
Office of Utilities Regulation

REGULATORY FRAMEWORK

FOR THE

NATIONAL WATER COMMISSION

(2008 - 2013)



OFFICE OF UTILITIES REGULATION

**REGULATORY FRAMEWORK
FOR
NATIONAL WATER COMMISSION
(2008 - 2013)**

Introduction - Legal Authority

Pursuant to Section 4(1) (a) of the OUR Act, the OUR has the responsibility to regulate the provision of prescribed utility services. Consistent with previous decisions, the Office of Utilities Regulation (the Office) has decided to promulgate a new regulatory framework covering the period of the new tariff regime.

The Office also has a mandate to ensure that, *inter alia*, the needs of consumers of the services are met and also that the utility service provider operates in an efficient manner. As such, the Office has incorporated into the regulatory framework, various performance targets, that will further the objective of continuous improvements in the operational efficiency of the NWC designed to secure for consumers an economical and reliable service. Additionally, to be consistent with section 10 (1) of the OUR Act, the Office has also determined that in addition to the performance targets, specific requirements for information will be necessary to provide the basis to continuously assess the operations of the NWC.

Regulatory Framework

In response to an application for a tariff review submitted by the National Water Commission (NWC), the Office issued a rate determination dated April 28 2008, which, in addition to approving new rates, sets out specific performance targets to be achieved by the NWC over the period ending April 30, 2013.

In accordance with such decisions, the Office has now developed a regulatory framework as the basis for regulating the National Water Commission (NWC) and monitoring its performance. The essence of this framework is similar to that of 1999 and 2004 with the exception that the targets, as well as the reporting requirements, have been revised, to correspond with the rate determination. The Office has determined that the regulatory framework will remain in effect for five (5) years (May 2008 – April 2013).

This document is organized into two parts. The first part consists of performance targets, both financial and operational, to be achieved over the five-year period (May 2008 – March 2013). These targets form part of the decisions set out in the Determination Notice April 28, 2008. The second part sets out the reporting requirements imposed on the NWC. These reporting requirements are issued in accordance with Section 10 of the OUR Act (as amended 2000).

PART I - PERFORMANCE TARGETS AND BENCHMARKS

In an effort to secure continued improvements in the NWC's efficiency and overall performance, the following performance targets have been established by the Office over the period May 2008 – April 2013.

FINANCIAL

1. *Receivables*

The Office has determined that days of sales outstanding should be less than 45 days by April 2013.

2. *Employee costs*

NWC shall maintain staffing cost at no more than 35% of operating revenues. The NWC further promised that staff costs as a percentage of revenue will be 30% by the year 2010/2011. Staffing costs are to be calculated excluding interest on pension liability.

3. *Employee*

Based on international best practice targets, NWC shall attain a level of 4.5 employees per 1000 accounts by April 2013.

4. *Billing and Collection*

The Office has set the collection rate at 95% of billed revenues. Simultaneously, the bad debt provision shall be reduced to 5% of billed revenues.

5. *Asset Valuation*

The NWC shall continue to reflect a fair market value for assets used in the provision of utility services and update their values on an annual basis.

6. *K – Factor*

The K – Factor should be calculated on the bill balance after the X-Factor. The NWC should account for cash flows received from the K- Factor in a separate bank account, and a monthly report of balances and charges should be submitted to the Office within 45 days of each reporting period.

7. X- Factor

The X – Factor is to be calculated as a deduction from the bill after the normal rates and PAM.

