

ST HELENA UTILITIES REGULATORY AUTHORITY



2015/16

3RD ANNUAL REPORT ON THE QUALITY OF SERVICES
PROVIDED BY CONNECT SAINT HELENA LTD

EXECUTIVE SUMMARY

The Utilities Regulatory Authority has completed its review of the quality of services proved by Connect for the year to 1st April 2016. **The Authority acts entirely independently and is not subject to the direction or control of the Governor, the Executive Council, Legislative Council or any other person or authority.**

The Authority found that since utilities were divested to Connect, overall reliability of the electricity network has improved by 23%. Overall reliability of the water network has improved by 37%. The appearance of water has improved by 0.6%. The microbiological integrity of treated water has improved by 3.5%. The time taken to perform electricity connections has improved by 62%. The time taken to perform a water connection has improved by 84%. Renewable energy sources have increased from 9% to 28% of total electricity production.

The Authority also found that since divestment, Connect has reduced its reliance on government subsidies by at or about £600,000.00. This allows government to prioritise such sums elsewhere, such as for health. In addition the company's tariff structure now also provides for depreciation charges, which the company has ring-fenced into an asset replacement fund. This has removed at or about £800,000.00 of annual capital expenditure responsibility from SHG and allows for the repairs and replacement of the infrastructure which has been so lacking over decades. Since divestment there has therefore been a £1.4 million improvement in operating costs, yet there have still been achieved said vast improvements in the service provided.

The Authority also considered the present water shortage. The Authority concluded that the island's reduced water reserves at the present time are principally as a result of a lack of rain, but also as a result of decades of inadequate maintenance and asset improvement prior to divestment of utilities to Connect. The Authority were unanimously agreed that Connect has followed a structured approach and introduced measures at sensible points all in accordance with a comprehensive Drought Management Plan. The Resilience Forum brings together all responsible persons in crisis management, including Connect, SHG and the media and all appear to be working to a common goal. The Authority was impressed by the massive improvements in such management systems, having considered such systems during the water shortages in 2013.

The Authority concluded that while Connect are to be commended on the very significant improvements which have occurred since divestment from SHG, there is still a need and public expectation, for continued substantial infrastructure investment and generally an even greater improvement in the water and electricity networks. This is acknowledged by Connect in their recently completed 2020 Strategic Plan. Over a reasonable period of time the Authority will therefore continue to place upon Connect expectations of achieving such improvements.

PART 1 – OVERVIEW

1.1 UTILITY SERVICES ORDINANCE 2013

On 1st April 2013 the Utility Services Ordinance 2013 came into force. This Ordinance established the Utilities Regulatory Authority and created a legal framework to facilitate the private sector provision of licensed public utility services.

These services are —

- (a) The generation, distribution and supply of electricity;
- (b) The collection, storage, treatment and distribution of water; and
- (c) The disposal of waste water.

1.2 UTILITIES REGULATORY AUTHORITY

The members of the Authority are Chief Magistrate MacRitchie (as Chairman), Mr Stedson Francis BEM and Mr Paul Hickling. The Authority, and any person acting under its authority, act entirely independently and are not subject to the direction or control of the Governor, the Executive Council, Legislative Council or any other person or authority.

1.3 OBJECTIVE OF AUTHORITY

The objective of the Authority is to regulate the development and provision of public utility services in a manner which—

- (a) Ensures that users of such services are protected from both unreasonable prices and unreasonably low levels of service;
- (b) Ensures (so far as is consistent with paragraphs (d) and (e)) that the prices charged for such services do not create unreasonable hardships for households or unreasonable hindrance to commercial and economic development in St Helena;
- (c) **Motivates Utilities Providers to improve the quality of the services they provide;**
- (d) Ensures stability and predictability in the public utilities industry in the medium and long terms;
- (e) Supports a progressive reduction in levels of subsidy from public funds; and
- (f) Has regard to such other regulatory objectives (if any) as may be prescribed.

1.4 DUTIES OF AUTHORITY

It is the duty of the Authority, having regard to its objectives, to carry out its functions and to ensure that Utilities Providers comply with—

- (a) Ordinances, regulations and directives issued thereunder, regulating public utility services; and
- (b) The conditions of their licence.

1.5 POWERS OF THE AUTHORITY

The Authority may, for the purpose of performing its duties, issue Directives to a Utilities Provider in connection with the provision of any public utility service; and, without prejudice to that generality, such Directives may impose requirements concerning;

- (a) The quality or standard of service which the Utilities Provider must deliver to its customers;
- (b) Payments of compensation (or abatement of charges) to compensate customers when the service provided does not meet the standards so set;
- (c) The maximum charges or fees to be levied by a Utilities Provider for providing the public utility service;
- (d) The terms and conditions on which public utility services are to be provided; and
- (e) Such other matters (if any) as may be prescribed.

