



# **Fair Trading Commission**

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## **Consultation Paper**

### **Barbados Water Authority Standards of Service**

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## **PURPOSE OF DOCUMENT**

The Fair Trading Commission “Commission” is issuing this consultation document as a part of the process towards the implementation of Standards of Service for the Barbados Water Authority (BWA), pursuant to Section 4(3) of the Fair Trading Commission Act, Cap 326B (FTCA), and Sections 3 and 4 of the Utilities Regulation Act, Cap 282 (URA).

In August 2014, by way of Statutory Instrument (SI) 2014 No. 65, the Commission was given the mandate to regulate the supply or distribution of water and the supply of sewerage services of the BWA, i.e. potable water and wastewater. In fulfilment of this mandate, the Commission considers it prudent that the first step in the regulatory process be the development of standards of service for the sector.

As a prelude to this, the Commission is seeking the views and opinions of the public through the process of a public consultation. These opinions will be taken into consideration by the Commission in its determination.

This paper is intended to solicit comments on:-

- (a) The establishment of specific minimum mandatory standards of service for the Barbados Water Authority;
- (b) The level of compensatory payment for the failure to reach the designated targets.

The Commission encourages the widest possible participation in this consultation process. In addition to making this document available at its offices, at Good Hope, Green Hill, St. Michael, between the hours of 9 a.m. and 4 p.m., it will be posted on the Commission’s website, [www.ftc.gov.bb](http://www.ftc.gov.bb).

The consultation period will begin on Monday, June 6, 2016 and end on Friday, July 15, 2016.

## **SECTION 1: BACKGROUND**

## **Barbados Water Authority**

The BWA, established by the BWA Act, Cap 274A in 1981, is a statutory corporation whose mandate is the provision of potable water and the treatment and disposal of wastewater. The BWA is also vested with the responsibility to monitor, assess, control and protect the water resources of Barbados.

Barbados was listed as the 15<sup>th</sup> most water scarce country in the world and the 16<sup>th</sup> most densely populated nation by the United Nations in 2008 (PAHO and WHO, 2013). With the increasing affluence of the Barbadian population and the country's heavy dependence on tourism, the demand for water has intensified (WBCSD, 2006). Furthermore, the growing strain on this already scarce resource (average availability of 390m<sup>3</sup> per capita per year)<sup>1</sup> (BWA, n.d.) will increase as a result of the impact of climate change. As a small island state, such impacts are amplified while the country's ability to mitigate these impacts is very limited.

Nonetheless, water production has grown to meet consumption requirements, which are inflated by wastage through unaccounted for water (UFW). This UFW was estimated to be between forty (40%) and forty-nine (49%) percent, which suggests an inordinately high level of inefficiency (BWA, 2011). Studies undertaken, including that of the American Water and Wastewater Association (1996), suggest the acceptable level of UFW to be in the region of ten percent (10%) (cited in Sharma, 2008), making the BWA's realised level a cause for concern. This high level of UFW contributes significantly to the abstraction requirements, lifespan of the abstraction wells, the pumping requirements and costs, including electricity costs, which is one of the largest recurring expenditures of the utility. The management of UFW directly impacts the utility's ability to effectively and efficiently service its customers. As of 2008, the BWA had 104,388 documented connections and a supplied volume of 36,355,671 m<sup>3</sup> annually.

## **Regulation**

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<sup>1</sup> Water scarcity is measured by looking at the size of the population in relation to the water. A country is said to be experiencing water stress when the annual water supply falls below 1,700 m<sup>3</sup> per capita per year. When the level falls below 1,000 m<sup>3</sup> per capita per year there is water scarcity and if it falls below 500 m<sup>3</sup> per capita per year there is an absolute scarcity of water. (U.N)

Standards of service are commonly used as a regulatory tool in utility regulation, as it is a useful instrument in the setting of minimum standards. Standards are necessary to ensure that consumers receive an acceptable level of service and have been employed in Barbados since 2006 in the telecommunications and electricity sectors.

In a competitive market, there is little need for regulation, as consumers may use their purchasing power and elect to switch to another provider that may better meet their needs. As a result, a business is forced to provide an added incentive to attract consumers. Differentiation is usually based on the level of service provided.

In a monopolistic environment, however, consumers are not afforded this luxury as there is no alternative. The only viable option is to subscribe, irrespective of the quality of service offered, given the essential nature of the service/product. This is particularly true of water and sewerage services and precipitates the need for an external, independent entity to act as a proxy to competition.

As with most water utilities in the region, the Barbados Water Authority is a publicly-owned utility and is not subject to competitive forces. As Barbados' utility regulator, the Commission bears the onus of establishing standards that require the utility to provide a service that is safe, adequate, efficient and reasonable in accordance with section 3(a) of the URA, while not applying onerous requirements on the company. Utility Regulation is therefore a balancing act of interest, as the active parties are co-dependent.

Standards of service set the benchmark for performance of the utility company, as they seek to measure the performance of the company against the stated requirements. The implementation of standards motivates the company to provide a higher quality of service that redounds to the benefit of both the consumer and the utility. This must be done within the context of the operational capabilities and challenges of the company, while juxtaposing such with the welfare of customers; realistic targets should also ultimately be set.

