
Office of Utilities Regulation

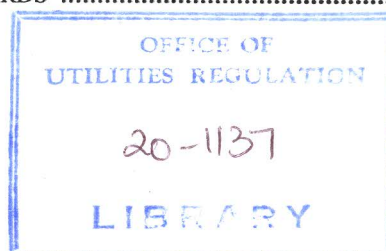
Quality of Service Standards for Electric Utilities

A CONSULTATIVE DOCUMENT

1999 December

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Abstract

One of the responsibilities of the Office of Utilities Regulation (OUR) is to establish service standards for the utility companies. This is particularly important because the utilities do not face the normal competitive pressures that would otherwise ensure the provision of services to consumers. This document sets out specific proposals for two categories of service standards for Jamaica Public Service Company. These are guaranteed and overall service standards. The OUR has substantially completed negotiations with Jamaica Public Service Company Limited (JPS) for the introduction of guaranteed service standards which will form the basis for measuring the company's performance in respect of Quality of Service to the consumer. Failure to meet the guaranteed standards will result in JPS making a payment to the customer who has suffered a substandard level of service. A minimum compensatory payment level has not yet been agreed with JPS. However, the OUR is proposing a minimum compensatory payment of J\$200.00 and J\$1, 000.00 to residential and commercial customers respectively for failure to meet a guaranteed standard. Overall standards will be monitored as a measure of JPS' performance, but failure to satisfy the standard will not result in a penalty payment. On completion of the consultation process, the OUR proposes that the scheme for compensatory payments to consumers commence in mid 2000.

Comments from interested parties are invited on these proposals (see the next page for details).

Additional copies of this document may be obtained by contacting the OUR's library (Tel:968 6053; Fax: 929 3635). The document may also may be downloaded from the OUR's web site at <http://our.org.jm>

Comments from Interested Parties

All persons who wish to express opinions on this Consultative Document are invited to submit their comments in writing to the OUR. Electronic versions of comments will also be accepted. Comments are invited on all aspects of the issues raised, but especially the specific questions identified in Chapters 2,3,4, 5 and listed together in Chapter 6. Responses to this Consultative Document should be sent by post, fax or e-mail to :-

Calvin Dixon
P.O. Box 593
36 Trafalgar Road,
Kingston 10
Fax: (876) 929 3635
E-mail: caldixon.our@cwjamaica.com

Responses are requested by 2000 January 23. Any confidential information submitted should be put in a separate Annex and clearly identified. In the interest of promoting transparent debate, respondents are requested to limit their use of confidentiality markings as far as possible. Respondents are encouraged to supply their responses in electronic form so that they can be posted on the OUR 's Web site (or a link included if the respondent wishes to post his response on his own web site).

Comments on Responses

As in all of the OUR's consultation periods, there will be a specific period for respondents to view other (non-confidential) responses and to make comments on them. The replies may take the form of either correcting a factual error or putting forward counter-arguments. Comments on responses are requested by 2000 February 7

Those who wish to view the responses that the OUR has received should make an appointment by contacting Granville Newell, Communications Manager, by one of the following means:-

Telephone: (876) 968 6053 (or 6057)
Fax: (876) 929 3635
E-mail: granewell.our@cwjamaica.com

At the pre-arranged time the individual should visit the OUR's offices at:-

3rd Floor, PCJ Resource Centre, 36 Trafalgar Road, Kingston 10

The individual will be able to request photocopies to be made of selected responses at a price, which just reflects the cost to the OUR of its photocopying facilities. Copies may also be ordered by post by sending a cheque made payable to "Office of Utilities Regulation" (the contact above should be used to find out the correct amount).

Timetable

The timetable for the consultation is summarized below:

Event	Date
Responses to this document	2000 January 23
Comments on Responses	2000 February 7
Statement	2000 March 31

CHAPTER 1: INTRODUCTION

- 1.1 This is the second Consultative Document to be issued by the Office of Utilities Regulation (OUR) on the electricity sector. This paper seeks to provide an overview of the principles on which Jamaica Public service Company Ltd (JPSCo.) should be required to meet service quality standards. The OUR has already agreed upon a specific set of service standards with JPS. These were introduced internally by JPS in 1998 April and are currently being monitored by the company. It is proposed that in mid 2000, some or all of these standards will be converted to guaranteed standards, at which time, a scheme for compensatory payments to customers will be introduced.
- 1.2 The main purpose of this consultation is to:
- a) see whether there is any major objection or omission to the standards that have been agreed with JPS;
 - b) firm up the provisional standards for the initial years;
 - c) decide the appropriate approach to implementation including the level of compensatory payments;
 - d) consider the adequacy of the review period;
 - e) put forward new proposals for overall standards (which will carry no specific financial penalties);
 - f) invite comments from the general public and from other interested parties, such as consumers, service providers, businesses, professionals and academics.
- 1.2 On completion of the consultation, the OUR will publish a Statement outlining the results of the consultation and hence, the decisions made regarding quality of service standards for the electricity sector.
- 1.3 Chapter 2 explains the reasons why service standards are necessary for the electricity sector and the relevant areas of service for which performance should be measured. Chapter 3 will give a detailed description of the Guaranteed Service Standards whilst Chapter 5 discusses the proposed Overall Standards.

