
Office of Utilities Regulation

Quality of Service Standards for National Water Commission

Explanatory Document and Determination



May 30, 2008

DOCUMENT TITLE AND APPROVAL PAGE

DOCUMENT NUMBER: WAT 2008/03 Exp/01

1. Document Title: Quality of Service Standards for National Water Commission – Explanatory Document and Determination

2. PURPOSE OF DOCUMENT

This Document complements the Office’s Determination (**Wat 2008/01**) specifically in regard to Quality of Service Standards for the National Water Commission

3. RECORD OF REVISIONS

Revision Number	Description	Date

APPROVAL

This Determination is approved by the Office of Utilities Regulation and becomes effective on **June 2, 2008**

By Order of the Office:



J. Paul Morgan
Director General

May 30, 2008

Table of contents

PART 1: EXPLANATORY DOCUMENT	4
INTRODUCTION	4
Feedback from Public Consultation on the Standards	4
NWC’s Performance on Quality of Service Standards	5
Review by the Office	5
NWC’s Request for Reconsideration	6
Office’s Review of NWC’s Comments	6
PART 2: OFFICE’S DETERMINATION	7
STATEMENT ON QUALITY OF SERVICE STANDARDS SCHEME FOR THE NATIONAL WATER COMMISSION	7
Legal Framework	7
Force Majeure conditions and exemptions from the Standards	8
DEFINITION OF QUALITY OF SERVICE STANDARDS FOR NWC	11
Overall Standards	11
Guaranteed Standards	14

PART 1: EXPLANATORY DOCUMENT

INTRODUCTION

The Office of Utilities Regulation (OUR) published in June 2004, the Explanatory Document on Quality of Service Standards for the National Water Commission (NWC). The document outlined the Office's decision on the Guaranteed and Overall Standards for the Commission's 2004 – 2007 tariff regime. It was also the first review of the standards that was undertaken since they were established in 2001.

As a basis for its decision on these standards, the Office took into account results from a customer service survey that was conducted in November 2002, proposals made by the NWC to have some of the standards modified as well as concerns communicated to the OUR by consumers.

In keeping with its decision to review the Quality of Service Standards at each application by the utility for a rate review, the Office, in 2008, engaged stakeholders in a series of consultations, having received a tariff application from the NWC.

The results of a National Consumer Survey that was conducted in 2006, concerns communicated by stakeholders at the public consultations on the services of the NWC, reports received from NWC on its performance against the standards, as well as comments received from the Commission on the draft determination of the new rates for 2008 – 2013 tariff regime all influenced the Office's determination on the quality of service standards for the new tariff period.

Consumer Survey

In 2006, the OUR conducted a National Consumer Survey to ascertain the views of consumers on the general services of the utility companies. As it relates to NWC, the survey indicated that consumers were primarily dissatisfied with the lack of consistent water supply, lack of notification for lock-offs, poor communications by the Commission's representatives and the absence of service to specific communities.

Feedback from Public Consultation on the Standards

The OUR received minimal feedback from consumers who attended the 2008 tariff consultations on their views on the effectiveness of the quality of service standards, in particular the Guaranteed Standards. Notwithstanding, the concerns communicated were similar to those reported in the 2006 survey. Areas of concern communicated included leaks, irregular supply and poor customer service by the Commission's staff. Specific to the service standards however, there was strong advocacy for wrongful disconnection by the Commission to be included as a Guaranteed Standard. There was also the concern that the NWC should be held to a timeline for the repair of leaks.

NWC's Performance on Quality of Service Standards

The NWC is required to submit quarterly reports to the Office on its performance against service standards. As it relates to the Overall Standards, the Commission has consistently complied with the specifications of these standards. Although the NWC has performed satisfactorily in most areas covered under the Guaranteed Standards Scheme, the Commission continues to have challenges primarily in areas of the scheme that focus on metering.

Review by the Office

In addition to the comments received from consumers regarding the existing Guaranteed Standards Scheme, the Office had concerns regarding the structure of some standards as well as the relatively low percentage of claims received by the Commission in comparison to the volume of breaches committed.

The Office subsequently included in its 2008 NWC Tariff Determination three new Guaranteed Standards, an additional Overall Standard and modified some existing standards. The Office, although of the view that the customer should not be absolved of the responsibility to make claims when breaches occur, has implemented an automatic compensation mechanism in specific areas under the scheme to impel the NWC to improve service levels in these areas.