1.6 PENALTIES AVAILABLE TO THE AUTHORITY

If the Authority is satisfied that a Utilities Provider has failed to comply with a Directive, or with a condition of its licence, the Authority may order the Utilities Provider to pay a penalty not exceeding the sum of £100,000. A licence may be revoked by the Governor in Council upon recommendation of the Authority, where the Utilities Provider is in substantial and continuing breach of—

- (a) Any of the provisions of the licence;
- (b) Any Directives issued by the Authority; or
- (c) Any other obligations under the Ordinance.

1.7 UTILITIES PROVIDER- CONNECT SAINT HELENA LTD

With effect from 1st April 2013 Connect Saint Helena Ltd (“Connect”) were licenced by the Governor in Council to provide all said public utility services in St Helena. The Authority was instrumental in the drafting of such a licence. The licence contains a considerable number of conditions relative to the quality of the services to be provided by Connect.

Connect is a private limited company which is presently wholly owned by the St Helena Government (“SHG”). The Board of Directors consist of a non-executive Chair, three further non-executive directors and two executive directors. The executive directors are the CEO and Operations Director of Connect.

1.8 EXERCISE OF POWERS BY AUTHORITY

It is important to note that, in performing said duties and in exercising said powers the Authority must have regard to ensuring the stability and predictability of the provision of public utility services. At this relatively early stage in the development of such private sector provision, any penalty imposed on Connect by the Authority would require to be reintroduced to Connect by way of increased subsidy or alternatively tariff increases to customers, as Connect are not profit making. The general use of such penalty powers by the Authority would in reality only become practical were the utilities provider to commence making a financial profit and, while doing so, not meet the targets and expectations which could reasonably be expected of such a Utilities Provider.

1.9 PURPOSE OF REPORT

This report is therefore principally concerned with motivating the sole Utilities Provider to improve the quality of the services they provide, where possible. The Authority has a duty to adopt a reasonable approach in setting targets and expectations in these early stages of its regulation. Progressive targets and expectations have therefore been set, as it would be unreasonable to expect an instantaneous improvement to the levels which the Authority will ultimately endeavour to motivate the Utilities Provider to achieve.

This report has been prepared for the purpose of assessing performance against the targets established by the authority for the period of the review year. The additional purpose of this report is to inform the public on the level of services being delivered by Connect. In doing so it is hoped to motivate Connect to improve the quality of the services they provide, if that is possible. Connect are aware that such services are being monitored, scrutinised and will be publically reported upon by the Authority. It should be emphasised that this report relates to the period from 1st April 2015 to 31 March 2016 being the review year.

1.10 KEY DEVELOPMENTS

The 500kWp Solar Farm has now been commissioned and the overall contribution of renewable energy is now 28%.

The bulk water main connecting Sandy Bay to Levelwood has been completed and will provide increased water security to that problem area without the need to use bowsers.

Significant numbers of catchments have been replaced resulting in higher quality water, prior to the treatment process.

A new borehole main has been run from Fishers Valley and is now commissioned.

Scott's Mill reservoir was relined and is now 100% watertight

Since the year end Longwood 1 & 2, Harpers 3 and Millfield have also been relined and will be reported on in the next year's report in more detail.

The enlargement of Harpers 3 reservoir to increase capacity from 8,000m³ to 20,000m³ has been completed.

Surveying work is ongoing and is now being supported by contractors. Having started from scratch, the task of surveying all Connect's assets is enormous, but once complete will provide quality special data to support investment decisions.

In order to improve security of water supply, all water treatment works (and the Connect offices) are now equipped with standby generators. This will improve Connect's ability to respond to a major electricity failure without being distracted by needing to deal with water supply issues at the same time.

PART 2 – PUBLIC UTILITIES DEVELOPMENT PLAN

2.1 PUDP

The Public Utilities Development Plan (“PUDP”) was agreed, after extensive discussions, between Connect and the Authority. This provides for a planned improvement to the reliability and quality of public utility services over the three year period from 2013-2016. The plan requires the collation of performance indicators to assist in determining if such improvements are being achieved by Connect. Such performance indicators are generally measured against the “Benchmark Year” of 2012/13, namely the year prior to the commencement of the Connect operation as a private limited company.

2.2 RELIABILITY OF ELECTRICITY DISTRIBUTION NETWORK

In the Benchmark Year the electricity distribution network (“EDN”) had in total 146 disruptions (including power station disruptions). The Authority had set a target of reducing the total disruptions for the review year to 110. Connect has reduced the number of total to 112. This is a 23% improvement from the Benchmark Year. This is two disruptions short of the Authority’s target. Such a marginal shortfall is viewed by the Authority as being at or about the target set and is therefore acceptable. See Appendix 1.