As it relates to water and sewerage, the ramifications of deficient standards are significant, deleterious and immediate from a health, economic and developmental perspective. When there is a water shortage, schools and other educational institutions are closed early or not opened at all, opening hours are shortened for affected businesses, resulting in lost income and residents in the affected areas are unable to report for work, leading to decreased

productivity. The adverse effects and negative economic consequences are therefore evident throughout the business sector.

Similarly, there is also an immediate health and environmental threat if wastewater is not disposed of correctly. The population would be exposed to chemicals and biological contaminants that, if left unchecked, could endanger lives.

The objectives of implementing Standards of Service are to:

1. Ensure that a minimum Quality of Service is maintained by the BWA and the necessary incentives are in place to encourage target accomplishment and improvements in the utility's performance over time.
2. Create the conditions necessary for customer satisfaction by informing the consumers of their right to a particular quality of service, which the BWA is expected to deliver, and their right to demand it.
3. To safeguard the interest of the consumer in the water and wastewater sectors and to have regard to the National Environment Policy, as required at Section 4(c) of the URA.
4. To allow for the establishment of best practice and facilitation of regional and ultimately international benchmarking.

In accordance with section 4 (4) of the FTCA, the Commission is obligated to consult with service providers, representatives of consumer interest groups and other parties when determining the standards of service applicable to service providers. The standards proposed in this consultation paper will take into consideration:

- Consumer welfare;
- Issues that have been brought to the Commission's attention through complaints or queries;
- The interests of other stakeholders and interested parties;
- The financial and infrastructural capacity of the BWA;
- Information provided by the BWA; and
- Standards of Service that are applicable in other similar jurisdictions.

## **SECTION 2: LEGISLATIVE FRAMEWORK**

### **FTC Legislation**

## *Authority to Establish Standards of Service*

According to the FTCA “standards of service” is defined at Section 2 as *the quality and the extent of service supplied by service providers.*

Section 4(3) of the FTCA and Sections 3 (1), 3(3) and 4 of the URA set out the Commission’s authority to determine the Standards of Service and the considerations that must be given when determining the Standards of Service. Rule 63 (2) of the Utilities Regulation Procedural Rules 2003, S.I. 2003 No.104, details the issues that may be included in the development of these standards of service. Together, these pieces of legislation provide the over-arching framework necessary for the development and establishment of the standards of service for a regulated sector.

Section 4(3) (d) (e) (f) (g) of the FTCA states:

*The Commission shall, in the performance of its functions and in pursuance of the objectives set out in subsections (1) and (2),*

- (d) determine the standards of service applicable to service providers;*
- (e) monitor the standards of service supplied by service providers to ensure compliance;*
- (f) carry out periodic reviews of the rates and principles for setting rates and standards of service of service providers;*
- (g) hear and determine complaints by consumers regarding billings and the standards of service supplied by service providers;*

Section 3(1) of the URA states:

*The functions of the Commission under this Act are, in relation to service providers, to ...*

- (d) determine the standards of service applicable;*
- (e) monitor the standards of service supplied to ensure compliance; and*
- (f) carry out periodic reviews of the rates and principles for setting rates and standards of service.*

Section 3(3) of the URA states:

*The Commission shall:*

- (a) protect the interests of consumers by ensuring that service providers supply to the public service that is safe, adequate, efficient and reasonable; and*
- (b) hear and determine complaints by consumers regarding billings and the standards of service supplied.*

Section 4 of the URA states:

*In determining standards of service, the Commission shall have regard to:*

- (a) the rates being charged by the service provider for supplying a utility service;*
- (b) ensuring that consumers are provided with universal access to the services supplied by the service provider;*
- (c) the national environmental policy; and*
- (d) such other matters as the Commission may consider appropriate.*

Rule 63 (2) of the Utilities Regulation Procedural Rules 2003, S.I. 2003 No.104 indicates that:

*Service standards may include issues such as:-*

- (a) universality of service;*
- (b) the provision of new services;*
- (c) the extension of services to new customers;*
- (d) the maximum response time permitted for responding to customer complaints and queries; and*
- (e) standards related to service quality which are specific to each sector.*

### **Consultation**

The onus on the Commission to have a consultative process is derived from Section 4(4) of the FTCA which dictates that there be broad consultation with persons having an interest in the matter in order to formulate the best policies.

Section 4(4) of the FTCA states:



*The Commission shall, in performing its functions under subsections (3) (a), (b), and (d) and (f) consult with the service providers, representatives of consumer interest groups and other parties that have an interest in the matter before it.*

### **Fines**

The developed standards of service are binding on the BWA. Section 21, 31 and 38 of the URA as well as Section 43 of the FTCA, prescribes the penalties that accrue if the BWA fails to adhere to the orders. Sections 21 and 38 of the URA serve notice that there will be penalties for failure to meet the standards and Section 31 of the URA enunciates the quantum that becomes payable for failure to comply.

