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Date : 22 October 2020

Competition & Markets Authority
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Dear Sirs

**Re: Provisional Price Control Determination for Four Water Companies –
Paper dated 29th September 2020**

We wish to record Skanska's strong support for the fundamentals of your provisional findings as set out in your published paper of 29th September. We believe that your provisional findings are much more aligned to, and reflective of, the direction of investment that we are seeing from the Chancellor of the Exchequer and the Treasury.

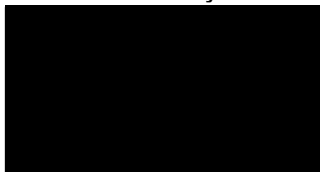
Whilst the findings are detailed and assess many issues associated with the original Ofwat determination, there are a few fundamental issues which we would particularly highlight in terms of our support.

Above all, a workable financial and commercial model needs to be in place that facilitates the four water companies to achieve the needs of the communities that they serve. Unfortunately, the Ofwat determination would have placed the companies in a position where they would not be financeable and they would not be in a position to invest appropriately (in so far as they would not have been able to raise debt). The Ofwat determination is also in conflict with the evidence whereby the community customers have indicated that they would be prepared to pay slightly more if good investment in their water outcomes is made.

Lastly, and perhaps from a more strategic perspective, we do need the water companies to step up and take the necessary actions that are needed to deal with climate change, both the proactive actions and the reactive actions. Your provisional findings will afford them a much better platform for doing so.

Irrespective of the challenge from Ofwat, we believe that you should hold to your provisional findings.

Yours faithfully



Gregor Craig
President and CEO, Skanska UK