- 8.** *The NWC also proposed the following financial performance targets as outlined in Table 1 below. The Office is expecting NWC to meet these targets.*

Table 1: NWC proposed financial performance objectives

PERSPECTIVE	OBJECTIVES	CRITICAL MEASURES	DEFINITION	TARGETS		
				2008/09	2009/10	2010/11
FINANCIAL	Become a viable, bankable utility	Current Ratio (Min.)	Current Assets/Current Liabilities	1.3	1.4	1.5
		Quick Ratio (Min.)	Current Assets - Inventories/ Current Liabilities	1.0	1.1	1.2
		Net Fixed Asset Turnover (Min.)	Revenue (P&L)/Net Fixed Assets	29%	33%	37%
		Net Profit Margin (Min.)	Operating (loss) profit/Revenues (P&L)	5%	7%	9%
		Debt to Capital Ratio (Max.)	Current liabilities + Current due of long term liabilities/ Net fixed Assets	30%	33%	36%
	Dramatically grow revenue and collections	Real growth in revenues (including tariff adjustment)	Amended Revenue Total less PAM YTD/ Amended Revenue Total less PAM YTD previous Year	18%	4%	4%
	Increase productivity and contain operating costs	Staff costs as % of revenue	Employee Expenses/ Revenue (Income & Expense)	35%	32%	30%
		Operating Costs / Revenue	Operating Costs/Revenue (Income & Expense)	75%	73%	70%

OPERATIONAL

1. Unaccounted for Water (UFW)

The Office requires that within a 3 year period UFW should be at most 55%.

2. Inactive Accounts

All disconnected (inactive) accounts that have not been legitimately reconnected should be revisited within 90 days of being disconnected and action taken to ensure that these customers are not illegally reconnected.

3. Functioning Meters

The Commission must have at least 90% of accounts with functioning meters by March 2011. These would include customers that are on record with active and temporarily inactive accounts.

4. Water Quality

The Ministry of Health (MOH) through the Interim Jamaica (IJAM) standards defines water quality standards. The NWC should achieve at least 99% compliance with the IJAM standards.

5. Wastewater Quality

The NWC has been in dialogue with the National Environment and Planning Agency (NEPA) in relation to reaching an agreement on the timeframe to bring its non-compliant plants into compliance. NEPA has issued a list of priority areas that should be rehabilitated and the criteria that was used to assess these areas. The Office has set a timeframe of 3 years within which NEPA priority plants are to be upgraded/ rehabilitated.

Other functional plants should be 100% compliant with NEPA standards.

6. *The NWC has also proposed the following operational targets. The Office is of the view that NWC will meet these targets at the proposed dates.*

Table 2: NWC proposed operational standards/ targets

PERSPECTIVE	OBJECTIVES	CRITICAL MEASURES	TARGETS		
			DEFINITION	2008/09	2009/10

PERSPECTIVE	OBJECTIVES	CRITICAL MEASURES	DEFINITION	TARGETS		
				2008/09	2009/10	2010/11
INTERNAL PROCESSES	Improve billing and collection procedures	Percentage of active customers billed each month	Number of active customers billed with service charge/Total number of active customers	95%	98%	100%
		Average receivable days	Gross Receivables YTD/ (Collections YTD/ No of days in collection period)	180	120	90
	Expediently treat with customer queries and complaints	Average time to repair reported leak (Days)		5	7	9
	Ensure effective management of fixed assets	Average condition of fixed assets (1-10)		5	7	9
		Average project overrun on budget and schedule		15%	10%	5%
		Accuracy and completeness of asset inventory based on sample survey		85%	90%	95%
	Reduce NRW and increase operating efficiencies	NRW as % of production		60%	55%	50%

CUSTOMER SERVICE

1. **Billing Related Complaints**
Billing complaints should be no more than 5% of total bills printed.
2. **Meter Reading**
Meters should be read at least every other month and 97% of meters should be read in each billing cycle.
3. **Training**
The Commission must re- train frontline staff within the first year of the determination (2008/2009). A report should be submitted to the Office on the 7th and 12th month of that year.
4. In additional the following objectives were proposed by NWC.

Table 3: NWC Customer Service targets

PERSPECTIVE	OBJECTIVES	CRITICAL MEASURES	TARGETS			
			DEFINITION	2008/09	2009/10	2010/11
CUSTOMER	Ranked as the number one utility in Jamaica in terms of customer service	Ranking based on OUR quarterly reports		1	1	1
		Ranking based on OUR annual survey		1	1	1
	Improve general service delivery and public image	Average performance based on NWC survey		60%	70%	90%
	Maintain high quality of water supply and sewerage services	Supply average availability in urban and rural areas (hours / day)		24/18	24/18	24/18
	Efficiently comply with regulatory standards	Compliance with MOH Standards		95%	97%	99%
		Compliance with OUR Standards		95%	97%	99%

Learning and Growth

- 1 Table 4 below outlines learning and growth targets that the NWC proposed that they will achieve by the year 2011.