Section 21 of the URA states:

*Where a service provider fails to meet prescribed standards of service, the service provider shall make to any person who is affected by the failure such compensation as may be determined by the Commission.*

Section 38 of the URA states:

*The Commission may make*

*(a) rules;*

*(b) regulations; and*

*(c) orders with respect to*

*(i) imposing penalties for non-compliance with prescribed standards of service; and*

*(ii) prescribing amounts to be paid to the person referred to in section 21 for failure to provide a utility service in accordance with the standards of service set by the Commission.*

Section 43 of the FTCA and Section 31 of the URA both state the following:

*Every service provider or business enterprise that fails or refuses to obey an order of the Commission made under this Act is liable on summary conviction to a fine of \$100,000 and, in the case of a continuing offence, to a further fine of \$10,000 for each day or part thereof during which the offence continues.*

### **The Barbados Water Authority Legislation**

The BWA is also guided by its legislation, which details the conditions under which it will supply water, with provision for periods when there are drought conditions. These will also be considered in the development of the Standards of Service.

Regulation 3(1) of the BWA (Water Services) Regulations, 1982 Cap. 274A states:

*The Authority shall keep and provide a constant supply of water, sufficient for the domestic, commercial and industrial use of occupiers of property who are, in accordance with these regulations, entitled to be supplied with water by the Authority.*

Regulation 12(1) of the BWA (Water Services) Regulations, 1982 Cap. 274A states:

*Where*

- a) there is a deficiency in the source of supply owing to a drought, or to any contingency affecting any supply works or machinery, or to any interruption caused by repairs, accident or other cause; or*
- b) the Authority or its General Manager considers it expedient to interrupt the supply of water, the Authority may, without notice, reduce or temporarily discontinue the supply of water to all or any particular area.*

The Commission holds the view that standards of service are an important tool in ensuring that the BWA provides safe, efficient and reliable service to its consumers.

### **SECTION 3: THE DEVELOPMENT OF BWA STANDARDS OF SERVICE**

The Commission is cognizant that the BWA is a newly regulated entity and will require time to have all its systems in place in order to facilitate compliance. Whilst the standards must consider consumers' valuation of the service's quality and minimum safety requirements, this must be tempered by the accompanying cost of achieving such standards. The Commission will work with the BWA to reach an operational level where optimal standards could be ultimately attained, in the shortest possible time. The standards would be revised over time, as the BWA becomes more proficient.

There are several issues that must be considered in the development of the standards, with perhaps the most important of those being the cost and delivery of acceptable service. It must be considered whether the setting of these standards will potentially result in an increased cost to the BWA which will ultimately be transferred to the consumer, i.e. does the cost of the BWA attaining the standard outweigh the benefit of the set standard?

In order to effectively develop and implement standards of service, it is important that the financial position of the BWA be considered and the company's infrastructure and human resources be taken into account. A snapshot of this information is critical in determining the level of standards that are attainable, given the resources of the utility.

The BWA has indicated various operational challenges and limited technical capabilities; however it has started the process of implementing several strategies that will improve its' service delivery to consumers in the short to medium term. One of these is the implementation of Supervisory Control and Data Acquisition (SCADA), a system for remote monitoring and control which will provide accurate and timely information on equipment failures, allowing for a speedier response to water supply problems. The use of this technology will result in a twenty-four (24) hour remote monitoring system which will improve the company's capabilities. As the proposed standards of service programme may be applicable for a minimum of three (3) years, in the first instance, upgrades that are expected to be effected in the short term will be considered. As is the practice with the other regulated utilities, the Commission proposes to establish the standards of service for three (3) years, followed by a review. This period allows the Commission to collect enough data

to fully examine how the utility is performing over consecutive reporting periods and to understand where any adjustments may be necessary.

### **Guaranteed and Overall Standards**

**Guaranteed Standards of Service** are standards which apply to the level of service delivered to individual consumers. In each instance where the utility fails to meet a specific target, it will be required to make a monetary compensatory payment to the affected consumer, except under force majeure or other established extenuating circumstances.

**Overall Standards** are standards that are applicable at a national level and are general in nature but affect a large number of consumers. Thus, the utility company is expected to deliver the service at a predetermined acceptable level. These standards are performance assessments over a period of time expressed in percentage terms (Holt, 2004).

These standards do not attract penalties for breaches of the established targets but are used as gross performance indicators to determine whether or not the company is performing at the required level. If the service provider continually fails to meet an overall standard, particularly to the point where service is severely hampered, and it appears that the service provider has not made a reasonable effort to rectify the breach, the service provider is required to provide an explanation to the Commission. However, for continuous breaches the Commission may require compliance through an Order and thereafter, if compliance is not achieved, may then enforce a penalty under Sections 21 and 38 of the URA, Section 43 of the FTCA and Section 31 of the URA.

The authority to make rules, regulations and orders in respect of penalties for non-compliance of the relevant standard is provided for under Section 38 of the URA.

In order to cultivate a sense of public accountability and make the public aware of the utility's performance, the Commission will publish its assessment of the BWA's performance relative to the standards on a yearly basis.

**Q1. Do you think that Standards of Service should be introduced for the**

**Barbados Water Authority? Give reasons.**

**Q2. How long should the standards be in place before they are revised?**

## **SECTION 4: RECOMMENDED STANDARDS OF SERVICE**

These proposed standards of service were derived from the Commission's research (Appendix A) as well as through dialogue with the BWA.

