

## **Media Release : EPIC says UK regulator's determination will be scrutinised**

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Equity Partners Infrastructure Company says while United Kingdom water regulator Ofwat has slightly increased its determination of the prices which one of EPIC's investments, Thames Water, can charge consumers, the decision will be closely scrutinised. Thames Water's prices over five yearly cycles are determined by Ofwat, the regulator of the water and sewerage companies in England and Wales. Ofwat has announced that Thames Water's future average annual household bill will be able to rise by 3% before inflation. EPIC director Margaret Devlin, who until recently was managing director of South East Water in the UK, said the final determination is a slight upward change from the earlier interim decision announced in July, which was that prices were to remain static.

"Ofwat sets price limits and efficiency benchmarks in five year intervals following consultation with the companies that it regulates. These five year determinations offer certainty to those companies and consumers "The determination is now being considered by Thames Water who is expected to comment further in January 2010. Thames Water may refer the Final Determination to the Competition Commission for further consideration. Until that process is complete, further comment which might impact on the process is inappropriate.

"Thames Water, the largest water and wastewater company in the UK, is a high quality investment for EPIC. We also have a significant investment in Moto, a leading motorway service area operator in the UK, which represents both an important investment and diversified income stream for the company.

"It is too early to assess the potential impact of the Ofwat determination on Thames Water's dividends – especially as the process is not yet complete - but with EPIC's investment in Moto, EPIC's dividends to investors are less reliant on Thames Water's performance than was the case prior to the Moto investment."

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