CHAPTER 2: REGULATION OF SERVICE QUALITY

Background

2.1 Jamaica Public Service Company Ltd (JPS) enjoys a monopoly and is currently the sole distributor of electricity in Jamaica. At 1999 March it had a customer base of 456,506 customers. Customer service is provided through a network of 21 service centres dispersed through the Island. Its customers are categorized through its tariff structure as:

- Rate 10- Residential
- Rate 20- General Service
- Rate 40- Power Service
- Rate 50- Large Power
- Rate 60-Street Lights and Traffic Signals

2.2 The Company's Mission Statement reads as follows 'Through a highly motivated staff, provide a first-class energy service which is safe, reliable and reasonably priced, thereby achieving a high level of customer satisfaction; supporting the preservation of the environment; making a reasonable rate of return for shareholders, while being good corporate citizens'.

2.3 The Office of Utilities Regulation (OUR) has a responsibility to safeguard the interest of electricity consumers with regard to the quality of service provided by Jamaica Public Service Company. In this document the OUR is proposing a series of standards against which the company's performance in terms of quality of service will be measured (see Chapters 3,4 and 5). Also, to encourage commitment to customer service by JPS, OUR and the company have agreed on a number of customer

service standards (see chapter 4). The OUR Act of 1995 failed to provide the OUR with statutory authority over the main utility companies including JPS. This deficiency has been brought to the attention of the government but to date has not been corrected. Until this deficiency is corrected the regulator for the electricity sector will continue to be the Minister Mining of and Energy. In these circumstances the OUR will operate in an advisory capacity to the minister.

2.4 JPS is currently operating under a form of price cap embodied in a Performance Agreement with the National Investment Bank of Jamaica (NIBJ). Details of this price control are as follows:

- a) JPS computes the rates charged to its customers on the basis of a tariff structure which provides for the following:
- i) a constant base average tariff in US\$;
 - ii) a base average fuel charge;
 - iii) energy cost
 - iv) applicable efficiencies in relation to heat rate and system losses;
 - v) a fuel charge adjustment to reflect changes in the actual cost of fuel; and
 - vi) an exchange adjustment to reflect changes in the base exchange rate
- NB. The average energy cost at base fuel and exchange rates is 12.50 US cents per KWh.

- b) JPS shall not make any application to the OUR for an adjustment in the said tariffs before 2000 April 1.

Why Regulate JPS' Quality of Service

- 2.5 The majority of Jamaican consumers of electricity receive their electricity service from the Jamaica Public Service Company. The few consumers who do not depend on JPS for their electricity supplies are businesses that generate electricity for their own consumption.
- 2.6 In competitive markets, the existence of more than one provider of particular goods or services creates an incentive for the firms to supply goods and service of the highest quality. This is so because a rational consumer will not normally tolerate a poor quality of service if he / she has a choice. Given a choice, consumers will switch from a provider of poor quality to one who provides a higher quality of service, all other things being equal. In monopoly markets however, consumers have no choice and monopolists therefore do not have as great an incentive, to maintain a high quality of service.
- 2.7 When companies are subject to price controls, such as price cap regulation, problems of quality degradation can arise. This happens as the price control encourages the firm to minimize its costs. In an effort to maintain or increase its profits, a price-regulated firm may reduce operating and maintenance costs to an extent, which can lead to degradation in the quality of its outputs. This decrease in service quality manifests itself in the form of customer complaints and general public expression of dissatisfaction.

- 2.8 The regulator has a duty to devise methods of monitoring service quality and providing prescriptions to specific improvements in performance. Mechanisms must exist to encourage the utility to maintain high standards and where there is consistent breach, for penalties to be imposed.

- 2.9 Quality of service issues for the electricity sector will generally revolve around the items indicated below:

a) **Reliability of Service** – For the purposes of this discussion electric system reliability has two components: **adequacy** and **security**. Adequacy is the ability of the electric system to supply customers at all times, taking into account scheduled and unscheduled outages of system facilities. Security is the ability of the electric system to withstand sudden disturbances, such as electric short circuits or unanticipated loss of system facilities.

b) **Customer Service** – This relates to the quality of the service which is provided and the manner in which it is delivered to the consumer by the electric utility.

Standards of Performance for Electricity

- 2.10 There are two types of service standards which are being proposed. These are:
- (i) guaranteed standards and
 - (ii) overall standards.

Guaranteed Standards set service levels that must be met in each individual case. In the case of guaranteed standards the utility is required to make a

compensatory payment to the affected customer. These standards are set to guarantee a level of service which it is reasonable to expect the utility to deliver in all cases.

Overall standards are designed to capture those aspects of good system management that will affect all customers. Overall Standards cover areas of service where a large number of customers are affected and it is not feasible to give individual guarantees. Nevertheless, it is appropriate to assure customers in general that the company will provide predetermined minimum levels of service. While there are no direct penalties involved if JPS fails to meet an overall standard, the company still has a duty to conduct its business in such a way as can reasonably be expected to lead to its achieving the standards. The company's performance in this regard will be taken into account at price reviews. Hence, while payments to individual customers will not be made, failure to meet Overall Standards could result in lower tariff settings or a customer rebate.

Q 2.1 Is the concept of guaranteed and overall standards an appropriate mechanism for monitoring customer service at JPS?

Basis for Developing the Proposed Standards

2.11 In developing the proposed standards set out in Chapters 3, 4 and 5, the OUR has relied upon :

- i) JPS' current performance regarding customer service quality issues and

- ii) information drawn from the United Kingdom, which has a well-established scheme of customer service quality standards.