Table 4: NWC proposed performance objectives

PERSPECTIVE	OBJECTIVES	CRITICAL MEASURES	DEFINITION	TARGETS		
				2008/09	2009/10	2010/11
LEARNING AND GROWTH	All staff understand and deliver on mission and strategy	Staff awareness of mission and strategy based on internal survey		75%	85%	95%
	Develop requisite skills and orientation	Average training hours per staff/year	Total Training hrs YTD/ No of employees all converted to a yearly basis	15	25	35
	Provide appropriate technology and resources	Resource availability based on internal survey		50%	75%	95%
	Implement performance management system with incentives	Number of employees explicitly on performance management system		100%	100%	100%

PART II - REPORTING AND MONITORING

Introduction

Pursuant to Section 4 (1) (a) of the OUR (Amendment) Act, 2000, the Office shall "... regulate the provision of prescribed utility services by licensees or specified organizations". In order to effectively carry out this function, the Act empowers the Office to "... conduct such research as it thinks necessary or desirable for the purposes of the performance of its functions" In addition, the Office shall undertake such measures¹ to enquire into the nature and extent of the prescribed utility services provided by a licensee or specified organization².

General Reporting and Compliance

As part of the general monitoring of the Commission's performance and in accordance with Section 10 of the OUR (Amendment) Act, 2000, the NWC is required to provide the following information to the Office on an annual and/or quarterly basis.

1. Financial reports
2. Statistical information on operations and customer service
3. Quality of service standards reports (reports are summary of NWC's performance against the standards)
4. Reports relating to performance on Capital projects
5. Until completed, summary reports on status of restructuring programme

The Office expects full compliance with the reporting requirements and has decided that it will use all its powers under the Act to secure such compliance. Reports are to be submitted within 45 days of the end of the relevant period.

PAM reporting

In addition to the monthly reporting on PAM indices and values, the NWC should submit to the OUR, prior to the application of the new (monthly) PAM rates to billings, details of the calculation and the resultant value of the PAM. The OUR considers that one week before the application of the newly determined rate will be sufficient time to allow it to review the accuracy of the calculations.

Rate application

The minimum filing requirements for a rate application are also specified.

¹ Prescribing specific information and documents it considers necessary.

² See sections 4 (1)(c), 4 (2) (e) and 10 of the OUR (Amendment) Act, 2000.

1. FINANCIAL REPORTS

A. Initially and revised each year

1. Five (5) Year Investment Program - Water and Sewerage
2. Planned Financing of Investment Programme (NWC, GOJ, BOT, Bilateral, etc.)

B. Annually

1. Operational Plan and Budget
2. Capital Budget
3. Capital Expenditure Budget detailing:
 - List of Projects
 - Estimated cost and time for completion for each project
 - Expenditure to date
 - Sources of Financing
 - Areas to be served
 - Number of customers to be served
 - Incremental amount of water to be produced by the projects
 - Estimated amount of water to be saved through rehabilitation
 - Additional sewage treatment capacity of the project
4. Details of any other capital expenditure on social and/or non-economic projects. Details should include:
 - List of all projects undertaken in scheme
 - How projects are transferred to the books of the NWC
 - Terms and conditions for transfer
 - Terms and conditions for usage of funds
 - Total expenditure on completed projects
 - Annual revenue generated from completed projects
 - Year to date expenditure on incomplete projects (with variance report) and expected completion time
 - Year to date revenues
 - Annual revenue projections from projects to be undertaken
 - Assets utilized in each project
 - Areas to be served
 - Number of beneficiaries
5. Details of special contracts³. The report should include:
 - The projected and actual revenues generated from these contracts
 - List of beneficiaries
6. Rapid response programme:
 - customers/areas served
 - payments made to the programme by the NWC