2.3 ANALYSIS OF DISRUPTIONS

Disruptions to the EDN may be High Voltage (“HV”) affecting a large number of consumers or Low Voltage (“LV”), generally affecting a small number of consumers and being far less disruptive. In the Benchmark Year there were 68 HV, 66 LV and 12 power station (“PS”) disruptions. In this review year there were 57 HV, 54 LV and 1 PS disruptions. This is a 16%, 18% and 92% improvement in HV, LV and PS disruptions respectively, when compared with the Benchmark Year. Connect has improved the specification of all HV insulators to silicone and as lines get maintained such will be more reliable as silicone is superior to the present ceramic. See Appendix 2.

2.4 RELIABILITY OF THE WATER DISTRIBUTION NETWORK

In the Benchmark Year the Water Distribution Network (“WDN”) had in total 1,582 faults. The Authority set a target of reducing the total faults to 1,154 for the review year. In the review year there were 996 water related faults. This is a total reduction of 37%, from the Benchmark Year. Having stated such, in the previous two review years the recorded total faults were 897 and 689 in number (i.e. a 41% and 56% respectively, improvement from the Benchmark Year). The WDN infrastructure is however admittedly dated and for some decades prior to 2013 was not maintained to the levels now presently required. There has been and is planned to be, significant capital investment in such infrastructure. The previous year’s report showed the process whereby clusters of leaks have been identified, to inform the decision making process, as to replacement rather than repair of mains. See Appendix 1.

2.5 APPEARANCE OF TREATED WATER IN CONNECT NETWORK

In the Benchmark Year, treated water tested at treatment works appeared clear in 100% of the samples taken. The Authority set a target of 99.5% of network water samples appearing clear for the review year. In the review year Connect bettered this target by 0.1%. See Appendices 1 & 3.

2.6 APPEARANCE OF TREATED WATER AT CONSUMER PREMISES

In the Benchmark Year treated water tested at consumer premises appeared clear in 98% of the samples taken. The Authority set a target of 99.5% of consumer premises water samples appearing clear for the review year. In the review year Connect achieved this target. See Appendices 1 & 3.

2.7 MICROBIOLOGICAL INTEGRITY OF TREATED WATER IN CONNECT NETWORK

Samples of water are taken by Connect and analysed by the Public Health Laboratory, which is a UKAS accredited. The laboratory test for the presence of bacteria as this may be an indicator of contamination. Occasionally samples with sufficient chlorine fail microbiological analysis, the most likely cause being contamination of the sample during the process of collection or analysis. Very early on during the analysis, there are indicators that the sample is likely to fail, at which point the Public Health laboratory requests an immediate re-sample which is provided and analysed with the result of that test being used. In total there were four retests all of which subsequently passed. In the Benchmark Year, treated water tested at treatment works, showed indications of bacteria in 3.5% of samples taken. The Authority had set a target of decreasing this to 0.5%. In the review year Connect attained such a target in that no samples failed testing/re-testing as stated. See Appendices 1 & 3.

2.8 MICROBIOLOGICAL INTEGRITY OF TREATED WATER AT CONSUMER PREMISES

Samples of water are generally taken by Connect but Public Health carry out spot checks to verify compliance. Sampling points have now been fitted, by direction of the Authority, immediately prior to the water entering the customer's premises. This will hopefully exclude bacteria which may arise from the premises themselves. Connect has no control over such and the same is the responsibility of the customer (e.g. domestic taps). In the Benchmark Year treated water tested at consumer premises failed such stringent microbiological testing in 13% of the samples taken. The Authority set a target of decreasing this to approximately 0.5% for the review year. In the review year Connect attained such a target in that no samples failed testing/re-testing as stated. See Appendices 1 & 3.

2.9 TIME TAKEN TO PERFORM ELECTRICITY CONNECTION

In the Benchmark Year the time taken to perform an electricity connection was on average 50 days. This measure is the number of days Connect contributes to the process and for ease of measurement non-working days are included. The Authority set a target of keeping this below 36 days for the review year. Connect achieved an average period of 19 days which is a remarkable 62% improvement in performance from the Benchmark Year. This was however a small fall back from the previous reporting year. This was however achieved despite the number of new connections increasing by 45% on the previous year. See Appendix 1.