Overall versus Guaranteed Standards

2.12 Overall Standards relate mostly to the reliability of service, which affects a group of customers. Examples of quality service issues which the OUR has classified as falling within the overall standards category are as follows:

- Number of annual outages per customer
- percentage of line faults repaired within a given time
- number of complaints
- total customer minutes lost split between generation, transmission and distribution
- number of minutes lost per customer
- advanced notice to customers of planned outages
- system losses (technical and non-technical)
- rate of connecting new supplies
- response time for reconnections
- frequency of meter reading.

2.13 Guaranteed standards relate to the relationship between the company and the individual customer. Examples of issues considered as falling under the guaranteed standards categories are:

- connection to supply within a specified time

- response time to emergency service calls
- keeping appointments
- billing accuracy and punctuality
- response to customers queries
- restoration of service after unplanned outages
- receipt of compensation payments

2.14 JPS' Performance Agreement with the NIBJ contains some specific customer service standards. Whilst not exhaustive, these standards have helped to set the stage for the focus of JPS proposed standards on customer service. For information purposes the details of the focus of the JPS/NIBJ customer service standards as well as the focus of the OUR proposed standards are shown Table 1.

- a) Based on the number of billing related complaints received and the percentage of those that are returned to JPS by the OUR for additional action, it seems that the customer contact staff at JPS are not being thorough in addressing the concerns raised by customers.
- b) The company's handling of claims for equipment damage, seems to be the most significant factor influencing the claims received by the OUR. In 1997/98 32 (or 21%) of the 153 complaints received related to equipment damage while, in 1998/99 74 (or 22%) of the 340 complaints received were in the equipment damage category. The OUR is proposing standards to correct these issues as seen in the draft standards.

Current Status of Quality Issues at JPS

- 2.15 One way to gain an insight into JPS' current performance in delivering quality of service is to examine customer's complaints. The OUR's policy of accepting complaints from utility customers is that it will only accept the consumer's complaints for investigation at its Consumer Affairs Department after the customer has already lodged a complaint with the relevant utility and has exhausted all the utility's complaints procedures and is still dissatisfied.
- 2.16 Most of the complaints received over the period 1997/98 to 1998/99 relate to billing matters, equipment damage and disconnections (See Table 2). In 1998/99 these three issues were approximately 75% of the total complaints received. Further review of the complaints received suggest the following:

Table 1: Comparison of OUR Proposals & NIBJ/ JPS Performance Standards

OUR Proposals - Guaranteed Standards	NIBJ/ JPS Performance Standards
◆ Connection to supply (simple & complex)	New connection to supply
◆ Response time to emergency and service calls (single events)	Emergency response time
◆ Response to Customer queries	Customer Complaints Response
◆ Reconnection after payment of overdue amounts	Maximum time for reconnection after payment of overdue amounts
◆ Advance notice to customers of planned outages	-
◆ Keeping appointments	-
◆ Billing punctuality	-
◆ Restoration of supply after unplanned outages	-
◆ Receipt of compensation payments	-
Overall Standards	
◆ Maximizing the number of line faults Repaired within a given time	-
◆ Minimizing the number of customer Complaints	-
◆ Minimizing the total number of customer minutes lost split between generation, transmission and distribution	-
◆ Minimizing the number of minutes Lost per customer	-
◆ Minimizing system losses	-
◆ Ensuring advance notice to customers for planned outages	-
◆ Improving the rate of new connections	-
◆ Improving the frequency of meter reading	-
◆ Minimizing the response time for reconnections	-

Table 2: Categories of Complaints –Electricity

	1997/98	1998/99
Categories	4 Quarters (Apr - Mar)	4 Quarters (Apr - Mar)
Billing Matters	65	167
Equipment Damage	32	74
Property Damage	2	2
Disconnection	12	22
Re-connection	2	0
Irregular supply	5	7
Metering	0	1
Unscheduled interruption of service	8	4
Health and safety	0	0
Service connection	1	4
Unavailability of service	0	5
Other	26	54
TOTAL	153	340

Source: OUR's Consumer Affairs Department

CHAPTER 3: THE GUARANTEED STANDARDS

Introduction

- 3.1 In addition to the performance standards agreed to in the contract between NIBJ and JPS, the OUR has developed a number of additional standards which are intended to provide a measure of the overall performance of the company in terms of the quality of service. The OUR has substantially completed negotiations with JPS for the introduction of service standards which will form the basis for measuring the utility's performance in respect of Quality of Service to the consumer. The guaranteed standards and related issues are described in this Chapter.
- 3.2 The Guaranteed Standards have been set to take into account many of the problems associated with providing electricity to the geographically diverse areas of Jamaica. In brief, these guaranteed standards seek to set service levels which must be met in each individual case, and it is proposed that if JPS fails to provide the level of service required, it will have to make a payment to the customer affected. Certain differences between rural and urban service areas have made it necessary to establish differentiated standards. These differences are reflected in service standards that vary broadly with supply area characteristics. The definition of rural and urban used by JPS will be adopted by the OUR in the first instance but may be subject to revision in the future. JPS' definition of urban is, "any location within a five-mile radius of the parish capital or any location that has the social institutions set out in the Town Planning Settlement Strategy".
- 3.3 The categories of service chosen for standard setting are the areas of service which the OUR considers to be the prime areas of concern for customer service in the electricity service. The Guaranteed Standards will be subject to reviews periodically.
- 3.4 It is proposed that the scheme for JPS to make compensatory payments to customers when it fails to meet Guaranteed Standards will be introduced on 2000 July 1.
- 3.5 Each standard was developed taking into account:
- a) JPS' performance as suggested by analysis of complaints received by the OUR and using these issues as a starting point in setting the standards and
 - b) by benchmarking against the standards existing in the UK. The UK was chosen as a model because it has a well-developed quality of service and guaranteed standards scheme for its electricity sector (see Annex B for information on UK Guaranteed standards).
- 3.6 The proposed Guaranteed Standards of performance for the first three years to 2002 are shown in Table 3 and are described in more detail below.
- EGS1- Connection to Supply (Simple)**
- Objective: To ensure that new customers are connected to the utility network in a timely manner.