The Commission examined already developed standards of service for countries in the region, the UK and the Emirate of Abu Dhabi. The timelines for the targets were developed based on the current capabilities of the BWA, in conjunction with regional and international standards. The proposed level of compensation that will accrue to the consumer as a result of the BWA's failure to attain a guaranteed standard was developed, with consideration given to the financial capability of the BWA, the average monthly water bill and the resulting dislocation/productivity losses. The compensation currently paid to consumers by the other regulated utilities in Barbados for their failure to attain a guaranteed standard was also taken into consideration.

The following represents the Guaranteed Standards of Service as proposed by the Commission.

## Guaranteed Standards

The Guaranteed Standards of Service require the BWA to make a compensatory payment to each individual customer who is affected by the Company's failure to meet the defined target for the relevant standard.

Please note that unless specifically stated, the days referred to in this document are calendar days.

**TABLE 1: GUARANTEED STANDARDS OF SERVICE**

RESIDENTIAL (R); COMMERCIAL (C)

STANDARD	SERVICE CATEGORY	TARGET	COMPENSATION
GWS 1	<p><b>1. Installation of Service</b> This refers to the time it should take between application, payment and installation for a standard connection in a Zone other than a Zone 1 area.</p> <p>2a. This refers to the time to complete an investigation on receipt of an application for service in a Zone 1 area.</p> <p>2b. This refers to the installation time after the completion of the investigation and approval in a Zone 1 area.</p> <p><b>(Zones as defined by the BWA)</b></p>	<p>Residential<sup>2</sup> customers - No more than 14 days</p> <p>Commercial customers<sup>3</sup> - No more than 10 days</p> <p>Residential customers - No more than 14 days</p> <p>Commercial customers - No more than 10 days</p> <p>Residential customers - No more than 14 days</p> <p>Commercial customers - No more than 10 days</p>	<p>Refund of first month's water bill for a residential customer.</p> <p>For commercial entities, refund equivalent to double value of first month water bill.</p>
GWS 2	<p><b>Issue of First Bill</b> This refers to the time elapsing between the installation of service and the issuance of the first water bill.</p> <p><b>(Interim bill to be issued if read bill cannot be generated)</b></p>	No more than 30 days	Credit of \$20 (R) Credit of \$40 (C)

<sup>2</sup> Residential customers refers to persons that indicate they are applying for a domestic service on their application for water.

<sup>3</sup> Commercial refers to customers that indicate they are commercial entities on their application for water and apply for a commercial service.

STANDARD	SERVICE CATEGORY	TARGET	COMPENSATION
GWS 3	<p><b>Response to Complaints</b></p> <p>This refers to the time frame in which the BWA must acknowledge and investigate a customer's complaint about billing or other standard of service issues.</p>	<p>Acknowledgement provided within 5 days of receipt of complaint.</p> <p>Follow up investigation and advise on the steps to resolution should be provided within 15 working days.</p>	<p>Credit of \$15 (R) Credit of \$30 (C)</p> <p>Credit of \$15 (R) Credit of \$30 (C)</p>
GWS 4	<p><b>Wrongful disconnections</b></p> <p>This refers to the loss of service where consumer has been disconnected in error.</p> <p><b>(This does not apply where bills have been correctly stamped "due for disconnection")</b></p>	<p>Reconnected within 10 hours after notification of the error.</p>	<p>Credit of \$50 (R) Credit of \$100 (C)</p>
GWS 5	<p><b>Notification of Account Status</b></p> <p>This refers to the time frame in which the BWA will read the meter on consumer's request and provide an interim statement. <b>(Refers to where a bill is requested outside the normal billing cycle)</b></p>	<p>Meter read on request with 5 working days' notice. However the account will continue to be billed within normal cycle.</p>	<p>Credit of \$15 (R) Credit of \$30 (C)</p>
GWS 6	<p><b>Meter Installations (Existing Service)</b></p> <p>This refers to the time frame in which the BWA will install a meter on customer's request. <b>(Customers with fixed rate requesting a meter).</b></p>	<p>Meter installed within 30 working days of receipt of request.</p>	<p>Credit of \$20 (R) Credit of \$40 (C)</p>
GWS 7	<p><b>Repair/Replacement of Faulty Meter</b></p> <p>This refers to the time taken, after the report of a fault, for the BWA to assess and repair/replace a faulty meter, where applicable.</p>	<p>10 working days to assess and determine operational status of meter.</p> <p>After confirmation of defect, BWA should replace/repair faulty meter within 20 working days.</p>	<p>Credit of \$20 (R) Credit of \$40 (C)</p> <p>Credit of \$20 (R) Credit of \$40 (C)</p>
GWS 8	<p><b>Reconnection After Payment of Over-due Amount and Reconnection Fee</b></p> <p>This refers to the timely reconnection of a customer's service after payment of overdue amounts and reconnection fee at BWA's offices.</p>	<p>Maximum of 24 hours from receipt of payment to restore supply.</p>	<p>Credit of \$20 (R) Credit of \$40 (C)</p>



STANDARD	SERVICE CATEGORY	TARGET	COMPENSATION
	(Customers must settle outstanding balances at the BWA's offices for the standard to be applicable)		
<b>GWS 9</b>	<p><b>Scheduling of Field Appointments</b>  This refers to appointments scheduled by BWA representatives. Where the BWA is unable to keep an appointment with a customer, the BWA will contact the customer 24 hours before the scheduled appointment to cancel and notify of a new date. <b>(Monday to Friday)</b></p>	<p>All scheduled appointments should be honoured.</p> <p>Appointments may be scheduled: Morning (8:00 a.m. to 12:00 noon) or afternoon (12:01 p.m. to 4:00 p.m.)</p>	<p>Credit of \$15 (R)  Credit of \$30 (C)</p>

## Compensation

Guaranteed standards serve a dual purpose - to compensate the consumer for the poor quality of service they received and to act as an incentive to the utility to improve the quality of service offered to consumers. If BWA fails to meet any of the prescribed standards under the guaranteed standards scheme, the Commission is empowered to impose penalties in the form of compensatory payments to the individually affected customers.

