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To: **Managing Directors of Water Companies
and Water and Sewerage Companies**

Dear Managing Directors,

Ofwat Willingness to Pay Research

As you know Ofwat commissioned the Flood Hazard Research Centre (Middlesex University) to carry out a limited research project into customers' willingness to pay for improved levels of service. This work has now been completed and I enclose a copy of the summary report.

The research objectives were essentially exploratory; in particular, to provide a better understanding of the factors effecting customers' views on paying for improved services, such as household income and the level of existing charges.

It is important to emphasise that the research does not cover all the issues that might be relevant to individual companies' Market Plans; and that the sample of respondents on which the research was based was not a representative sample. The findings cannot, therefore, be generalized to the population as a whole or to company areas where the interviews were held. Having said that, however, the research provides some valuable insights into the factors affecting customers' views and you should find the research helpful when interpreting the results of your own research and customer consultation.

Flood Hazard Research Centre are in the process of finalizing the full technical report; and as soon as this is ready I will send you a copy.

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