The Office has included the following areas in the Guaranteed Standards scheme:

- Wrongful Disconnection
- Reconnection after Wrongful Disconnection
- Changing Meters

Additionally, the following area was included as part of the Overall Standards regime:

- Leaks (timeframe for repair)

The Office has determined that the compensation for breach of a standard will remain four (4) times the applicable service charge in instances where the customer has to submit a claim. As it relates to breaches that attract automatic compensation by the Commission, the Office is of the view that two (2) times the applicable service charge is reasonable compensation in this category as the Commission is faced with an additional cost to identify and credit the affected accounts.

NWC's Request for Reconsideration

Subsequent to the Office's April 2008 Determination on the rates and quality of service standards, the NWC submitted a request for consideration. As it relates to the quality of service standards the NWC had the following comments:

1. The NWC expressed the view that all claims should be in writing for administrative and legal purposes.
2. WGS8 – Defect should be verified by NWC in order
3. The 'wrongful disconnection' standard should not apply in instances where the customer deliberately misrepresented the facts in applying for a new connection and a previous delinquent account remains outstanding.
4. Reconnection breach should remain a claim until the Commission changes over to the new CIS as there are currently challenges associated with determining reconnections for payments made to external agencies.
5. Twenty four hours to reconnect a supply in rural areas was not realistic due to geographic factors.
6. All compensation especially those that are automatic should be subject to the following conditions:
 - Customer's account must be in good standing
 - Penalties are not due for breaches where factors are outside of the NWC's control

Office's Review of NWC's Comments

The Office reviewed the Commission's requests however the arguments put forward above by the NWC did not convince the Office that a reconsideration of the standards was necessary. Consequently, the Office only modified WGS8.

Part two of the document provides details of the Overall and Guaranteed Standards. The standards and compensation under the Guaranteed Standards scheme become effective June 2, 2008 and will remain in force until the next tariff review.

PART 2: OFFICE'S DETERMINATION

STATEMENT ON QUALITY OF SERVICE STANDARDS SCHEME FOR THE NATIONAL WATER COMMISSION

Legal Framework

Section 4 of the OUR Act mandates the Office to regulate the services of utility service providers. Under the Act, the Office is charged with the responsibility of prescribing, where necessary, minimum standards in relation to utility services. In keeping with the provisions of the Act, and to ensure that the needs of consumers are met, the Office developed a set of Overall and Guaranteed Standards with the objective of ensuring that the providers of utility services deliver a certain value to consumers. The Office is of the view that the existence of Overall and Guaranteed Standards should not only serve as a guide to service delivery but should also motivate the providers of these services to strive to continuously improve its services to consumers.

In accordance with its powers under section 4 (5) (b) of the OUR Act, the Office will gazette the Overall and Guaranteed Standards that are contained in this document. The NWC will be required to submit to the Office quarterly reports on its performance against these standards.

Determination

The Office has made its decision on the Overall and Guaranteed Standards as outlined in Tables 1 and 2 of this document. These standards and the relevant compensation become effective June 2, 2008.

In order to allow the NWC to implement the necessary administrative machinery, the standards for which payment should be automatically credited by the NWC will become effective September 1, 2008.

The compensation for breach of a Guaranteed Standard will remain four (4) times the applicable service charge when a claim is made and two (2) times the applicable service charge where payment must be automatically credited by the NWC.

The applicable service charge will be the gazetted rate adjusted by the applicable price adjustment mechanism (PAM) at the date of payment.

To make the procedure of submitting a claim easier, the Office has determined that the NWC must design a customer friendly claim form to be used for performance areas under the Guaranteed Standards scheme that requires a claim for compensation.

All compensatory payments are to be made within 30 days of the date the claim was received. Claims are to be submitted within 60 days of the perceived breach. In terms of Guaranteed Standards that attract automatic credits, NWC must apply these credits within 30 days after it breaches the standard.

Payments for breach of the Guaranteed Standards will be credited to the customer's account. When this credit is applied to the account, the customer's next bill must reflect same in the line item "compensation for breach of Guaranteed Standard".

The NWC will be required to promote the standards through bill stuffers, at least twice per year. The standards should also be promoted in at least one form of electronic or print media. The standards should be adequately displayed at all NWC offices.

The OUR through its Consumer and Public Affairs department, will report on the NWC's performance on the Overall and Guaranteed Standards in its quarterly and annual reports.

Force Majeure conditions and exemptions from the Standards

The Guaranteed Standards scheme will be suspended in circumstances where compliance is beyond the control of the NWC. Notwithstanding, the NWC must promptly notify the Office in all cases of suspension or proposed suspension of the scheme. If such a need arises, the NWC must indicate the exact duration of the suspension. The burden of proof of exceptional circumstance will lie with the NWC. Examples of possible exceptional events include:

- Severe weather or natural disasters
- System conditions such as major breakdown of treatment plants or pumping stations
- Drought
- Civil unrest, war
- Strikes
- Malicious destruction of property

On receiving the concurrence of the OUR that a force majeure condition exists, the NWC will use appropriate means to advise customers. NWC must also make the necessary effort to restore normal service to its customers within the shortest time possible, and must advise the Office when the force majeure condition ceases.

