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Sarah Fox  
PR19 Regulatory Redeterminations  
Competition and Markets Authority  
The Cabot  
25 Cabot Square  
London  
E14 4QZ

26 October 2020

Dear Sarah,

I am writing on behalf of PPL Corporation, the ultimate parent of the four Western Power Distribution (“WPD”) electricity distribution network operators, to provide our views on the CMA’s provisional findings published on 29 September 2020 pertaining to four water and sewerage companies that sought referrals of Ofwat’s PR19 Final Determination. While these companies are not directly tied to the regulation of WPD, we welcome the opportunity to comment from the perspective of a long-term investor in U.K. infrastructure assets. WPD, as a network operator, is also responding in a separate correspondence and we support WPD’s submission.

As discussed previously in our public comments pertaining to the RIIO-2 consultations, we believe the U.K. is at an inflection point when critical infrastructure investments are required to achieve the sustainability goals outlined by the government. In order to successfully attract the capital necessary for these investments, it is imperative that regulators provide an opportunity to earn adequate, risk-adjusted returns on investment. While we believe the CMA’s provisional findings are an improvement and a movement in the right direction to providing allowed returns that balance financeability concerns, asymmetric risk, and value to customers we also support further enhancements as outlined in WPD’s response. Significant investment and innovation will be needed across the U.K.’s regulated sectors to deliver long-term resiliency and move towards a more sustainable system that supports clean economic growth. This level of change brings additional risks and, therefore, price controls need to be structured to promote investment and sufficiently incentivize companies and investors to deploy additional capital. Given increasing alternatives for capital allocation, high-quality investors will choose to invest elsewhere if sector returns are not stable and do not meet their risk-adjusted requirements.

We appreciate the opportunity to provide our views on the provisional findings and look forward to your final determinations in December.

Sincerely,



Vincent Sorgi  
President and CEO  
PPL Corporation