2.10 TIME TAKEN TO PERFORM WATER CONNECTION

In the Benchmark Year the time taken to perform a water connection was on average 90 days. The Authority set a target of an average 66 days. Connect reduced this period however to 14 days which is an 84% improvement in performance from the Benchmark Year. This was achieved despite the number of new connections increasing by 11% increase on the previous year. See Appendix 1.

2.11 TIME TAKEN TO DEAL WITH FORMAL COMPLAINTS

There was 100% compliance within the complaints handling system.

2.12 DATA CHECKS

The Authority visited the premises of Connect and performed samples checks on all data provided by Connect and found the same to be reliable. The Authority also cross referenced such data with the laboratory data from Public Health and found the same to be reliable.

PART 3 – CODES OF PRACTICE (“CoPs”)

3.1 TARGETS

CoPs were agreed, after extensive discussions, between Connect and the Authority. These make provision for compliance with the undernoted Conditions 23 to 30 of the Utilities Provider Licence, drafted by the Authority and issued by the Governor in Council to Connect. The Authority set targets of 100% compliance in respect of all of such CoPs, all as more particularly detailed in Appendix 4.

3.2 ACCESS TO PREMISES - CONDITION 23

This condition requires that all employees (a) possess the skills necessary to perform their required duties, (b) are readily identifiable by the public, (c) are appropriate people to visit and enter a customer’s premises and (d) in a position to advise customers of a contact point for help and advice if required. The majority of customer contact is by the meter reader which is currently a 3rd party contracted to Connect. The requirements of the CoP have been included in this contract so that the meter reader is contractually bound by the requirements stated in the CoP. Both the meter reader staff and Connect staff have new ID badges to readily identify themselves to members of the public. Training material has been provided and information is now printed on the reverse side of the bills, directing customers in relation to advice. The Authority found no evidence of non-compliance.

3.3 PAYMENT OF BILLS – CONDITION 24

This condition requires that appropriate advice is available to customers on payment of bills, in particular those who may have difficulty in making such payments. Connect has a member of their finance staff dedicated to managing customer debt, which includes agreeing alternative payment arrangements and liaising with Social Services to ensure the vulnerable are treated appropriately. Connect work with the charity ‘Making Ends Meet’ (MEM) and through the charity provide funding to those that MEM considers are vulnerable and unable to pay their bills. With increased focus on Safeguarding following the Wass Inquiry, Connect and SHG have collaborated to produce a document proceduralising disconnections where potentially vulnerable people are involved. The procedure details the steps to be taken and actions required to establish and deal with the most vulnerable in society. The Authority found no evidence of non-compliance.

3.4 CUSTOMERS IN DEFAULT – CONDITION 25

This condition requires that customers in default are identified and that reasonable payment arrangements are then timeously monitored and reviewed. See paragraph 3.3. The Authority found no evidence of non-compliance.

3.5 CONNECTIONS & DISCONNECTIONS – CONDITION 26

This condition requires specific connection and disconnection procedures to be followed within various time limits. The Code of Practice requires a site survey within five working days. Thirty six electricity service surveys were conducted on time. Two were not. One was completed after six days and the other after eight days. Forty four water service surveys were completed in time; six applications received on 4th January 2016 (following the end of year holiday) were surveyed in seven days, with a remaining two being surveyed in six days. There was an 11% increase in the number of requests for water connections and a 45% increase in the number of electricity connections from the previous year, as previously stated. These slight failures by Connect to meet the Authority target were marginal and are not of particular concern to the Authority.

3.6 DISABLED, CHRONICALLY SICK AND PENSIONABLE AGE CUSTOMERS – CONDITION 27

Through close liaison with the Social Services Manager, Connect has undertaken to visit consumers at their request to provide advice on the use of electricity and water. Additionally, Connect has provided Social Services with a stock of high efficiency luminaires to distribute and have further committed to provide monitoring equipment in order that vulnerable consumers can, with assistance understand more of their usage profile. Authorised officers can be readily identified by their identity card. The Authority found no evidence of non-compliance.

3.7 FORMAL COMPLAINTS – CONDITION 28

This condition requires that such complaints are reviewed, resolved or referred within various time limits. A total of thirty seven complaints were received. Complaints are reviewed by the management team on a weekly basis. With the exception of two complaints all were resolved at the first level, the two that were escalated were resolved at the second level and no complaints required escalation to the third level. Interestingly the numbers of recorded complaints has at least doubled compared to last year. It is difficult to make any particular conclusions from this, at this stage. This is because it is only now that there is in place systems to facilitate and record all complaints properly. The URA met with two complainers. They were critical of systemic failings in the supply of water in Bottom Woods and in Upper Jamestown. The URA was satisfied that such failures were due to the historical lack of repair and replacement of the water systems at those locations. The Authority is advised that there has been no reported reoccurrence of the events that triggered these complaints. The Authority found no evidence of non-compliance.