Notwithstanding the above, the Office may, after making its own enquiries, declare that force majeure conditions to have ceased to exist.

Table 1: Overall Standards

CODE	FOCUS	DESCRIPTION	PERFORMANCE MEASURE
WOS1	Water Quality	Testing samples for impurities	To ensure that water is within standards as specified by MOH
WOS2	Water Pressure	Minimum/maximum water pressure	Must maintain a pressure ranging from 20 to 60 psi
WOS3	Reliability of Supply	Notify public of intention to interrupt supply – planned interruptions	Minimum notification time of 12 hours for short interruptions (not more than 4 hours) and 24 hours for longer interruptions (more than 4 hours)
WOS4	Reliability of Supply	Restoration after emergency lock-off	Maximum time to restore supply: 24 hours – Urban 48 hours - Rural
WOS5	Sewerage	Correction of sewerage problems	Maximum of 24 hours to correct sewerage problems after being informed
WOS6	Sewerage	Sewerage effluent quality	Ensure that sewerage effluent is within the standards specified by NEPA
WOS7	Leaks	Repair of Leaks	NWC must achieve a 90% target for the repair of leaks within 5 days up to 2010 and within 3 days after 2010

Table 2: Guaranteed Standards

CODE	FOCUS	DESCRIPTION	PERFORMANCE MEASURE
WGS1	Access	Connection to supply	Maximum time of 10 working days Compensation type: CLAIM
WGS2	Delivery of bills	Issue of first bill	Maximum time of 48 working days after connection Compensation type: CLAIM
WGS3	Appointments	Keeping appointments	Must make and keep an appointment at customers request and must notify customer prior to appointed time, if cannot keep appointment. Compensation type: CLAIM
WGS4	Complaints	Response to Complaints	Maximum of 5 working days to acknowledge customer complaints, after receipt. Maximum time of 30 working days to complete investigation and respond, from date of receipt of complaint Compensation type: CLAIM
WGS5	Disconnection	Wrongful Disconnection	Where NWC in error disconnects a supply associated with an account which has no overdue amount. Compensation type: AUTOMATIC
WGS6	Account status	Issue of account status	Meter to be read on same day customer is moving, if on a weekday (within 2 days of move if on a weekend) providing 5 days notice of move is given. Maximum time of 15 working days to provide final bill after move Compensation type: CLAIM
WGS7	Water meters	Meter installation	Maximum of 30 working days to install meter on customer's request Compensation type: AUTOMATIC
WGS8	Water meters	Repair or replacement of faulty meters	Maximum time of 35 working days to verify, repair or replace meter after being informed of defect Compensation type: CLAIM
WGS9	Water Meters	Changing Meters	NWC must provide customer with details of the date of the change, meter reading on the day and serial number of the new meter - Effective September 2008 Compensation Type: CLAIM
WGS10	Water meters	Meter reading	Maximum of 2 months between each meter reading and between bill issues Compensation type: CLAIM
WGS11	Reconnection	Reconnection after payment of overdue amount	Maximum of 24 hours to restore supply. Compensation type: AUTOMATIC
WGS12	Reconnection	Reconnection after wrongful disconnection	NWC must reconnect a supply it inadvertently disconnected within 12 hours of being notified of the error. Compensation type: AUTOMATIC
WGS13	Compensation	Payment of compensation	Maximum of 30 days after claim is received to process and make payment- automatic credits should also be made within this period. Customer must make claim within 60 days Compensation type: CLAIM/AUTOMATIC

DEFINITION OF QUALITY OF SERVICE STANDARDS FOR NWC

Overall Standards

Water Quality

Objective: To ensure that the water supplied is always of the highest quality and fit for consumption.

WOS1 – Testing Samples for impurities

Definition: NWC has a duty to ensure that it conducts periodical analysis of water samples to ensure consistent quality. The NWC is required to take water samples necessary for analysis at both source and distribution points, and check whether the samples are within the standards specified by the Ministry of Health (MOH). All samples should meet the required standards. The NWC must also comply with the sampling regime established by the MOH.

Water Pressure

Objective: NWC is required to maintain a pressure within the pipes that will ensure that customers receive adequate water supply.

