



Protecting consumers, promoting
value and safeguarding the future

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Dear Matthew

CIS QUERY

Thank you for your email on 28 January. You identified a possible error in our calculation of the CIS ratio related to the exclusion of MNI grants and contributions within the company view of capital expenditure. I can confirm that there was an error in the data trail for this particular item and that the error was only associated with this particular data line. You are correct in your assertion that the MNI grants and contributions of £3.345m should be included and that this affects the CIS ratio for your company.

Taking this into account we have recalculated the company view capital expenditure total to £138.618m. This new value gives a CIS ratio of 104, the impact of this is that the final determination included £837k too much capital expenditure and an additional income adjustment that was overstated by £298k.

We intend to implement these corrections as part of the final true-up for the company at the next price review taking into account both the overstated capital expenditure and additional income. The nett impact of these is very small and is wholly immaterial to price limits. Consequently your average bills and K factors would remain unchanged from the final determination.

We apologise for this mistake and we hope that the resolution proposed to this problem is satisfactory. If you have any further questions do not hesitate to contact either myself or Mark Worsfold, Head of Asset Strategy.

Yours sincerely

A handwritten signature in blue ink that reads 'Keith Mason'.

Keith Mason