Definition: This standard relates to the requirements for providing a supply where the work involved is restricted to the service drop and meter installation. Work at the primary distribution voltage level is excluded. The standard requires JPS to connect all new customers who are within 30 meters (or where the electricity supply is available at the property boundary) of an existing circuit within a specified period, after signing the contract for connection.

The connection conditions are defined as:

- a) Supply available and meter already installed;
- b) Supply available but service drop and meter to be installed.

EGS2 – Connection to Supply (complex)

Objective: To ensure that new customers to the utility are connected to the network in a timely manner:

Definition: In situations where extension of the system will be required at the distribution voltage level or the service required is abnormal or requires the installation of major equipment e.g. specific transformers or complex metering arrangements, JPS will be required to advise the customer in writing, of the specific date for provision of the works estimate and supply conditions and to make a commitment as to the date of completion of construction after the acceptance in writing by the customer. [A standard clause and formula for compensatory payments, should JPS fail to meet the commitments, must be included in the agreements between JPS and the customer. The general principles which constitute these formulae are to be approved by the OUR]. This standard requires JPS to connect a new customer

within a specified period when the connection is more than 30 meters but less than 250 meters from an existing circuit or where the work involved in making the connection results in costs which are substantially in excess of normal connection costs (determined by JPS).

The standard provides for the estimate of supply costs to be provided within specific periods where:

- a) the connection point is 100 meters or less ; and
- b) the connection point is greater than 100 meters of an existing supply.

Specific periods for completing the construction after the formal agreement and acceptance, by the customer, of the works estimate and supply conditions are also defined in each instance.

EGS3- Response time to emergency and service calls (single events)

Objective: To ensure JPS remains responsive to customer's demands relating to emergency and service calls.

Definition: A service crew or representative of JPS is required to be in attendance at the service site and appropriate action taken within a specified time of the customer's call. The response time is specified to differentiate between urban and rural locations. An emergency includes problems/defects at the metering point, broken or defective service lines, defective transformer fuses, low or high voltage conditions or any condition which causes interruption of supply to one or more customers in a particular area.

EGS4 - Keeping appointments

Objective: To minimize the inconvenience to customers of having to wait for JPS' representatives to attend appointments.

Definition: JPS has a responsibility to satisfy customers requests for representatives to attend sites in the morning or afternoon of a particular day. The arrangement to visit the site or sites constitutes the appointment. The morning is defined as being from the start of business to 12.00 noon and the afternoon spans the period from 12.00 noon to the close of business of the particular day on which the visit should be made.

The representative must make the site call within the period agreed with the customer. JPS is required to give the customer a minimum of 12 hours' notice if the appointment has to be rescheduled. The appointment can be made for meter reading, fault correction or general inspection purposes and does not cover calls by standard EGS4.

EGS5 - Delivery of Bills

Objective: To avoid unnecessary delays in billing customers.

Definition: JPS is required to publish a meter reading cycle, stating the frequency with which meters will be read. The standard requires the utility to deliver a bill within a specified period after the meter reading date. The standard also provides for the first bill issued to a new customer to be delivered within a specified period after connection.

Delivery date will be defined as the date on which the bill is issued.

EGS6 - Response to Customer Queries

Objective: To ensure that the customer queries (either written or by telephone) relating to metering, billing, voltage complaints, quality of service and other issues are dealt with promptly and satisfactorily by the utility.

Definition: JPS is required to acknowledge in writing a customer's inquiry within a specified period of receiving an inquiry. The acknowledgement must include a commitment as to the time within which the investigation will be completed; the maximum period for completing the investigation is also defined in the standards. Investigation and notification of the outcome of the customer's inquiry should be delivered within the period specified in the acknowledgment.

If the matter is subject to resolution by a third party, whose action is outside the control of JPS-e.g. an insurance claim, a maximum period for resolution must be fixed subject to the completion of the third parties action .

The customer must be advised within 30 days of receipt of the complaint if the matter is subject to judicial or similar hearings (i.e. where the customer did not initiate litigation). In these cases JPS cannot make a commitment as to the time for resolution.

In each case, the delivery date of the notice will be defined as the date of the issue of the notice or, in the case of hand delivery, the delivery date.

EGS7- Reconnection after payment of overdue amounts

Objective: To encourage prompt reconnection of customers after payments of overdue amounts.

Definition: JPS is required to reconnect customers, who have been disconnected for debt and have either settled their amounts, within a specified maximum period or arrived at an appropriate payment schedule with JPS.

EGS8- Restoration after Unplanned (forced) Outages (Distribution System)

Objective: To minimize interruptions to supply caused by unplanned outages on the distribution system.

Definition: Supply should be restored within a specified period after being reported. The standard distinguishes between urban and rural situations.

EGS9- Receipts of Compensation Payments

Objective: To ensure that the value of compensation is not undermined by late receipt of payment.

Definition: This standard requires that JPS make payments which are due under the Guaranteed Standards scheme. JPS will be required to respond to the customers claim within 45 days. If the payment due under a particular standard is not paid within the specified period the utility has to make a further payment of a similar amount and this will repeat itself for subsequent periods until payment is made. The Forty – five days (45) days maximum will ensure that no more than

one billing cycle passes before JPS makes compensation.