However, the level of the penalty must be carefully considered. If the penalty is excessive, it may pose a significant financial strain on the utility. On the other hand, if the fine is too low, the BWA may lack the incentive to improve the standards of service and may find it financially viable to pay the fine and not improve its standards beyond the required minimum.

Two (2) options may be considered in determining the compensatory process for this type of scheme. One approach would see the consumer required to make the claim for breach of a particular standard or standards directly to the BWA within a specified time, usually three (3) months, in order to be compensated for a breach. The alternative approach would have the BWA automatically compensate the customer for its failure to attain a particular standard. Consumers' generally prefer the latter approach as it does not require them to make the effort to claim manually within a specified time. Also, this approach does not require the quantum of the compensation to be such that it acts as an incentive to claim; it also circumvents the barriers posed by lack of awareness. Automatic compensation, however, is generally a more costly approach, especially as it relates to upfront capital cost, as the infrastructure has to be in place to monitor, track and identify instances where customers are eligible for compensation. Additionally, some standards do not readily lend themselves to automatic tracking.

After the compensatory process has been decided, one must decide on the form of payment. Whether the compensation should be credited to the customer's account or whether it should be paid by cheque. It should be noted that if payment to the consumer is in the form of a cheque, this may be costly and burdensome to the company. A credit system is usually the less costly approach. Currently, credits are applied to the customer's account, as is evidenced on the monthly bill. The same obtains with the other regulated entities.

- Q3: Do you believe that there should be compensation where the Barbados Water Authority fails to meet specific standards?**
- Q4: Should the standards be introduced and monitored for a specified period of time before introducing compensation? If yes, what period of time should be given as a grace period?**
- Q5: Do you agree with the levels of compensation proposed? If no, what level of compensation would you consider appropriate? Please state reasons for your suggestions.**
- Q6: Do you believe that compensation should be automatically applied by the Barbados Water Authority or should the customer be required to make a claim for compensation?**
- Q7: Should the compensation be in the form of a credit or should the Barbados Water Authority issue a cheque to the consumer?**

## Overall Standards

The Overall Standards are designed to reflect the general performance of the Company and are not defined by the service which an individual customer receives. There is no compensation to customers for failure to meet overall standards.

Please note that unless specifically stated, the days referred to in this document are calendar days.

**TABLE 2: OVERALL STANDARDS OF SERVICE**

STANDARD	SERVICE CATEGORY	TARGET
OWS 1	<b>Meter Reading</b> This refers to the time frame between each meter reading.	100% of meters to be read monthly.
OWS 2	<b>Water Quality Issues</b> This refers to the time frame in which the BWA will investigate and provide a finding when there is a complaint relating to water quality.	Preliminary report(s) submitted within 72 hours and comprehensive report(s) within 2 weeks.
OWS 3	<b>Reinstatement of Service After Electrical Outages by Supplier of Electricity</b> This refers to the time frame in which service will be restored after notification of an electrical outage. Customers in the affected areas should be kept informed of the progress.	In 95% of instances, the water supply should be reinstated within 24 hours of restoration of electrical supply.
OWS 4	<b>Reinstatement of Service After In-House Fault (Fault residing within the control of BWA)</b> This refers to the time frame in which service will be restored after an in-house fault, e.g. mechanical failure, internal electrical fault. Customers in the affected areas should be kept informed of the progress.	In 95% of instances the supply should be reinstated within 24 hours of occurrence of fault.
OWS 5	<b>Reinstatement of Property</b> This refers to the time frame in which roads, walkways and/or property including guard walls, will be restored after damage due to mains or service pipe repairs, or the installation of new services.	In 95% of instances temporary reinstated within 48 hours.  In 95% of instances permanent reinstatement within 20 working days after completion of works.
OWS 6	<b>Minimum/Maximum Water Pressure</b> This refers to the water pressure that must be maintained.	Between 25 to 80 psi (pounds per square inch) at all times.
OWS 7	<b>Notify Public of Intention to Interrupt Supply</b> This refers to the period of notice to be given to consumers when there are planned interruptions.	Customers are to be notified 48 hours before scheduled service interruption.