3.8 READING OF METERS - CONDITION 29

This condition requires that meters are read by persons with appropriate expertise and that such readings are efficiently processed thereafter. The meter reading contractor is contractually obliged to comply with the essential elements of all relevant Code of Practices. Reliably obtaining accurate meter readings is an essential business function and the service provided has achieved this. The meter readers have been trained in identifying potentially dangerous meter installations. The Authority found no evidence of non-compliance.

3.9 EFFICIENT USE OF ELECTRICITY – CONDITION 30

This condition requires that there is provided to customers generally, (with home visits to those disabled, chronically sick or of pensionable age that are in default), with information on the efficient use of electricity. A number of advertisements have been designed to inform the public. Customers are advised on the reverse side of their bills that information leaflets are available. Home visits are offered to disabled and chronically ill customers via Social Services. Two advertisements are placed each week in the local papers which is significantly greater than the six monthly requirements; the scope has been expanded to provide water consumers with information on efficient use of water. Connect also publish on an ad-hoc basis articles that we feel will be of interest to the general public. The Authority found no evidence of non-compliance.

PART 4 – WATER SHORTAGE

4.1 COMPLAINT BY COUNCILLOR

On 21st November 2016 a Councillor sought to bring to the Authority's attention complaints he had received from members of the public during the previous few weeks. These were to question; (1) Why Connect had apparently de-commissioned all water storage reservoirs for maintenance/cleaning at the same time rather than phasing this over a longer period?; (2) Why hosepipe restrictions were only imposed after all the reservoirs were empty?; and (3) Why consumers had not been advised by Connect of said maintenance/cleaning reservoir programme?

4.2 HAS CONNECT DE-COMMISSIONED ALL WATER STORAGE RESERVOIRS FOR MAINTENANCE / CLEANING AT THE SAME TIME RATHER THAN PHASING THIS OVER A LONGER PERIOD?

The Authority concluded that it would be misleading to state that Connect had deliberately de-commissioned all water storage reservoirs for maintenance/cleaning at the same time rather than phasing this over a longer period. Connect has taken advantage of the fact the reservoirs were already empty, to carry out necessary cleaning and repairs. Earlier in the year Connect enlarged Harpers 3 reservoir from 8,000m³ to 20,000m³. Works were planned for the dry season because dry ground conditions are essential for the construction. Reservoir levels are naturally low during the dry season, as demand exceeds the rate of replenishment. However with continuing dry conditions, the Authority agreed that it made sense to continue with further maintenance work on reservoirs that have not yet refilled over the winter. During the summer Connect relined the two Longwood reservoirs. Each reservoir is the same size, so in preparation for the relining Connect ensured that the combined volume did not exceed 50% of the total. Reduced levels were achieved naturally as summer demand exceeds the rate of replenishment. The combined reduced volume from both reservoirs was held in the bottom reservoir whilst the top was being relined. Once this was complete, with the assistance of the Fire and Rescue Service, water was pumped from the bottom to the top to allow the bottom reservoir to be relined. Relining of these reservoirs has eliminated leakage.

Millfield reservoir was also relined. The farming community had not consumed as much water as expected and so around 100 cubic metres of water was drained to allow the works to be undertaken by contractors who had return passages booked. To put this loss into context, the island consumes in the region of 1000-1200 cubic metres per day. The Authority concluded that it was the correct commercial decision to get such repair work completed timeously when skilled workers were available on island.

At the present time Connect are moving ahead with the provision of a new reservoir at Hutts Gate. Once this is commissioned in April 2017 it gives scope to clean and reline the current Hutts Gate reservoir. The lack of an alternative reservoir has prevented any cleaning work to date and that affects the quality of the raw water. The increased Harpers 3 capacity gives scope to reline Harpers 1, once the cliff above it has been stabilised and to finally remove the silt from Harpers 2 earth dam. Harpers 2 contains a huge amount of silt which has been allowed to accumulate over decades through a combination of there being no silt traps when the reservoir was built and no maintenance/cleaning programme over the intervening years.

The water utilities infrastructure has suffered decades of underinvestment and wholly inadequate maintenance. The Authority concluded that Connect were correct to pursue such a programme, to continue to address the islands water security issue and that tangible results can be seen. Works are planned to minimise water loss and the resultant improvements increase water security. The Authority recognises that such an ambitious improvement plan will take time and money to achieve. It is ironic that the work now being complained about is exemplary of the work which was not carried out and should have been carried out in previous decades under SHG administration.