Q3.1 Are the OUR's proposed guaranteed service standards reasonable? If not please suggest modifications, additions or deletions.

Duration and review of Guaranteed Standards

3.6 As was pointed out at 3.1, the purposes of this consultation include among other things:

- i) firming up the provisional standards for the initial years and
- ii) considering the adequacy of the review period of three (3) years. The OUR is proposing that the next review to the standards will be for the period April 2002 to March 2005.

Q3.2 Are the figures included in the provisional standards for the years 2001 to 2002 reasonable?

Q3.3 Is the review period of three years appropriate?

Force Majeure Conditions and Exemptions from Standards

3.8 The Guaranteed Standards Scheme will be suspended in circumstances where compliance is beyond the control of the Utility. The OUR must be promptly notified by the utility in all cases of suspension or proposed suspension of the

scheme indicating the reasons for the suspension or proposed suspension. The burden of proof of exceptional circumstance will lie with the utility. Examples of exceptional circumstances may include:

- exceptional weather or natural disaster;
- accidental and/or malicious damage by third parties which could not have been foreseen or prevented and
- exceptional system conditions e.g. major breakdown or collapse of the generation or transmission system.

On receiving the concurrence of the OUR that a majeure condition existed, the utility will use appropriate means to advise customers. In force majeure conditions, all reasonable endeavours must be made by the utility to restore normal service to its customers as quickly as possible.

Table 3. Proposed Guaranteed Standards Scheme-JPS/OUR

Code	Description	Performance Measure	Units	1998/99 Actual	1999/2000 Std.	2000/01 Provn.	2001/02 Provn.
EGS1	Connection to supply (simple) Connection point within 30 meters	a) Supply and meter already installed b) Service drop and meter to be installed	Working days	4 5	4 5	4 5	2 4
EGS2	Connection to supply (complex) Connection point greater than 30 meters	a) Supply within 30 and 100 meters i) provide works estimate ii) complete construction b) Supply greater than 100 meters i) provide works estimate ii) complete construction	Working days Working days	10 30 15 40	10 30 15 40	10 20 15 40	5 20 10 30
EGS3	Response to emergency and service calls (single events)	Maximum time to restore supply a) Urban b) Rural	Hours	4 6	4 6	3 5	3 5
EGS4	Keeping appointments	Must offer and keep at least a morning or afternoon appointment with the customer – twelve (12) hours notice to be given if rescheduling is necessary.	In all related cases	In all related cases	In all related cases	In all related cases	In all related cases
EGS5	Billing punctuality	a) Time for bill to be delivered after meter read. b) Time for first bill to be delivered after service connection.	Working days	8 48	8 30	8 30	7 30

Code	Description	Performance Measure	Units	1998/99 Actual	1999/2000 Std.	2000/01 Provl.	2001/02 Provl.
EGS6	Response to customers queries (including metering queries)	Time to acknowledge inquiry after receipt a) Maximum time to complete investigation and respond from date of receipt of inquiry b) Maximum time to complete investigation and respond after third party's action is complete if a third party is involved (e.g. Insurance claim).	Working days	5 30	5 30	5 30	4 24
EGS7	Reconnection after payment of overdue amounts or agreement on payment schedule	Maximum time to restore supply after payments is made (weekdays) a) Urban b) Rural	Hours	24 48	24 48	24 48	18 36
EGS8	Restoration after unplanned (forced) outages on the distribution system	Maximum time to restore supply after notification a) Urban b) Rural	Hours	24 48	21 45	18 42	15 42
EGS9	Receipts of compensation payments	Maximum time to respond to a claim for compensatory payment (to be implemented 2000 July)	Days	NA	NA	45	45

CHAPTER 4: COMPENSATORY PAYMENTS

The Purpose of Compensatory Payments

4.1 Compensatory payments are intended to serve two main purposes as shown below:

- i) to provide an incentive to JPS to maintain the specified service standards. and
- ii) to compensate consumers for poor quality of service.

Level of Compensatory Payment

4.2 Although discussions are well advanced, the OUR has not yet reached an agreement with JPS on the amount of a compensatory payment to be attached to each guaranteed standard. In the OUR's view the payment should be set at a level that will reasonably compensate the consumer and not unduly jeopardize the viability of JPS. The approach adopted in this document is to discuss compensatory payments from the perspective of:

- a) the minimum payment for both domestic and commercial customers;
- b) variation in compensatory payments for breaches in different standards and
- c) the method of payment.

Minimum Level of Compensatory Payment

4.3 It is difficult to determine what the minimum amount of compensatory payment should be because, there is no

scientific way of determining the magnitude of such a payment.

4.4 It could be argued that the commercial customer could suffer a greater loss than the residential customer could if there is an interruption to supply, in which case a greater level of compensation to the commercial customer may be justified. However, if JPS fails to turn up for an appointment to visit a customer's premises, it may well result in greater inconvenience to a domestic customer who had to make arrangements for someone to be at the premises. A commercial customer will normally have staff at the premises on most occasions. But in general, a case can be made for a greater compensation to be paid to commercial and industrial customers since the impact of poor service on the business may usually be greater than the impact on a domestic customer. The OUR proposes a minimum amount of J\$200 for residential customers and J\$1,000 for commercial customers. These amounts are approximately 21% and 10% of the average monthly revenue per residential and commercial customer respectively. These amounts appear reasonable and will not unduly jeopardize the viability of JPS. They will provide a measure of compensation for the consumer and also provide an incentive to JPS to improve its levels of performance. These payments will be subject to periodic review.