³ Per section 14 OUR (Amendment) Act, 2000.
National Water Commission
Regulatory Framework (May 2008 - April 2013)
Document No. Wat2008/06: Det/03
Office of Utilities Regulation

7. Details of Water Loss Management Programme (including projects and expected targets)
8. Conduct study on the estimation procedure used to determine contribution to unaccounted for water (UFW) by the following categories by parish:
 - Leaks
 - Systems use
 - Under estimation of consumption
 - Under registration of meters
 - Unauthorized connections
9. Details of Annual Maintenance Schedule on major water and sewerage systems and infrastructure
10. Sewerage Effluent Quality report highlighting areas of non-compliance. It should also include list of all treatment plants (owned/ operated by the NWC) on which testing is not done and the reasons for inattention⁴.
11. Accounting Information:
 - Audited Profit and Loss Account and Balance Sheet
 - Audited Cash flow Statement
 - Operating Expenses and Revenues by:
 - Regions
 - Parishes
 - Major Systems and Plants
12. Separation of expenses including electricity by water and sewerage services.
 - (a) Water expenses should be into the following Major Services:
 - Water Production and Treatment
 - Water Distribution and Supply
 - Customer Service
 - Administrative expenses
 - (b) Sewage expenses should be by the following major services
 - Collection and Conveyance
 - Treatment
 - Sludge Handling Disposal
 - Customer Service
 - Administrative expenses
13. Revenue by Major Services
 - Water
 - Sewerage
 - Service charge
 - Sludge
 - Other

⁴ This reporting requirement becomes effective after conclusion of negotiations between NWC and NEPA and plants become functional.

C. Quarterly (With Monthly breakout)

1. Status report on the rehabilitation works on sewerage treatments plants to comply with NEPA standards. This report should be copied to NEPA
2. Water Loss Management Programme Performance reports
3. Reports in accordance with K factor guidelines
4. Accounting Information:
 - Profit and Loss Account and Balance Sheet
 - Cash flow Statement
 - Operating Expenses and Revenues by:
 - Regions
 - Parishes
 - Major Systems and Plants
5. Separation of expenses by water and sewerage services.
 - (a) Water expenses should be into the following Major Services:
 - Water Production and Treatment
 - Water Distribution and Supply
 - Customer Service
 - Administrative expenses
 - (b) Sewage expenses should be by the following major services
 - Collection and Conveyance
 - Treatment
 - Sludge Treatment and Disposal
 - Customer Service
 - Administrative expenses
7. Separation of expenses in the statements into the following Major Services:
 - Water Production and Treatment
 - Water Distribution and Supply
 - Sewage
 - Collection and Conveyance
 - Treatment
 - Sludge Treatment and Disposal
 - Customer Service
 - Administrative expenses
8. Revenue by Major Services
 - Water
 - Sewerage
 - Service charge
 - Sludge
9. Price Adjustment Mechanism
 - Calculation and value of indices used and level of PAM by month

D. Other – Initial and revised annually

1. Procedural plan for acquisition by the NWC of future assets from private developers and other government agencies

E. Other –Annually

1. Indexation mechanism determined to be applied to assets on NWC's books (Initially).
2. Updated list of assets that have been revalued due to indexation mechanism
3. List and Value of Assets used in providing water and sewerage services by NWC and funded by Government that are not recorded in NWC's books
4. Estimated value and types of assets handed over by developers and not recorded in NWC's books and any reasons for not recording assets.
5. Impact of subsidized charges to Government, Standpipes, etc. on revenue
6. Evaluation of the impact on revenues of 'social water' defined as
 - Red areas
 - Standpipes
 - Catchment tanks
 - Fire hydrants
 - Trucking to non-NWC customers

2. OPERATIONS (Statistical information)

A. Annually

Water

1. Production Capacity of water plants
 - Plant type (wells, treatment plants etc.)
 - Designed capacity
 - Actual capacity
 - Water produced

