liability to you, whether in contract or in tort (including without limitation negligence or breach of statutory duty) or in any way whatsoever, for any loss, damage, cost or expense suffered by you as a result of the provision of the Report to the recipient. Without conferring any greater rights than you would otherwise have at law, we accept that this does not exclude any liability we may have for death or personal injury or for the consequences of our own fraud.

This letter shall be governed and construed in accordance with the laws of England. The Courts of England and Wales will have exclusive jurisdiction to settle any claim, dispute or difference which may arise out of or in connection with this letter.

Yours faithfully

A large black rectangular redaction box covering the signature area.

Partner

For, and on behalf of, PricewaterhouseCoopers LLP
One Chamberlain Square, Birmingham, B3 3AX



The Board members
Anglian Water Services Limited
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Ermine Business Park
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20 August 2024

For the attention of: Anglian Water Services Board

Dear Sirs/Madams,

PR24 Financial Data Tables Observations Summary Report (Draft Determination)

As part of your PR24 Business Plan submission following Ofwat's Draft Determination in July 2024, you requested us to carry out an independent review of your PR24 submission considering the methodologies and output data of the financial data tables within scope, in line with our engagement letter dated 30 November 2022 and the associated Statements of Work. The primary purpose of this letter is to communicate the scope and approach to our review and the significant findings and recommendations that we believe are relevant to your updated Business Plan submission.

For the PR24 Data Tables in scope, our work involved walking through the processes for deriving and populating the relevant data with management; checking for obvious errors and inconsistent formula within the tables; and conducting sample testing to confirm the population of the PR24 Data Tables within scope had been performed in line with the processes defined. Due to the limited timescales allowed, the scope of work was limited compared to our previous reviews, focussing on a smaller number of Financial Data Tables and considering those aspects that were new or had changed since the previous Business Plan submission.

Our scope encompassed those PR24 Data Tables listed as an Appendix at the end of this letter.

Overall we observed that Anglian Water had a defined process and approach to populating and reviewing the data tables. Data table owners demonstrated a good understanding of Ofwat requirements and were able to explain the rationale for the changes being implemented. The data within the PR24 Data Tables in scope was largely traceable to a preceding level of source documentation.

Where we raised exceptions, it was generally due to us being unable to trace information from the PR24 Data Tables back to the associated working papers and data sources. In the majority of instances, the



exception was resolved or explained satisfactorily by management. Where actions remained at the completion of our fieldwork, the Anglian Water PR24 Programme team confirmed these would be tracked through to closure, prior to submission of the business plan to Ofwat by 28 August 2024.

Where exceptions were noted as closed by Anglian Water, we confirmed changes to those data values where possible following updates made by Anglian Water, although this not always possible in all instances at the time of fieldwork completion. Where updates have been re-verified, we did not perform a full re-assessment on the entirety of each table.

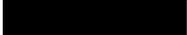
We also highlighted areas where the controls in place for deriving and populating the data could be improved, and recommended steps that could be taken to improve the robustness of procedures. For the avoidance of doubt, any recommendations suggested are based on the factual review carried out in accordance with our scope of work. These are recommendations for Anglian Water to consider and decide whether to take forward. Anglian Water is responsible for implementing any recommendations that it does decide to take forward.

On the basis of our work these exceptions would appear to be individual and isolated points and did not indicate any wider systematic or pervasive issues.

We would like to take this opportunity to thank all those who have supported us in our work.

Yours faithfully



, Partner

For, and on behalf of, PricewaterhouseCoopers LLP
One Chamberlain Square, Birmingham, B3 3AX



Appendix - Tables in Scope

Table ref	Table Description
CW1	Totex analysis - water resources and water network+ (post frontier shift and real price effects)
CW1a	Totex analysis - water resources and water network+
CW2	Base expenditure analysis - water resources and water network+
CW3	Enhancement expenditure - water resources and water network+
CW11	Third party costs by business unit for the wholesale water service
CW12	Transitional expenditure - water resources and water network+
CW17	Accelerated programme expenditure - water resources and water network+
CWW1	Totex analysis - wastewater network+ and bioresources (post frontier shift and real price effects)
CWW2	Base expenditure analysis - wastewater network + and bioresources
CWW3	Enhancement expenditure - wastewater network+ and bioresources
CWW11	Third party costs by business unit for the wholesale wastewater service
CWW12	Transitional expenditure - wastewater network+ and bioresources
CWW17	Accelerated programme expenditure - wastewater network+ and bioresources

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Table ref	Table Description
DS1e	Developer services revenue (English companies)
DS2e	Developer services expenditure (excluding diversions) - water (English companies)
DS3	Developer services expenditure (excluding diversions) - wastewater (English and Welsh companies)
DS5	Network reinforcement costs
SUP11	Real price effects and frontier shift
PD8	Totex analysis - wholesale
PD9	Totex performance
RR5	Tax inputs
ADD1 (CW2)	Base expenditure analysis - water resources and water network+; post-frontier shift efficiency and real price effects basis
ADD2 (CW3)	Enhancement expenditure - water resources and water network+; post-frontier shift efficiency and real price effects basis
ADD3 (CW11)	Third party costs by business unit for the wholesale water service; post-frontier shift efficiency and real price effects basis
ADD4 (CW12)	Transitional expenditure - water resources and water network+; post-frontier shift efficiency and real price effects basis
ADD5 (CW17)	Accelerated programme expenditure - water resources and water network plus; post-frontier shift efficiency and real price effects basis
ADD6 (CWW2)	Base expenditure analysis - wastewater network + and bioresources; post-frontier shift efficiency and real price effects basis
ADD7 (CWW3)	Enhancement expenditure - wastewater network+ and bioresources; post-frontier shift efficiency and real price effects basis

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Table ref	Table Description
ADD8 (CWW11)	Third party costs by business unit for the wholesale wastewater service; post-frontier shift efficiency and real price effects basis
ADD9 (CWW12)	Transitional expenditure - wastewater network+; post-frontier shift efficiency and real price effects basis
ADD10 (CWW17)	Accelerated programme expenditure - wastewater network+; post-frontier shift efficiency and real price effects basis

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