WOS2 – Minimum/Maximum water pressure

Definition: NWC should at all times ensure that the water supplied to customers is within the range of 20 to 60 psi. During drought conditions, the NWC must repeatedly advise customers of the areas affected by low pressure or no supply. This standard will be waived for the period that the drought persists. The NWC must notify the Office of the existence of drought conditions and the affected areas.

Reliability of Supply

Objective: To minimize and manage interruptions to supply for planned and unplanned (emergencies) work effectively and allowing customers to plan for such events.

WOS3 – Notice of planned work

Definition: NWC is required to inform customers at least 12 hours in advance when the need arises to turn off the water supply for no longer than 4 hours. In the event that the supply will be interrupted for longer than 4 hours, customers should be given at least 24 hours notice of the impending lock-off. The public is to be advised and apologies issued in the appropriate medium if the NWC cannot restore water supply within the specified time. Notification of outage in the second instance should be by means to enable the most effective communication

to the affected customers. The required notification time in both instances should be given for at least 90% of planned interruptions.

WOS4 – Restoration after Emergency lock-off

Definition: In the event of unforeseen events such as a broken main, NWC may not be able to notify customers that there will be water lock-offs. NWC should, however, inform customers of the emergency lock-off by making announcements on at least one radio station within 2 hours after interruption. If necessary, NWC will be required to provide an alternative supply of water such as trucking the supply to the affected areas. NWC will be required to restore the supply within 24 hours and 48 hours for urban and rural areas respectively.

NWC must inform customers of unplanned (emergency) lock-offs within 2 hours after interruption at least 90% of the time.

Supply must be restored to the customer within 24 and 48 hours for urban and rural areas respectively at least 90% of the time.

Any alternative water supply (such as trucking) deemed necessary due to prolonged lock-off, must be provided to at least 95% of affected customers.

Sewerage

Objective: To ensure acceptable effluent quality and minimize flooding from sewers.

WOS5 – Correction of Sewerage Problems

Definition: NWC must correct all problems which results in flooding from sewers within 24 hours of being informed.

The NWC must achieve a 95% target of correcting problems which results in flooding from sewers with 24 hours of being informed.

WOS6 – Sewerage Effluent Quality

Definition: NWC is required to periodically test effluent samples to verify that the plant is operating within the standards specified by the National Environment and Planning Agency (NEPA).

99% of all samples tested must meet the required NEPA standards.

Leaks

Objective: To expeditiously repair leaks in order to minimize their contribution to non revenue water (NRW)

WOS7 – Repair of Leaks

Definition: NWC must repair leaks within 5 days up to year 2010. The repair time becomes within 3 days after year 2010.

NWC must achieve a 90% target for both the repair of leaks within 5 days up to 2010 and within 3 days after 2010.

Guaranteed Standards

Access

Objective: To ensure that new customers are promptly connected to the NWC system.

WGS1 – Connection to Supply

Definition: NWC is required to connect all new customers, where water supply is available at the property boundary, within 10 working days after fulfilling all requirements by NWC and signing the contract for connection.

Guarantee: NWC breaches the standard if it fails to connect new customers within the specified time. NWC will be liable to compensate the customer after a claim is made.

Delivery of Bills

Objective: To ensure that new customers receive first bill within a timely manner.

WGS2 – Issue of First Bill

Definition: NWC must issue (print and mail) a bill to a new customer within 48 days after connection.

Guarantee: NWC breaches the standard if it fails to deliver a new customer's bill within 48 days after connection. NWC will be liable for compensation upon receipt of a claim from the customer.

Appointments

Objective: To minimize the inconvenience to customers of having to wait on NWC representatives to attend appointments.

WGS3 – Keeping Appointments

Definition: NWC has a responsibility to satisfy a customer's request for a representative to visit the premises to deal with an identifiable problem. Appointments should be made with NWC (and its field officers) for either morning (9:00a.m. to 12:00p.m.) or afternoon (1:00p.m. to 5:00p.m.). NWC must guarantee to keep all appointments or notify the customer at least 2 hours prior to the appointed time if an emergency prevents it from keeping the appointment.

If the NWC is late in arriving at the premises and the customer has already left, the field officer should leave details of the visit including the time of the visit, meter number and reading obtained and a contact number on a door hanger. The

customer should also be notified within 5 days and advised of a new appointment within 10 days.

Guarantee: NWC must make and keep an appointment at customer's request or notify customer at least 2 hours prior to the appointment date if same cannot be kept by the company. If for any reason NWC does not keep an agreed appointment or notify customer of a change, NWC will be liable to compensate the customer after a claim is made. If the customer does not keep the appointment, he/she will not be entitled to payment on a subsequent rescheduled appointment.