STANDARD	SERVICE CATEGORY	TARGET
OWS 8	<p><b>Correction of Sewerage Problem</b> This refers to the time in which the BWA has to correct sewage problems after being informed. <b>(The problems referred to are blockages of sewer lines, overflows and breakage of sewer lines)</b></p>	Sewerage problems corrected within 48 hours.
OWS 9	<p><b>Sewerage Effluent Quality</b> This refers to the level of specific effluent parameters namely: faecal coliforms; faecal streptococci; nitrates and total suspended solids.</p>	95% of samples conform to WHO standards.
OWS 10	<p><b>Potable Water Quality</b> This refers to the quality of water supplied to consumers. Potable water should comply with the WHO potable water standards for turbidity, chlorine residual, faecal coliforms, faecal streptococci, nitrates and total dissolved solids.</p>	100% of samples taken must be within the limits established by the WHO.
OWS 11	<p><b>Repair of Burst Pipes</b> This refers to the time taken, after the report of a burst pipe, for the BWA to effect repairs <b>(service lines)</b>.</p>	90% repaired within 5 days.
OWS 12	<p><b>Repair of Burst Mains</b> This refers to the time taken, after the report of a burst main, for the BWA to effect repairs (transmission lines). Any delays should be communicated to the affected customers.</p>	In 95 % of instances main repairs effected within 24 hours.

**Q 8: Do you agree with the proposed service standards? If no, please state your suggested modifications, additions or deletions.**

**Q9: What additional information, categories and targets do you think would be appropriate for use in the development of these standards?**

**Q10: Do you believe that there are other standards that should be considered? If so, please state and provide supporting information.**

## **SECTION 5: EXEMPTIONS**

## General Exemptions

The Commission is of the view that there are situations where failure to meet Guaranteed Standards of Service should not require compensatory payments from the service provider. Consequently, the standards are placed in abeyance in circumstances where conditions outside the control of the service provider make it impossible to meet the targets. This is referred to as *Force Majeure* which the Commission proposes to formally define as:

*"Risks beyond the reasonable control of a party, incurred not as a product or result of the negligence of the afflicted party, which have a materially adverse effect on the ability of such party to perform its obligations."*

It is proposed that the force majeure conditions under which exemptions from the standards of service are granted be as follows:

- (a) An act of war (whether declared or not), hostilities invasion, act of foreign enemies, terrorism or civil disorder;
- (b) A strike or strikes and or other industrial action or blockade or embargo or any other form of civil disturbance (whether lawful or not);
- (c) Landslides, lightning strikes, hurricanes, floods, droughts, tempest, earthquake or any other natural disaster of overwhelming proportions;
- (d) Riots;
- (e) Civil commotion;
- (f) Acts or threats of terrorism;
- (g) Insurrections;
- (h) Epidemics;
- (i) Trade restrictions;
- (j) Inability to obtain any requisite Government permits;
- (k) Breakdown of machinery or equipment or any other force or cause of similar nature not within the control of the Company and which by the exercise of diligence it is unable to avoid, prevent or mitigate; and
- (l) Other unforeseeable circumstances beyond the control of the Parties against which it would have been unreasonable for the affected party to take precautions and which the affected party cannot foresee by using its best efforts.

## **Other Exemptions and Conditions**

The Commission is cognisant that other circumstances may exist from time to time which might impede the BWA's ability to meet the prescribed standards of service. In such circumstances, where a customer is dissatisfied with the BWA's application of an exemption, that customer may seek the Commission's guidance. Thereafter, the Commission may authorise the BWA's action or require it to honour the claim.

The situations which might fall into this category may include but are not limited to the following:

- (a) Inability to gain access to premises or the BWA's facilities where needed;
- (b) Where the customer's installation does not meet the BWA's requirements for installation or is considered unfit for service. (e.g. zonal restrictions, inappropriate materials etc.);
- (c) Where the customer or his/her agent fails to fulfil his/her obligations;
- (d) Where there are legal constraints that may prevent the BWA from meeting the standard;
- (e) Where the customer informs the BWA that he/she does not want further action to be taken on a matter;
- (f) Where the customer requests the BWA to take action at a later date than required by the standard;
- (g) Where the BWA reasonably considers that the customer's request or complaint is frivolous or vexatious;
- (h) Where an offence has been committed through interference with the BWA's metering equipment;
- (i) Where the customer's account remains unpaid after the BWA has given the customer notice of its intention to disconnect his/her supply for non-payment;
- (j) Where the BWA is requested by a public authority to provide emergency water supply to assist in emergency action and the provision of such services restricts the connection of a customer to a specified service or the rectification of a fault or service difficulty; and
- (k) Where the customer is required to pay a charge to the BWA for connection to the service or for the use of the service and the BWA has reasonable grounds to believe, based on the customer's prior debt service record, that the customer would be unwilling or unable to pay the charge as it becomes due.

**Q 11: Do you believe that the type of general and other exemptions proposed are adequate? Give reasons for your view.**

## **SECTION 6: MONITORING AND ENFORCEMENT OF STANDARDS**

The performance of the BWA must be monitored over time to ensure that there is adherence to the set standards. Furthermore, it is proposed that these standards will be valid for a period of three (3) years with a review at the end of this period. Ultimately, standards are important in ensuring there is public accountability.

To this end, the BWA will be required to submit quarterly regulatory reports. These reports shall include information on:

- The number of breaches under each guaranteed service category and the percentage compliance;
- The average time taken to respond to and/or rectify issues referred to under each guaranteed service category;
- The level of compliance, as a percentage, of each overall service category; and
- Details of extenuating circumstances that would have prohibited the BWA from achieving the targets of the guaranteed and overall standards.