Q4.1 What is considered an appropriate minimum level for compensatory payments and how should it be determined? What other options should be considered?

Q 4.2 Should domestic and commercial customers be compensated at the same amount? Why?

Payment Methods

4.5 If JPS does not meet the required standards, customers may:

- a) be required to claim compensation within a specified period of say two months of the incident: or
- b) automatically receive compensation from JPS.

4.6 If the customer is required to claim payment then there is a disadvantage in that the customer will have to be aware that a relevant service standard exists and that it has been breached. The customer would also need to understand the procedure for applying for compensation. Otherwise, this could lead to the compensatory payments not being claimed and would lessen the impact of this scheme as an incentive to perform and for customers to be compensated for poor service. The current practice in the UK is that the utility companies make automatic payment to the customer in most cases. An instance where the customer is required to claim is where for Guaranteed Standard GS8 – “Restoration of Supply” all customers can claim a further £20 for every additional 12 hours during which the supply remains off. In previous discussions with JPS, there was an understanding that customers would be requested to make claims on the basis that JPS might need to put in place a more sophisticated system if automatic compensation is to be implemented. However, in light of the possible disadvantages of customers being asked to claim above, the OUR is reconsidering

its position and would welcome the views of respondents..

Q 4.4 Should compensatory payments be made automatically by JPS or, should the customer be required to make a claim?

4.7 These payments can either be in the form of a one-time credit on customer's bill or JPS can make a separate payment to the customer in the form of a cheque. Whatever the payment method, JPS should inform customers of failure to achieve quality either by including a message on the bill or attaching a note to the payment, especially if payments are made automatically. This message on the bill could, for example be labeled as “compensation for below standard service” and should indicate the particular guaranteed service standard breached.

4.8 If JPS compensates customers by way of a cheque, a problem arises when the account holder is not the person who actually pays the bill. For example, in cases where premises are rented and the account is in the name of the landlord but the tenant is responsible for paying bill. There may also be cases where the name on the account has not been changed even though that person no longer resides at the premises. In such cases, compensation by cheque, which would be made payable to the account holder, would not provide compensation to the affected party. On the other hand crediting the bill directly will always compensate the payer of the bill who is not necessarily (although probably) the person inconvenienced and therefore the user of the service regardless of whether the account holder is the person who actually receives the service and pays the

bill. A one-time credit on customers' bills would also make the process of compensation faster and reduces the actual passing of cash from JPS' account. The OUR considers a one-time credit on customers' bills preferable to a cheque payment.

Q 4.5 Should compensation take the form of a one-time credit on customers' bills or other means such as a cheque?

CHAPTER 5: THE OVERALL STANDARDS

- 5.1 One of the main purposes of the Standards is to set a definitive framework for customer service by the utility company. This framework is intended to ensure a minimum level of service for all customers and to encourage JPS to aim for higher levels of performance.
- 5.2 The OUR will be monitoring the general performance of JPS using a series of Overall Standards. The Overall Standards are designed to capture those aspects of good system management that affect all customers. Data for measuring performance against the standards will be reported to the OUR on a quarterly basis by JPS. Targets for Overall Standards may be reset by the OUR at price reviews. The Overall Standards and target paths proposed by the OUR are shown in Table 5.1 below.
- 5.3 The standards below cover nine distinct service areas. The categories of service chosen for standard setting are the areas of service which the OUR considers to be the prime areas of concern for quality of service by the electric utility. The Overall standards are described in greater detail below.

EOS1 – Advance notice to customers of planned outages.

Objective: To minimize the inconvenience to customers of planned disruption in electricity service by providing formal notice of a disruption to supply, thus allowing customers to prepare for any material consequences of the supply interruption.

Definition: JPS is required to provide a minimum period of 48 hours of notice to its customers for planned disruptions in electricity service. Notice can be given either by publication in the print media or by issuing cards to each customer who is likely to be affected.

NB. This standard was originally discussed with JPS as a Guaranteed Standard however, the OUR proposes that this standard should be changed to an Overall Standard because, planned outages normally affect a large number of customers and this has the defining characteristics of an Overall standard.

EOS2- Number of outages per customer per annum.

Objective: To minimize the average annual number of outages which a customer experiences.

Definition: JPS is required to report on the average annual number of outages which customers experience. This is measured as: -

$$\sum_i^n \frac{\text{Customers affected by outages}_i}{\text{Total Number of Customers}}$$

Where i = outages during the year
 n = total number of outages in the year.

EOS3- Time to repair line faults

Objective: To maximize the number of line faults repaired within a given time.

Definition: JPS is required to respond as quickly as possible to all faults

reported and maximize the number of these faults which can be repaired in the Urban and Rural areas within 20 and 36 hours respectively.

EOS4 – Number of customer complaints

Objective: To minimize the annual number of complaints received.

Definition: JPS is required to reduce the total annual number of telephone and written complaints received per 10,000 customers (NB. excluding spurious complaints).

EOS5 – Customer minutes lost

Objective: To minimize the average number of customer minutes lost per customer.

Definition: JPS is required to minimize the average annual number of customer minutes lost per customer. This requirement is designed to reduce the inconvenience which the consumer is likely to suffer from frequent power outages.