Complaints

To ensure that customers' complaints whether written, by telephone or in person are all dealt with promptly and satisfactorily by the NWC.

WGS4 – Response to Complaints

Definition: If NWC receives a written complaint, it must acknowledge same within 5 working days of receipt of the complaint. This includes dispatching letter and any other mode of communication. The customer should also be advised of the NWC's intent to conclude its investigation within 30 working days of receipt of the complaint.

NWC must also take details of complaints made by telephone or in person at the time of a call or visit. If the complaint requires investigation, conclusion of investigation as well as response to customer should be within 30 working days of receipt of the complaint.

Guarantee: If NWC does not acknowledge or conclude investigation within the specified time, it will be liable to compensate the customer after a claim is received.

Disconnection

Objective: To penalize the NWC for any supply it disconnects where the account is not in arrears.

WGS5 – Wrongful Disconnection

Definition: If an account has no amount that is overdue, the NWC must ensure that the supply associated with such an account remains connected.

Guarantee: If NWC disconnects the supply of an account without arrears, it must automatically compensate the customer for its error.

Account Status

Objective: To ensure that a customer moving from a premises receives bill for relevant consumption.

WGS6 – Issue of Account Status

Definition: A customer who is moving may request an account status and/or service to cease. The customer must however give the NWC 5 working days notice of the intent to move. After receipt of the appropriate notice, the NWC is required to read the customer’s meter on the day the customer is moving, if move takes place on a working day.

If the customer is moving on a weekend, the NWC must read the meter within 2 days of the move. NWC is also required to produce the relevant bill within 15 working days of the customer’s moving.

Guarantee: If NWC fails to meet the requirements specified in this standard, it is liable for compensation after receipt of a claim from the customer.

Water Meters

WGS7 – Meter Installation

Objective: To ensure that customers are promptly provided with properly functioning meters.

Definition: Where an account falls outside of the “special contract” arrangement, NWC is required to fit a meter, where an un-metered customer requests one within 30 working days of the request. If for some reason, the NWC is unable to meet the request, the NWC should so advise the customer and make a commitment as to when the meter will be provided.

Guarantee: If the NWC fails to install a meter within 30 days after a request is made by the customer, it breaches the standard and should automatically compensate the customer.

WGS8 – Repair or replacement of faulty meters

Objective: To ensure that meters are functioning properly to assure the integrity of bills tendered.

Definition: If a customer’s meter becomes defective, the NWC has 35 working days within which to verify, repair or replace the meter after being informed of the defect by the customer or after NWC on its own discovers the defect.

Guarantee: If the NWC fails to meet this standard, it is liable to compensate the customer after a claim is made.

WGS9 – Changing Meters

Objective: To ensure that customers are informed by NWC of all details associated with a meter change.

Definition: As of September 2008, if the NWC changes a customer's meter, a note should be left by the NWC on a door hanger which details the purpose of the visit, the date of the meter change, meter reading obtained on the day and the serial number of the new meter.

Guarantee: If NWC fails to meet this standard, it will be liable to compensate the customer after a claim is made.

WGS10 – Meter Reading

Objective: To minimize the number of estimated bills issued by the NWC.

Definition: The NWC should not send the customer more than 2 consecutive bills for which the consumption is estimated. At least once every 2 months, the NWC must provide the customer with a bill which reflects a meter reading.

Guarantee: If the NWC fails to meet this standard, it will be liable to compensate the customer after a claim is made.

Reconnection

Objective: To ensure prompt reconnection of customers after payment of overdue amounts or in the event of an erroneous disconnection by NWC.

WGS11 – Reconnection after payment of overdue amount

Definition: NWC is required to reconnect customers whose supply has been locked off for debt within 24 hours of the customer making the necessary payments required to clear the arrears and effect the reconnection.

This standard does not apply in those circumstances where the supply was illegally connected and the NWC has subsequently removed all infrastructures. In these circumstances, a request for reconnection will be treated as a new connection and the WGS1 standard would then apply.

Guarantee: If the NWC fails to reconnect customers within the specified time, it must automatically compensate the customer.

WGS12 – Reconnection after Wrongful Disconnection

Definition: If NWC disturbs the supply of an account that has no arrears, it must restore the supply within 12 hours of being notified of the error.

To foster good customer relations, the NWC should extend a written apology to the affected customer.

Guarantee: If NWC fails to reconnect within the specified time it must automatically compensate the customer.

Compensation

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

WGS13 – Payment of Compensation

Definition: NWC has 30 days after claim is received to process and make payment due under the Guaranteed Standards scheme. NWC must make automatic payments within 30 days. Customer must submit claim within 60 days of the perceived breach.