

May 18 2009

I am the Chairman of the South East Water Customer Advisory Committee and I write on behalf of the Committee. At its meeting of the Committee on 11 May 2009, the Committee discussed the Essential Services Commission's draft decision (dated April 2009) in relation to the 2009 Water Price Review. The Committee has asked that I write to you to express concern at some of the service standard targets that have been proposed by the Commission in the draft decision.

The Committee is concerned that the Commission has decided to impose a number of harder service standard targets to those that we as a Committee, had agreed to in the original Water Plan submitted by South East Water. In particular, the targets proposed by the Commission for water interruptions per 100km of main and sewer blockages per 100km of sewer which have been proposed to be based on the average results from a three year period (2005-08). We believe that this three year average is an inappropriate way to set the targets due to the unusual climatic conditions currently being experienced in respect of drought and the impact this is having on results achieved in the 2005/08 period. After discussion on this issue with South East Water management we have also accepted their revised approach that takes into account current year performance in setting an average that will more accurately reflect the likely conditions over the next four years.

South East Water has also proposed to provide slightly less focus on customer call answering times (a drop from 96% to 93% for calls answered within 30 seconds) on the basis that South East Water will maintain existing resource levels but intend to spend more time with each caller focusing in particular on water conservation advice. The Committee believes this is an appropriate response in this climate where more customers are seeking solutions to their needs.

Other factors the Committee took into consideration in reaching its position in regard to these targets was the market research South East Water had undertaken to understand customer expectations and willingness to pay and the recent Commission Comparative report which showed the superior results currently being achieved by South East Water in regard to these service standards when compared to the other metropolitan retailers.

I hope the views of the committee will be considered and the service standard targets be reviewed .

Yours sincerely,

Christine Ware