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**Scottish
Water**

Always serving Scotland

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Dear Ian,

Annual Return 2014/15 Submission

I am pleased to submit the Annual Return tables and commentary for 2014/15; comprising of:

- Overview Document - 2 paper copies
- Commentary - 2 paper copies
- Tables - 2 paper copies
- All documents – electronic version - 1 CD ROM

The Overview document reports on Scottish Water's performance and activities in 2014/15. The year proved to be another successful one and as we conclude the 2010-15 period, Scottish Water performed strongly. Over the period drinking water quality and environmental performance has improved and customer satisfaction is at record levels.

The Overview document includes our assessment of our financial out-performance, calculated in accordance with the methodology set out by the Commission and applied to Scottish Water's regulated business. We also set out those areas where we have delivered substantially higher service levels to our customers than those required in the Final Determination 2009.

We have 37 Q&S3b projects that were due but not delivered by the end of the period and recognise that a significant proportion of these were in two important programme areas; water treatment works improved and improved waste water discharges. Scottish Water takes seriously the concerns raised by the Commission and the disappointment expressed by the quality regulators with the delays that have occurred with the outstanding elements of our investment programme. I can assure the Commission that Scottish Water will maintain a strong focus on delivering the remaining outputs as soon as possible.

If you require any further information, please do not hesitate to contact either myself or Jim Mulholland.

Yours sincerely,



Tom Harvie-Clark
Head of Strategy & Economic Regulation