Sewerage

2. Treatment capacity of sewerage plants
 - Plant type (ponds, package etc.)
 - Designed capacity
 - Average throughput

B. Quarterly

Water

1. Monthly production of water by Region, Parish and Major Systems indicating actual and estimated readings
2. Volume of water purchased by Region, Parish
3. Monthly consumption of water by rate categories and bands per region and parish
4. Number of accounts by rate category and bands per parish
5. Number of metered accounts by rate category and band per parish
6. Unaccounted for water by parish and Major systems
7. Estimated breakdown of Unaccounted for water by Parish as: -
 - Leaks
 - System use
 - Under estimation of consumption
 - Under registration of meters
 - Unauthorized connections
8. Total number of new service applications received by parish
9. Number of new connections by Parish
10. Number of disconnections by Parish
11. Number of reconnections by Parish
12. Average time to reconnect after payment by Parish
13. Number of leakages reported and the time to complete repairs (within 24, 48, 72, and over 72 hours) by month by parish

14. Unplanned lock-offs in production, transmission and distribution by parish
 - Number
 - Reasons for lock-off
 - Customer-hours lost
15. Planned lock-offs in production, transmission and distribution by parish caused by drought, flood, etc⁵: -
 - Number
 - Hours lost
 - Customer-hours lost
16. Planned lock-offs in production, transmission and distribution by parish caused by maintenance works: -
 - Number
 - Hours lost
 - Customer-hours lost
17. List of communities and number of accounts without water for previous month, 3 months, 6 months, year and reason for disruption of service
18. Number and types of faults⁶ in the production and distribution system by Parish
19. Number of faults cleared within 24, 48, 72 hours by Parish
20. Number of employees by Region, Corporate by category
 - Production and treatment of water
 - Transmission and distribution
 - Sewerage
 - Customer service
 - Administration
21. Bill summary report: by month -
 - Number of bills
 - Active accounts
 - Inactive accounts (temporarily and permanent)
 - Inactive accounts (aged by month) over the last 90 days and actions taken on these accounts.

Sewerage

22. Monthly water consumption of seweraged accounts by rate category by bands (as per rate schedule)
23. Number of new connection to sewage treatment system by parish
24. Number of sewerage accounts disconnected from system by parish
25. Faults that resulted in the discharge of untreated sewage reported in: -
 - Collection and conveyance
 - Treatment

⁵ Other "Acts of God".

⁶ Faults can be defined as leaks, service disruption due to malfunctioning of plant, etc.

26. Number of faults reported, number of reported faults not cleared and average time taken to clear faults
27. Comparison of effluent quality with NEPA standards for effluent by plant
28. Average throughput/capacity ratio by plant
29. Sewerage plants in/out of service and length of time out
30. Effluent quality report highlighting areas of non-compliance. Any variances from the standard should be explained. It should also include list of all treatment plants (owned/ operated by the NWC) on which testing is not done and the reasons for inattention.

3. CUSTOMER SERVICE (Statistical information)

A. Annually

1. Number of billing related complaints for the last three financial years

B. Quarterly

1. Number of bills produced
2. Number of bills not dispatched within 5 days after production
3. Number of billing related complaints received
4. Number of meters to be read (with monthly breakout)
5. Number of meters read (with monthly breakout)
6. Number of customer at beginning of period
7. Number of customers added during period
8. Number of customers at end of period

Call Centre Reports

Quarterly submissions of the Commission's performance against key service level indicators

4. Quality of Service Standard Reports

A. Overall Standards Reports (yearly and quarterly with monthly breakout)

- WOS1 Reports on water quality testing at both source and distribution points by parish and region
- WOS2 Reports on number of customer complaints received in relation to the standard. Routine reports on areas affected by drought conditions.
- WOS3 Reports on planned lock-offs. Reports should include water supply system and location, areas affected, reason for interruption, notification time before interruption, period of interruption.
- WOS4
- a) Number of unplanned lock-offs
 - b) Percentage of unplanned lock-offs not restored within 24 hours in urban areas
 - c) Percentage of unplanned lock-offs not restored within 48 hours in rural areas
- WOS5
- a) Number of blockage (overflowing) at sewers main.
 - b) Percentage of reported overflowing not corrected within 24 hours after being informed
 - c) In relation to customer reporting, number of customer complaints received.
- WOS6 Reports on sewerage effluent quality testing at plants by parish
- WOS7
- a) Number of leaks identified/reported by parish
 - b) Timeframe within which each leak was repaired or is to be repaired
 - c) Percentage of leaks not repaired within the specified time (within 5 days up to 2010; within 3 days after 2010)