4.3 WERE HOSEPIPE RESTRICTIONS ONLY IMPOSED AFTER ALL THE RESERVOIRS WERE EMPTY?

The Authority concluded that it would be misleading to state hosepipe restrictions were only imposed after all the reservoirs were empty. With regard to the timing of the hosepipe restrictions, Connect has impressed the Authority with the detailed and reasoned protocol, which is now detailed in the Drought Management Plan. In this plan, notices and restrictions are triggered along with other actions at specific times. On 24th June 2016 Connect warned consumers in Hutts Gate that water stocks were low in their area and requested reduced consumption, this is what is classified as a 'Minor Water Shortage'. At the time winter rains were expected and this informal notice was to alert the public to a potential introduction of restrictions, if supply and demand were not brought back in balance.

A 'Moderate Water Shortage' is triggered when the islands collective stocks fall below 45 days. On 11th August 2016 this trigger point was reached and consumers were advised island wide that they should reduce their consumption. On 17th August 2016 Connect commenced sending weekly figures to the Resilience Manager of SHG, since the lack of rain had the potential to move control of the situation away from Connect to the multi-agency Resilience Forum.

On 30th August 2016 Connect instigated Stage 3 intervention which was a formal notice of water restrictions preventing the use of hosepipes and sprinklers. By this time winter rains should have commenced, stocks were approaching the 30 day trigger point which is classed as 'Serious Water Shortage'. Agricultural users were individually issued exemption notices.

On 21st October 2016 Connect had not quite reached the 20 day 'Severe Water Shortage' trigger point but with the absence of any meaningful rain and the weather feeling more summer than winter, Connect alerted the Resilience Manager who was already in receipt of weekly figures. This is the point where the overall management of the situation needed to move to a multiagency approach, given the potential for a national emergency. In consultation with the Resilience Gold Command chaired by HE the Governor more stringent restrictions on usage were imposed on 8th November 2016.

The URA were unanimously agreed that Connect has followed a structured approach and introduced measures at sensible points all in accordance with said Drought Management Plan. Working with their consumers Connect has to date maintained supplies. Historically agricultural customers may have lost their crops, but with Connect physically operating pumps they are controlling bulk water use and expect all agricultural consumers to be able to harvest crops currently in the ground.

4.4 SHOULD CONSUMERS HAVE BEEN ADVISED FURTHER BY CONNECT OF MAINTENANCE / CLEANING RESERVOIR PROGRAMME?

With regard to Connect advising the public as to their maintenance / cleaning of reservoirs programme, the Authority concluded that there would be no requirement to do so unless it interferes with water supply or the quality of the same. As it happens however Connect appear to have a policy of informing the public on matters that they might find interesting. The Operations Director attended radio interviews on 17th August, 2nd September, 22nd September and 20th October 2016. Connect also held a joint press conference recently to inform the public. Press articles have also been issued in accordance with Schedule 6.

4.5 CONCLUSION ON WATER SHORTAGE

The Authority concluded that St Helena has been in no different a situation than many other areas of the globe who are suffering from a lack of rainfall. Lessons were learned from the 2013 drought and Connect has implemented new systems which have significantly improved procedures. Connect has written plans with defined trigger points, with defined actions. There is a management structure which defines the part everyone plays in this situation. Connect regularly inform the public through radio, television and the newspapers. The Resilience Forum brings together all responsible persons in crisis management, including Connect, SHG and the media and all appear to be working to a common goal. The Authority was impressed by the massive improvements in such management systems, having considered such systems during the water shortages in 2013.

PART 5 – CONCLUSIONS

5.1 PUBLIC UTILITIES DEVELOPMENT PLAN COMPLIANCE

Whilst there have been some very significant improvements in the provision of Utility Services, Connect will principally be measured by the customer in terms of their ability to (i) reduce disruptions to the electricity supply and (ii) supply clear and uncontaminated water. The reliability of the EDN and the appearance and integrity of water supplies is in line with the reducing targets set by the Authority. These targets will continue to reduce to a level which the Authority considers to be acceptable, after providing the opportunity to Connect to identify and repair/renew systematic failings, which have been ignored for decades while the water and electricity networks were directly under SHG.

5.2 CODES OF PRACTICE COMPLIANCE

Whilst evidence of some relatively minor non-compliance with the conditions of the licence was found, the Authority was generally impressed by the operation of the strategic structures in place to implement and monitor best practice with regard to such compliance. Such strategic structures bear little comparison to the haphazard system inherited by Connect.