EOS 6 – Customer minutes lost split between generation, transmission and distribution

Objective: TO determine how the different of JPS' operation contributed to the total customer minutes

Definition: JPS is required to trace the source of all outages which result in customer minutes being lost to the relevant area or areas of operation and to report on how these areas of operation (generation, transmission and distribution) contributed to the outages in

terms of the annual number of customer minutes lost.

EOS7 – System losses

Objective: To minimize the level of loss occurring in JPS' electricity system.

Definition: JPS is required to minimize the total annual losses occurring in the system (difference between energy generated and energy for which revenue is billed) as far as possible. This is designed to improve efficiency in the company.

EOS8 – Meter reading

Objective: To ensure that meter reading schedules are set for all meters installed at customers premises and that such schedules are complied with.

Definition: JPS is required to set meter reading schedules for all meters installed at customers premises and to ensure that such schedules are complied with. The company is encouraged to increase the annual number of meters read within the specified time in its billing cycle (currently monthly for non domestic customers and bi-monthly for domestic customers). This should reduce the incidence of customers being sent estimated bills by the company.

EOS9 – Meter inspection and testing

Objective: To maximize the number of meter inspections for the various classes of customers.

Definition: JPS is required to maximize the annual number of meter inspections carried out for each class of customers. JPS currently tests meters for

accuracy in respect of rate classes 40 and 50. This is designed to improve the level of accuracy in customer billing.

Basis of Performance Projections

- 5.4 The levels of performance indicated in Table 5.1 for the year 1998/99 are the levels of performance, which JPS has indicated that it achieved in that year. The OUR has therefore used 1998/99 as a base year for projecting the levels of performance for the years 1999/2000 to 2001/2002 in the related service areas.

Adherence to Overall Standards

- 5.5 If JPS consistently fails to meet these Overall Standards, then the OUR proposes to ask JPS for a formal explanation as to why the standards have not been met. If the reasons given are reasonable, OUR may modify the relevant standards. If in the OUR's view, the reason or reasons given for failure to meet all or particular standards appear unacceptable, then it proposes to institute some form of financial penalty which will be applied against the company at the next price review. Such penalty could take the form of:

- i) a rebate to customers for poor overall service or
- ii) a reduction in prices.

- 5.6 At price reviews, the performance of the Overall standards would be undertaken, with a view to seeing whether:

- a) any sanctions are required if there has been consistent failure to meet the Overall Standards and
- b) setting standards for the next price control period.

Q5.1 If JPS consistently fails to meet the Overall Standards, what approach should the OUR adopt and what mechanisms should be applied?

UK Overall Standards

For information purposes, details of the UK Overall Standards are shown in Annex C.

Final Questions on Quality of Service Standards for Jamaica Public Service Company Limited

Q 5.2 Are the categories of standards proposed by the OUR comprehensive? And if not, what additional categories of performance should the standards cover?

Q 5.3 Should any of the Overall Standards be Guaranteed or vice versa and if so, why?

Table 5.1 Proposed Overall Standards

Code	Standard	units	1998/99 Actual	1999/2000 Std.	2000/2001 Provn.	2001/2002 Provn.
EOS1	Minimum notice of 48 hours prior notice of planned outages.	Percentage (%) of planned outages for which at least forty-eight (48) hours advance notice is provided.	100%	100 %	100 %	100 %
EOS2	Number of outages per customer per annum	Average annual number of outages which customers experience.	To be supplied by JPS	Information to come	Information to come	Information to come
EOS3	Percentage of line faults repaired within a specified period of the fault being reported	Urban: 20hours, Rural: 36 hours	91% 98%	95% 99%	100% 100%	100% 100%
EOS4	Number of complaints to JPS (Restricted to those requiring investigation).	Total telephone and written complaints per 10,000 customers per annum	260	250	245	230
EOS5	Average number of customer minutes lost per customer	Average minutes lost per customer per annum	454	386	328	279
EOS6	Total number of customer minutes lost split into: - generation - transmission - distribution	Total customer minutes lost per annum allocated between the company's main areas of operation.	Million minutes 36.879 75.444 87.115	Million minutes 33.191 67.899 78.404	Million minutes 29.872 61.109 70.563	Million minutes 26.885 54.998 63.507
EOS7	Total system losses (difference between energy generated and energy for which revenue is billed).	System losses as a percentage of total energy delivered to customers.	17%	15%	13%	13%

Code	Standard	units	1998/99 Actual	1999/2000 Std.	2000/2001 Provn.	2001/2002 Provn.
EOS8	Frequency of meter reading	Percentage of meters read within time specified in the company's billing cycle (currently, monthly for non-domestic customers and bi-monthly for domestic customers) annually.	81%	95%	99%	99%
EOS9 (a)	Frequency of meter testing	Percentage of rates 40 and 50 customers meters tested for accuracy annually	90%	100%	100%	100%
EOS9 (b)	Frequency of meter testing	Percentage of other rate categories of customer meters tested for accuracy annually	10%	15%	15%	20%

CHAPTER 6: LIST OF CONSULTATION QUESTIONS

Regulation of Service Quality

- Q 2 1. Is the concept of guaranteed and overall standards an appropriate mechanism for monitoring customer service at JPS?

Guaranteed Service Standards

- Q3.1 Are the OUR's proposed guaranteed service standards reasonable? If not please suggest modifications, additions or deletions.
- Q3.2 Are the figures included in the provisional standards for the years 2001 to 2002 reasonable?
- Q3.3 Is the review period of three years appropriate?

Level of Compensatory Payments

- Q4.1 What is considered an appropriate minimum level for compensatory payments and how should it be determined? What other options should be considered?
- Q 4.2 Should domestic and commercial customers be compensated by the same amount? Why?

