

Your ref:

Our ref:



Office of Water Services
Centre City Tower
7 Hill Street
Birmingham B5 4UA

ME
5

11 September 1989

All Chief Executives/Managing Directors
of Water and Sewerage Undertakers

Dear Sir,

REQUISITIONING OF MAINS AND SEWERS: APPROVAL OF INTEREST RATES

Under Sections 41 and 72 of the Water Act 1989, the Director General may approve rates of interest to be charged on deficits resulting from the requisitioning of mains and sewers, or to be paid on sums deposited with the undertaker by way of security. The Act provides that such approval "may be given or made in relation to the provision of a particular water main/public sewer, in relation to the provision of mains/sewers of a particular description or in relation to the provision of water mains generally".

There have already been a number of enquiries about the basis on which the Director General would be prepared to approve interest rates. For the time being, it is proposed that approvals will normally be given in relation to the provision of particular mains/sewers, rather than on a more general basis. However, there may be sound arguments for moving in due course to granting of more general approvals. If that were to be done, it would, of course, be important that the basis of the approval was appropriate, and consistently applied, to all undertakers.

The purpose of this letter is, therefore, twofold: to inform you of the general approach that it is proposed to adopt of the time being; and to invite observations on the basis on which the Director General might give a more general approval.

I am sending this letter to Chief Executives/Managing Directors of all water and sewerage undertakers, and copying to Peter Hall (WSA) and Valerie Homer (WCA).

Yours sincerely

C W Bolt
Charges Control Division