

1st April 2009

To Chief Executive of NIW

WR 7: Annual Information Return

Annual Information Return 2008-09 (AIRO9)

I am issuing this letter as the UR's formal request for NIW to submit an Annual Information Return for the 2008-09 financial year (AIRO9) by 15th July 2009. The Auditor's report and the Reporter's report will be required no later than 3 weeks after the 15th July submission (5th August).

In order to accommodate the challenging timeframe for the Reporter I would be sympathetic to receiving the non-financial information at a later date and would be willing to discuss staged submission of the return with you. However, this will be no later than close of business on 14th August 2009. I would be willing to delay the submission of the Reporter's report in line with any relaxation of submission date for non-financial information.

I would emphasize that the submission of the regulatory accounting information in the return and the Auditor's report thereon makes a significant contribution to my work on the PCIO draft determination. The submission of the regulatory accounting information on the 15th July 2009 is necessary to allow me to complete this important work.

Key elements of the data in the Annual Information Return will also form part of your PCIO business plan submission on the 1st June 2009. However, this will be no later than close of business on 14th August 2009. The Auditor's report and the Reporter's report will be required no later than 3 weeks after the 15th July submission (5th August). The company will inform the Utility Regulator (UR) as soon as it becomes aware of any material changes in data provided in its business plan submission on 1st June 2009.

The Utility Regulator's (UR's) guidance notes and table templates accompany this letter. The UR has developed the information return requirements from the NIAUR AIRO8 template with which NIW is familiar.

The requirements reflect a comprehensive company return.

Some elements are not relevant this year but have been included to indicate the likely future reporting requirements to facilitate the company in developing its reporting systems and processes. We have highlighted in the tables and commentaries where information does not need to be provided for this reporting year.

UR Expectations

I would like to take this opportunity to remind you that the information you provide informs decisions we take and in the absence of data or the return of poor data we will apply our regulatory judgment in making associated decisions. It is therefore important that:

- NIW adhere to the definitions and guidance provided when completing the return and advise of any reporting issues in the accompanying commentary documents.
- Material assumptions and adjustments that have been made to derive reported data are fully disclosed in the return along with any uncertainties over data. Confidence grades should be used as appropriate to reflect any uncertainties.
- Year on year changes in data should be explained in the commentary and, where appropriate, justified.
- NIW submit as qualitative, complete and accurate a return as possible including commentary documents which are as relevant and authoritative as possible.
- Particular attention is taken to ensure that there are no inconsistencies either between commentary and tables, or within the table and commentary documents themselves.
- In the interests of quality and comparability, any changes made to data are declared as and when they are uncovered and not reserved for comment until the following annual information return submission.

In any circumstances where data estimation is not possible or of a low confidence grading, NIW will be expected to detail in their commentary the action that is being taken and associated delivery timeline to ensure that reporting requirements reflect a marked improvement in future returns.

Role of the Reporter and Auditor

The roles of the reporter and auditor are a vital part of the scrutiny we require to provide quality assurance for your data submissions. NIW should therefore fully disclose any concerns over data quality and provide full access to primary data sources to both the Reporter and the Auditor.

NIW Query Process

The Network Regulation Team will be taking the lead role in relation to the AIRO8 guidance and any contact in relation to the return requirements should be directed to them.

Query Process following NIW Submission

The Utility Regulator will apply a query process similar to that applied to previous AIRs for addressing its queries to NIW for AIRO9. NIW's regulatory finance team are familiar with this process which requires a response within 10 working days of queries being issued by the UR to NIW with a reciprocal 10 day turnaround being applied by the UR for any follow up queries on the same issue.

In order to reduce the time and effort required for this query process, I would emphasise the need for NIW to check for and rectify any inconsistencies between the commentary and the data tables.

I would ask you to note that the chairman and one non-executive director of the company should sign the Overview confirming that the board of the company has endorsed it.

I require 8 paper copies and 1 electronic version of the full AIRO9 submission and 2 'stand alone' copies of year end nominal ledger statements to be delivered to the Networks Regulation team at the UR office by 15th July 2009.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Aston', with a stylized flourish at the end.

J Aston
Director of Water Regulation