Payment Methods

- Q 4.3 Should compensatory payments be made automatically by JPS or, should the customer be required to make a claim?
- Q 4.4 Should compensatory payment take the form of a one-time credit on customers' bills or other means such as a cheque?

The Overall Standards

- Q5.1 If JPS consistently fails to meet the Overall Standards, what approach do respondents think the OUR should adopt and, if a penalty is to be imposed, How much?

Final Questions on Quality of Service Standards for JPS Co. Ltd

- Q5.2 Are the categories of standards proposed by the OUR comprehensive? and if not, What additional categories of performance should the standards cover?
- Q5.3 Should any of the Overall Standards be Guaranteed or vice versa and if so, why?

ANNEX A: NIBJ/JPS Performance Agreement on Customer Service Standards

- (a) Subject to such other higher standards as may be required by the OUR, JPS shall take such actions as are reasonably necessary, including the establishment of new systems, to ensure that the Performance Standards contained in the Performance Benchmarks are achieved and consistently maintained in its operations during the first three (3) years of the Term and particularly that, as of the Effective Date, the following standards are achieved:

<u>ACTIVITY</u>	<u>TIME FOR ACHIEVING</u>
(i) New Connection to supply	
- Where supply is already in place	2 working days after supply contract is signed.
- Where service installation is required	3 working days after supply contract is signed
(ii) Emergency Response (first attendance at site)	
- Urban	4 hours after notification
- Rural	6 hours after notification
(iii) Customer Complaints	
- First response	5 days after receipt of complaint
- Final resolution	30 days after receipt of Complaint
(iv) Maximum time for reconnection	24 hours after payment of overdue amounts, or appropriate payment schedule
b) JPS shall collate data on its performance against the aforementioned Performance Standards and make reports thereon the OUR as requested by the OUR in accordance with its powers under the Office of Utilities Regulation Act.	
c) JPS shall give all reasonable assistance to the OUR or its designated agent to assist the OUR in monitoring of JPS' compliance with the Performance Standards.	

ANNEX B: UK Guaranteed Standards

Table B. 1.

Service	Performance Level for most companies	Penalty payments for failure to meet Standards
(GS1) Respond to failure of a suppliers' fuse	Within 3 hours on a working day, 4 hours on any other day if any notification during hours	£20
(GS2) Restoring electricity supplies after faults	Must be restored within 24 hours	£50 (domestic customers) and £100 (non-domestic customers) for not restoring supplies within 24 hours plus £25 for each further 12 hours
(GS3) Providing supply and meter	Within 2 working days for domestic customers and 4 working days for non-domestic	£20-£100
(GS4) Estimating charges	Within 5 working days for simple jobs and 15 working days for most other jobs	£40
(GS5) Notice of supply interruption	Customers must be given at least 5 days notice	£20 domestic customers, £40 non-domestic customers
(GS6) Investigation of Voltage complaints	Visit within 7 working days or substantive written reply within 5 working days	£20
(GS7) Responding to meter problems	Visit within 7 working days or substantive reply within 5 working days	£20
(GS8) Responding to customers' queries about charges and payments	A substantive reply within 5 working days	£20
(GS9) Making and keeping appointments	Companies must offer and keep morning or afternoon appointments, or an appointment within a 2 hour time band if requested by the customer	£20
(G10) Notifying customers of payments covered under Standards	Write to customer and make payment within 10 working days of failure to meet standards.	£20
(G11) Respond to prepayment meter faults	Within 3 hours on a working day, 4 hours on any other day if any notification during working hours	£20

Source: OFFER

ANNEX C: UK Overall Standards

Background information on the British electricity regulatory system indicates that one of the main purposes of the British standards is to set a common framework for customer service by the different companies. The system seeks to ensure a minimum level of service for all customers and to encourage companies to aim for higher levels. In some cases, companies have committed themselves voluntarily to service levels which go beyond the standards set by the Director General of OFFER. Examples of this are, giving customers more notice to supply interruptions than is required, or by working to targets in areas not at present covered by the standards, such as issuing refunds or revised bills. The structure of each of the overall standards is the same for all companies, for example the standards set the same deadlines for all companies. These standards indicate that the Office of Electricity Regulation (OFFER) focuses on two broad areas of service. These are, **supply**, **distribution** and **metering**. Eight service standards of performance have been set and, these are as under:

Table C.1: Overall Electricity Standards in Britain (UK)

Code	Description of Overall Standards of Performance	Performance Measure
OS1	Minimum percentage of supplies to be reconnected following faults within 3 hours and minimum percentage within 24 hours	80% -99%
OS2	Minimum percentage of voltage faults to be corrected within six (6) months.	95%
OS3	Connecting new tariff customers' premises to electricity distribution system. Minimum percentage of domestic customers to be connected within 30 working days and minimum percentage of non-domestic customers to be connected within 40 working days.	98% - 99%
OS4	Minimum percentage of customers who have been cut off for non-payment to be reconnected before the end of the working day after they have paid the bill or made arrangements to pay.	99%
OS5	Visiting to move meter when asked to do so by customer within 15 working days in minimum percentage of cases.	98% -99%
OS6	Changing meters where necessary on change of tariff within 10 working days of domestic customers' request in minimum percentage of cases.	95% - 99%
OS7	Ensuring that the company obtains a firm reading for customers' meters at least once a year in a minimum percentage of cases.	97% - 98%
OS8	Minimum percentage of all customer letters to be responded to within 10 working days.	90% -99%

Source: OFFER

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