B. Guaranteed standards reports (yearly and quarterly)⁷

- WGS1
- a) Number of new services connected
 - b) Percentage of new services not connected within 10 business days

⁷ The report should be sent to the OUR by the 15th of the month following the end of each quarter.

- c) Reasons for not connecting new services within 10 business days
- WGS2 a) Number of bills dispatched to new service
b) Percentage of bills not dispatched within 48 business days after connection
- WGS3 a) Number of appointments made
b) Number of customers not notified if appointment not kept
c) Number of customers not notified in writing within 5 days if none of the other specified notifications methods were possible.
d) Reasons for breach
- WGS4 a) Number of complaints by category by parish
b) Number of written complaints
c) Percentage of written complaints by category not acknowledged within 5 business days of receipt.
d) Percentage of complaints by category not investigated and responded to within 30 business days of receipt.
- WGS5 a) Number of disconnections
b) Number of erroneous disconnections
c) Percentage of disconnections done in error
- WGS6 a) Number of requested final readings (account status)
b) Number of requested final readings in which customer gave a minimum of 5-business days notice
c) Number of meters not read on requested date although customer gave a minimum of 5-business days notice
d) Percentage of bills not dispatched within 15 working days of final reading
- WGS7 a) Number of requests for meters
b) Percentage of meters not installed within 30 business days of request
- WGS8 a) Number of suspected faulty meters reported
b) Percentage of meters not repaired within 35 business days of being informed after verification that meter is faulty
- WGS9 a) Number of meters changed
b) Percentage of meters changed in which the customer was not provided with details of the change

- WGS10 a) Number of meters not read within 2 months of the last actual reading
b) Number of accounts not billed within 2 months of last billing
- WGS11 a) Number of reconnection payments
b) Percentage of disconnected accounts (for non-payment) not reconnected within 24 hours after payment.
c) Average time to reconnect after payment
- WGS12 a) Number of erroneous disconnections
b) Percentage of erroneously disconnected accounts not restored within 12 hours
- WGS13 a) Number of complaints received on breach of each of the guaranteed standards (WGS1 to WGS12)
b) Number of standards breached
c) Number of payments made
d) Number of payments made within 30 working days of claim being made

Automatic Compensation Appendix

- a. Number of breaches (automatic)
- b. Number of accounts affected
- c. Details of affected accounts (acct. #s)
- d. Number of payments made
- e. Number of payments made within 30 days of breach

OUR Complaint Categories

1. Billing matters
 - Estimated billing
 - Payment not credited
 - High consumption
 - Billing adjustment (unexplained)
 - Unable to understand bill
 - Bill not received (verified against frank stamp date)
2. Disconnection (wrongful, etc)
3. Re-connection (awaiting, etc)
4. Irregular supply (inconsistent supply)
5. Metering (Defective, absence of, etc)
6. Unscheduled interruption of service (period of extended lock-off)
7. Poor customer service

8. Health and safety
9. Service connection
10. Unavailability of service (service required but not available to applicant)
11. Compensation payment not received
12. Low or high pressure
13. Blocked sewers
14. Leaks
15. Equipment damage
16. Property damage