5.3 GENERAL CONCLUSIONS

The Met Office has published rainfall data and the Authority is satisfied that St Helena has had below average rainfall over the winter months. The island's reduced water reserves at the present time are principally as a result of a lack of rain but also as a result of decades of inadequate maintenance and asset improvement prior to divestment of utilities to Connect. Raw water resources are predominantly surface water, so the island is particularly susceptible during times of low rainfall. Through a series of measures Connect is decreasing water lost through leaking reservoirs, improving water capture and increasing water storage capacity as aforesaid. Connect cannot however make it rain and must be given time to achieve results from such improvements.

All agreed actions from the previous two reports have been implemented by Connect, within agreed timescales. Since divestment the current position against all benchmarks shows a substantial improvement in both the EDN and WDN. The details of such are summarised in Appendix 5 of this report. Overall reliability of the electricity network has improved by 23%. Overall reliability of the water network has improved by 37%. The appearance of water overall has improved by 0.6%. The microbiological integrity of treated water has improved by 3.5%. The time taken to perform electricity connections has improved by 62%. The time taken to perform a water connection has improved by 84%. Renewable energy sources have increased from 9% to 28% of total electricity production.

Since divestment, Connect has reduced its reliance on government subsidies by at or about £600,000.00. This allows government to prioritise such sums elsewhere such as for health. In addition the company's tariff structure now also provides for depreciation charges, which the company has ring-fenced into an asset replacement fund. This has removed at or about £800,000.00 of annual capital expenditure responsibility from SHG and allows for the repairs and replacement of the infrastructure which has been so lacking over decades. Since divestment there has therefore been a £1.4 million improvement in operating costs, yet there have still been achieved said vast improvements in the service provided.

While Connect are to be commended on the very significant improvements which have occurred since divestment from SHG, there is still a need and public expectation, for continued substantial infrastructure investment and generally an even greater improvement in the water and electricity networks. This is acknowledged by Connect in their recently completed 2020 Strategic Plan. Over a reasonable period of time the Authority will therefore continue to place upon Connect expectations of achieving such improvements.

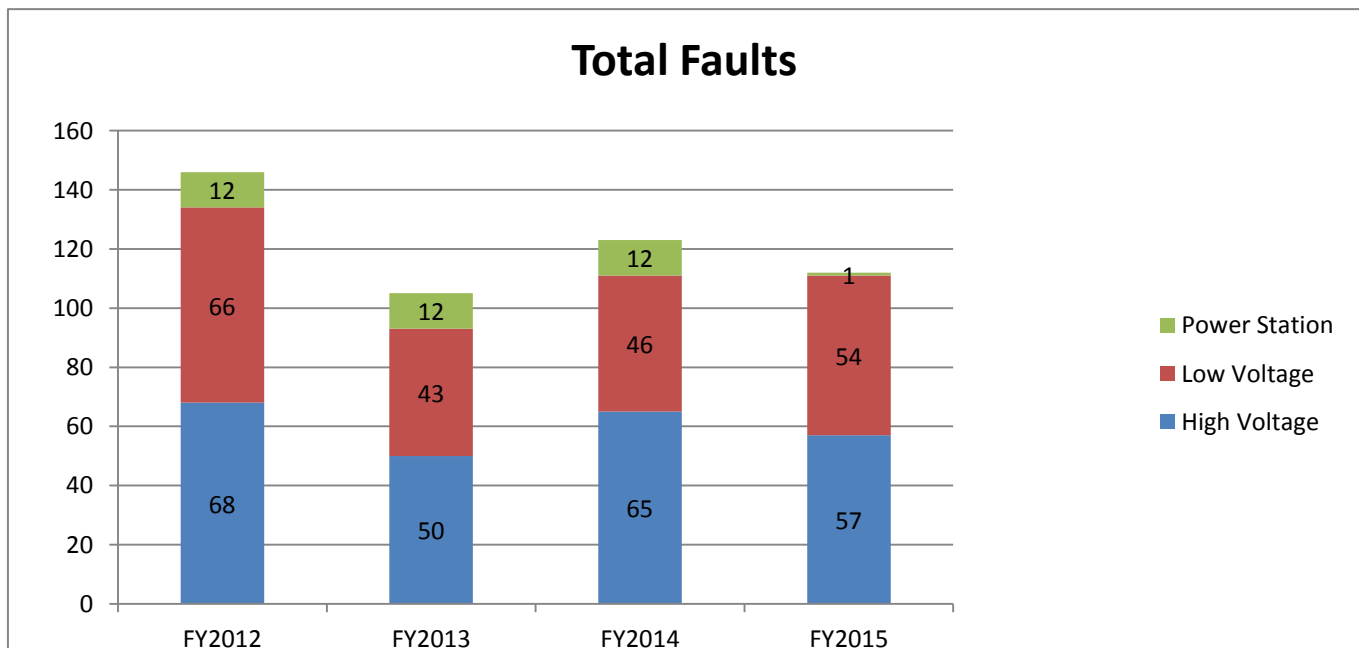
7th December 2016

John A. MacRitchie
LLB DipLP NP SSC JP Advocate (Abdn & StH)
Chair, Utilities Regulatory Authority