The BWA will be required to submit annual reports. These reports shall include information on:

- the compliance level, as a percentage, for each of the guaranteed and overall standards;
- The number of customers eligible for compensation during the applicable financial year;
- The total value of eligible compensation;
- The number of customers actually receiving compensation; and
- The value of compensation remitted.

The Commission reserves the right to conduct independent investigations that seek to determine the extent to which the service provider is meeting the standards of service.



Information pertaining to the level of compliance by the BWA with the prescribed guaranteed and overall standards of service will be made available to the public on an annual basis.

### **Public Education**

The service provider will be required to make available to its customers a detailed list of the approved guaranteed and overall standards of service. This list shall include information on the service categories, target times, and compensatory payments where applicable. On establishment of the standards of service, the BWA will be required to make known its fault reporting process and contact details. The service provider will also be expected to widely publicise the means via which compensation for breaches may be sought.

## SECTION 7: LIST OF QUESTIONS

1. Do you think that Standards of Service should be introduced for the Barbados Water Authority? Give reasons.
2. How long should the standards be in place before they are revised?
3. Do you believe that there should be compensation where the Barbados Water Authority fails to meet specific standards?
4. Should the standards be introduced and monitored for a specified period of time before introducing compensation? If yes, what period of time should be given as a grace period?
5. Do you agree with the levels of compensation proposed? If no, what level of compensation would you consider appropriate? Please state reasons for your suggestions.
6. Do you believe that compensation should be automatically applied by the Barbados Water Authority or should the customer be required to make a claim for compensation?
7. Should the compensation be in the form of a credit or should the Barbados Water Authority issue a cheque to the consumer?
8. Do you agree with the proposed service standards? If no, please state your suggested modifications, additions or deletions.
9. What additional information, categories and targets do you think would be appropriate for use in the development of these standards?
10. Do you believe that there are other standards that should be considered? If so, please state and provide supporting information.
11. Do you believe that the type of general and other exemptions proposed are adequate? Give reasons for your view.

## **SECTION 8: CONSULTATION PROCESS**

This consultative document includes a series of specific questions for which the Commission is seeking comments. To ease the task of analysing comments, respondents should reference the relevant question numbers in the document. If they consider it appropriate, respondents may wish to address other aspects of the document for which the Commission has not prepared specific questions. There is no obligation to respond to all of the questions. Failure to provide answers to any question will in no way reduce the consideration given to the entire response. Commercially sensitive material should be clearly marked as such and included in an annex to the response.

### **Responding to this Consultation Paper**

The Commission invites and encourages written responses in the form of views or comments on the matters discussed in the Paper from all interested parties including the BWA, other regulated utilities, government ministries, non-governmental organisations (NGO'S), customer representatives, residential, commercial and industrial consumers, businesses, the academic community and all other interested parties.

### **Consultation Timetable**

The Consultation period will begin on Monday, June 6, 2016 and end on Friday, July 15, 2016. All written submissions should be submitted by this deadline. The Commission is under no obligation to consider comments received after 4:00 p.m. on July 15, 2016.

Copies of this Consultation Paper may be collected between the hours of 9:00 a.m. and 4:00 p.m., Monday to Friday, during the consultation period from the Commission's offices at the following address:

Fair Trading Commission  
Good Hope  
Green Hill  
St. Michael  
BB12003  
BARBADOS

The Consultation Paper may also be downloaded from the Commission's website at [www.ftc.gov.bb](http://www.ftc.gov.bb).

Respondents to the Consultation may submit responses in electronic format. The Commission would prefer that email responses forwarded to [info@ftc.gov.bb](mailto:info@ftc.gov.bb) be prepared as Word documents and attached to an email cover letter.

Responses may be faxed to the Commission at (246) 424-0300. Mailed or hand delivered responses should be addressed to the Chief Executive Officer at the above mailing address.

### **Confidentiality**

The Commission is of the view that this consultation is largely of a general nature. The Commission expects to receive views from a wide cross section of stakeholders and believes that views and comments received should be shared as widely as possible with all respondents.

**Respondents should therefore ensure that they indicate clearly to the Commission any response or part of a response that they consider to contain confidential or proprietary information.**

### **Analysis of Responses**

The Commission expects, in most consultations, to receive a range of conflicting views. In such circumstances, it would be impossible for the Commission to agree with all respondents. Through its decision, the Commission will seek to explain the basis for its judgments and where it deems appropriate, give the reasons why it agrees with certain opinions and disagrees with others. Instances may arise where analysis of new evidence presented to the Commission will cause it to modify its view. In the interests of transparency and accountability, the reasons for such modifications will be set out and where the Commission disagrees with major responses or points that were commonly made it will, in most circumstances, provide justification.

## APPENDIX A

The tables below represent a comparative table of the herein proposed standards of service for the BWA and those employed in other Regional and International jurisdictions. The other jurisdictions referred to are: Jamaica - the Office of Utilities Regulation (OUR); Trinidad - the Regulated Industries Commission (RIC); UK - Office of Water Services (OFWAT); and Emirate of Abu Dhabi - The Regulation & Supervision Bureau.