5. RATE APPLICATION

Minimum Filing Requirements

1. Business Plan indicating
 - Objectives to be achieved in next five years
 - Policy framework
 - Strategies
 - Planned financing
2. Financial Model
3. Audited Financial Statements
4. Current year budget
- (b) All unaudited financial statements since the last audited accounts including year to date Income & Expenditure, Cash Flow and Balance sheet
- (c) Revenue and Cost separation into the following major services
 - Water production and treatment
 - Water distribution and supply
 - Sewage treatment
 - Customer service
5. Details of all loans and applicable rates of interest and amortization schedules. All foreign exchange denominated loans should be identified
6. Five year Investment programme detailing: -
 - List of projects
 - Estimated cost and time for completion of each project
 - Expenditure to date
 - Sources and terms of financing
 - Areas to be served
 - Number of additional customers to be served
 - Incremental amount of water to be produced
 - Estimated cost savings
 - Additional sewage treatment capacity
7. Maintenance programme
8. Water loss management programme
9. Effect of above programmes on unaccounted for water
10. Movement of fixed assets due to revaluation
11. List and value of assets used by NWC, which are not recorded in books
12. Impact of social water on revenues
13. At least one year of historic data on the following
 - Monthly production of water by Region, parish and major systems indicating actual and estimated readings
 - Volume of water purchased by Region, Parish
 - Monthly consumption of water by rate categories in bands
 - Number of accounts by rate category per parish
 - Number of metered accounts by rate category per parish

- Unaccounted for water by parish and Major systems
- Estimated breakdown of Unaccounted for water by Parish as: -
 - Leaks
 - System use
 - Under estimation of consumption
 - Under registration of meters
 - Unauthorized connections
- 14. Number of new connections by Parish
- 15. Number of employees by Corporate and Region by category:
 - Production and treatment of water
 - Transmission and distribution
 - Sewerage
 - Customer service
 - Administration
- 16. Billed water consumption projection by category by band
- 17. Elasticities
 - Price
 - Income

Sewerage

1. Minimum of one year's historical billed water consumption of seweraged accounts by rate category by bands
2. Billed water consumption projection of sewerage accounts by category by band
3. Number of sewerage connections to treatment plant by parish

6. REPORTS RELATING TO PERFORMANCE UNDER TARIFF REGIME

I. MONITORING OF THE K FACTOR

A. Quarterly

General

1. Total billing of K factor (with monthly breakout) and amount lodged in K factor account at bank
2. Bank statements for K factor account

Metering Programme

1. Number of meters purchased
2. Meters installed and location with respect to bulk meters
3. Expenditure against physical progress

Sewage treatment plants rehabilitation Programme

1. List of plants
2. Status -
3. Expenditure against physical progress for period and to date

Harbour View wastewater treatment plant

1. Status of procurement and construction
2. Expenditure for period and to date

Mains replacement

1. List of projects and details of work to be completed
2. Expenditure for period and to date

AMENDMENTS TO THE REGULATORY FRAMEWORK

The specified framework is for a period of 5 years, no amendments are anticipated, however, if any unforeseen circumstances should arise, which requires a revision of any of the benchmarks; the appropriate medium will be used at that time, to address such changes. The NWC may propose amendments to form the basis of the regulatory framework for the ensuing period.

Note that the reporting requirements are ongoing and amendments and waivers have to be approved by the Office.

Appendix 1: Summary of Performance Benchmark and Targets

Category	Targets	Achieved by
Net Receivables	At most 35% of revenues	March 2009
Bad debts	5% of revenue billed	June 2008
Employee cost	30% of revenues	March 2010
Asset Valuation	Assets included in regulatory asset base must reflect a fair market value.	March 2009
Billing and collection	Collection rate should be 95% of billed revenues	June 2008
Unaccounted for water	Reduced to 55%	March 2011
Inactive Accounts	Revisit disconnected accounts within 90 days of being disconnected and action taken to ensure that these accounts are not illegally reconnected	Ongoing
Functioning meters	At least 90% of accounts with functioning meters	March 2011
Water Quality	At least 99% compliance with IJAM standards	Ongoing
Wastewater quality	Non-compliant treatment plants as specified by NEPA's priority list must be in compliant by March 2011. Disaffected plants should be fully compliant with NEPA standards.	
Billing related complaints	Should be at most 5% of bills printed	Ongoing
Meter Reading	Meters to be read at least every other month and 97% of meters be read in each billing cycle	Ongoing