

Bruno Basalisco
Ofcom
Riverside House
2A Southwark Bridge Rd
London
SE1 9HA.

11th October 2011

Dear Bruno,

Discounting for CBAs involving private investment, but public benefit

We welcome the circulation of this consultation as we think it is good for all stakeholders to have the opportunity to comment on the important issue of discounting for CBAs. Previously there has been too much focus on the academic debate surrounding discounting with little focus on the practical guidance needed when developing business plan proposals.

We agree that the two-step Spackman approach is appropriate for Water companies where there is private investment and public benefits. It ensures our financing costs are properly reflected in the costing side of the CBA by discounting at the weighted average cost of capital.

Yours sincerely,

Jill Wisniewski
Regulatory Planning Manager
Northumbrian Water Limited