### GUARANTEED STANDARDS COMPARATIVE TABLE

<b>Proposed Standard</b>	<b>Trinidad and Tobago</b>	<b>Jamaica</b>	<b>U.K.</b>	<b>Emirate of Abu Dhabi</b>
<p><b>1. Installation of Service</b> Maximum of 14 days from receipt of new service application and payment. If the area is a Zone 1 - BWA has 14 days to complete investigations and if approved 14 days after investigation to complete installation.</p>	Installations must be completed in 7 working days after payment.	Connections made within 5 days for easy connection. 30 days for more complex connections.	Not Applicable	Not Applicable
<p><b>2. Issue of first bill</b> First bill should be issued within 30 working days after service has been installed.  Estimated bill will be issued in the interim if regular bill cannot be generated.</p>	Not Applicable	First bill should be issued within 30 working days after service has been installed.	Not Applicable	Not Applicable
<p><b>3. Response to Complaints</b> Acknowledgement provided within 5 days of receipt of complaint. Follow up investigation and provision of a response on steps to resolution should be provided within 15 working days.</p>	Complaints resolved in 30 days.	Investigation and results made available to consumer in 15 working days.	Substantive response within 10 working days	Substantive response within 10 working days.
<p><b>4. Wrongful disconnections</b> BWA must reconnect a service disconnected in error within 10 working hours of being notified of the error and provide a written apology.</p>	Not Applicable	Reconnected within 12 hours.	Not Applicable	Not Applicable

<b>Proposed Standard</b>	<b>Trinidad and Tobago</b>	<b>Jamaica</b>	<b>U.K.</b>	<b>Emirate of Abu Dhabi</b>
<b>5. Notification of Account Status</b> Meter to be read on the same day customer is moving, or by next working day, provided 5 working days' notice of move is given. An interim statement can be provided on request but the account will continue to be billed within the normal bill cycle.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>6. Meter Installations</b> Maximum of 30 working days to install a meter on customer's request (fixed rate).	Not Applicable	Not Applicable	Meters are installed within 15 working days.	Not Applicable
<b>7. Repair/replacement of Faulty Meter</b> 10 working days to assess and determine operational status of meter and 20 working days to replace/repair.	Meter repair within 30 days.	Meter repair within 10 working days.	Not Applicable	Not Applicable
<b>8. Reconnection After payment of Over-due Amount and Reconnection Fee</b> Maximum of 24 hours to restore supply.	Not Applicable	Reconnection within 24 hours.	Not Applicable	Reconnection within 3 hours after arrangements are made to clear outstanding debt.
<b>9. Scheduling of Field Appointments</b>  24 hours' notice given if appointment is to be cancelled.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

## OVERALL STANDARDS COMPARATIVE TABLE

Proposed Standards	Trinidad and Tobago	Jamaica	U.K.	Emirate of Abu Dhabi
<b>1. Meter Reading</b> Meters to be read monthly.	Not Applicable	Meters must be read every 3 months.	Not Applicable	Not Applicable
<b>2. Water Quality Issues</b> Where there are reports of issues with water quality the BWA will investigate and submit a preliminary report within 72 hours.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>3. Reinstatement of Service after electrical outages by supplier of Electricity</b> Should be effected within 24 hours. Customers in the affected areas should be kept informed of possible outages.	Not Applicable	Not Applicable	Not Applicable	Water supply restored within 24 hours of being made aware of the fault.
<b>4. Reinstatement of Service After In-House Fault (Fault residing within the control of BWA)</b> Should be effected within 24 hours. Customers in the affected areas should be kept informed of possible outages.	Not Applicable	Not Applicable	Not Applicable	Supply restored within 6 hours following receipt of supply failure report.
<b>5. Reinstatement of Property</b> Reinstatement to provide pedestrian access within 48 hours. A permanent reinstatement should be effected within 20 working days after completion of works.	Require work to be completed in 7 days.	Not Applicable	Not Applicable	Not Applicable
<b>6. Minimum/maximum water pressure</b> Must maintain a pressure ranging from 25 to 80 psi.	Pressure of 20 to 100 psi.	Pressure of 20 to 60 psi.	Minimum pressure of 14 psi.	Not Applicable
<b>7. Notify public of intention to Interrupt supply</b> Planned interruptions - Minimum notification of 48 hours for any planned interruption	Consumers are given 48 hours' notice.	Consumers are given 24 hours' notice.	Consumers are given 48 hours' notice.	Consumers are given 2 days' notice.

<b>Proposed Standards</b>	<b>Trinidad and Tobago</b>	<b>Jamaica</b>	<b>U.K.</b>	<b>Emirate of Abu Dhabi</b>
<b>8. Correction of sewerage problem</b> Maximum of 48 hours to correct sewerage problems after being informed	Not Applicable	Corrected within 24 hours.	Not Applicable	Not Applicable
<b>9. Sewerage Effluent Quality</b> Ensure that sewerage effluent is within the standards specified by WHO.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>10. Potable Water Quality</b> 100% of samples should be within limits established by WHO.	WHO / T&T Standards	Water must be within standards as specified by MOH.	Not Applicable	Not Applicable
<b>11. Repair of Burst pipes</b> BWA must achieve a 90% target for the repair of leaks within 5 working days.	Not Applicable	Leaks must be repaired within 3 days.	Not Applicable	Not Applicable
<b>12. Repairs of Burst Mains</b> 95% of repairs effected in 24 hours.	Not Applicable	Not Applicable	Not Applicable	Not Applicable



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