

Northern Ireland Water
Chairman's Office
Westland House
Old Westland Road
Belfast BT14 6TE



Tel: 028 90 354772
www.niwater.com

Professor Peter Matthews
Chairman
Utility Regulator
Queens House
14 Queen Street
BELFAST
BT1 6ED

6 July 2011

Dear Peter

Putting Consumers First – Response to the 2010/11 Freeze/Thaw Incident

Thank you for your letter of 21 June 2011 in relation to the above matter.

NI Water is fully committed to taking forward the recommendations proposed in the Utility Regulator's report of the investigation into the Freeze/Thaw incident over the Christmas and New Year period. We accept that lessons needed to be learned from what was an exceptionally difficult time for many of our customers and have implemented some key actions since the incident.

Your report highlighted that much good work was done by our staff over the period of the incident and I wish also to record my sincere thanks to those people for their efforts in often extremely difficult circumstances. I would also like to extend my personal thanks to the many other Government Agencies, local Councils, voluntary groups and others who assisted in providing resources.

It remains the case however, that on a number of fronts, in particular in relation to communicating with our customers, we fell short of what they expect and what we as an organisation are determined to provide. Our focus therefore is very much on learning and embedding improvements to our service from the incident in order to ensure that we provide the best possible service to our customers.

We are pleased to note that the Board of the Utility Regulator has decided that it will seek a formal commitment from NI Water by an exchange of formal correspondence to the delivery of the Recovery Action Plan, rather than pursue the delivery of these actions by means of enforcement action under the Water and Sewerage Services (NI) Order 2006.

The Formal Commitment

NI Water is committed to taking the lead role in implementing the core of the Recovery Action Plan and instigating a change in culture to become more responsive to customer

needs. Many of the steps recommended within your report are already in progress and we will press forward to implement them in a manner that is both coherent and expedient.

We are content to commit to specific, time bounded actions in relation to:

- Establishing a baseline for monitoring and reporting progress;
- Providing monthly update reports to the Utility Regulator;
- Providing progress reports on specified dates to the Utility Regulator and the wider stakeholder group validating delivery through testing;
- Validating delivery through independent audit; and
- Reporting progress on the delivery of the plan publically.

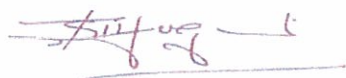
Our commitments for the provision of information in relation to the delivery of the Freeze/Thaw Recovery Plan are set out in the attached annex.

NI Water will publish on its website progress on the implementation of the Recovery Action Plan. We welcome the opportunity to agree the format of this with the Utility Regulator and note that you plan to publish same on your website.

I note your concern that cultural and internal governance issues at NI Water may hamper the ability of the company to meet the commitments identified. I can assure you that as a company we are absolutely focussed on delivering the Recovery Action Plan and have indeed assigned individual owners to each of the actions to ensure accountability over achieving milestones. We will work with all necessary stakeholders to manage the dependencies we have, particularly in the area of governance, to secure appropriate formal approval in line with public sector requirements.

I am convinced that working together with our various stakeholders and our dedicated workforce, we can provide our customers with the level of service that we are all determined to achieve and continue to restore and grow confidence for our customers in NI Water.

Yours sincerely



Sean Hogan
Chairman

CC Trevor Haslett
Shane Lynch (NIAUR)
Jo Aston (NIAUR)