APPENDIX 1

April 2015 to March 2016	Benchmark 2012/3	Actual 2013/4	Actual 2014/15	Target 2015/6	Actual 2015/16
1. Performance Measure					
Reliability of Electricity Distribution Network	146	105	123	110	112
Reliability of Water Distribution Network	1,582	689	897	1,154	996
2. Quality					
Appearance of Treated Water in CSH Network	100%	100%	98.5%	99.5%	99.7%
Appearance of Treated Water at Consumer Premises	98%	95.3%	95.0%	99.5%	99.5%
Microbiological Integrity of Treated Water in CSH Network	96.5%	98.7%	99.5%	99.5%	100.00%
Microbiological Integrity of Treated Water at Consumer Meter	87%	79.2%	84.0%	99.5%	100.00%
3. Customer Service					
Time taken to preform Electricity Connection	50 days	44 Days	13 days	36 days	19 days
Time taken to preform Water Connection	90 days	91 Days	16 days	66 days	14 days
Total Customer Complaints handled within COP parameters	No Benchmark	Inadequate records	88%	100%	100%

Appendix 2 – HV/LV/PS Faults



Appendix 3- Water Testing

	2. QUALITY							
	Water Appearance				Water Microbiology			
	% Works	Running Total	% Network	Running Total	% Works	Running Total	% Network	Running Total
06/04/2015	No Lab		No Lab		No Lab		No Lab	
13/04/2015	100%		100%		100%		100%	
20/04/2015	100%		100%		100%		100%	
27/04/2015	100%	100.0%	100%	100.0%	100%	100.0%	100%	100.0%
04/05/2015	100%		100%		100%		100%	
11/05/2015	100%		100%		100%		100%	
18/05/2015	100%		100%		100%		100%	
25/05/2015	100%	100.0%	100%	100.0%	100%	100.0%	100%	100.0%
01/06/2015	100%		100%		100%		100%	
08/06/2015	100%		100%		100%		100%	
15/06/2015	No Lab		No Lab		No Lab		No Lab	
22/06/2015	100%		100%		100%		100%	
29/06/2015	100%	100.0%	100%	100.0%	100%	100.0%	100%	100.0%
06/07/2015	100%		100%		100%		100%	
13/07/2015	100%		100%		100%		100%	
20/07/2015	100%		100%		100%		100%	
27/07/2015	88%	99.2%	100%	100.0%	100%	100.0%	100%	100.0%
03/08/2015	100%		100%		100%		100%	
10/08/2015	100%		100%		100%		100%	
17/08/2015	100%		100%		100%		100%	
24/08/2015	100%		100%		100%		100%	
31/08/2015	100%	99.4%	100%	100.0%	100%	100.0%	100%	100.0%
07/09/2015	100%		100%		100%		100%	
14/09/2015	100%		100%		100%		100%	
21/09/2015	100%		100%		100%		100%	
28/09/2015	100%	99.5%	100%	100.0%	100%	100.0%	100%	100.0%
05/10/2015	100%		100%		100%		100%	
12/10/2015	100%		100%		100%		100%	
19/10/2015	100%		100%		100%		100%	
26/10/2015	100%	99.6%	100%	100.0%	100%	100.0%	100%	100.0%
02/11/2015	100%		100%		100%		100%	
09/11/2015	100%		100%		100%		100%	
16/11/2015	100%		100%		100%		100%	
23/11/2015	100%		100%		100%		100%	
30/11/2015	100%	99.6%	100%	100.0%	100%	100.0%	100%	100.0%
07/12/2015	100%		100%		100%		100%	
14/12/2015	100%		100%		100%		100%	
21/12/2015	100%		100%		100%		100%	
28/12/2015	No Lab	99.7%	No Lab	100.0%	No Lab	100.0%	No Lab	100.0%
04/01/2016	No Lab		No Lab		No Lab		No Lab	
11/01/2016	100%		100%		100%		100%	
18/01/2016	100%		100%		100%		100%	
25/01/2016	100%	99.7%	75%	99.4%	100%	100.0%	100%	100.0%
01/02/2016	100%		100%		100%		100%	
08/02/2016	100%		100%		100%		100%	
15/02/2016	100%		100%		100%		100%	
22/02/2016	100%		100%		100%		100%	
29/02/2016	100%	99.7%	100%	99.4%	100%	100.0%	100%	100.0%
07/03/2016	100%		100%		100%		100%	
14/03/2016	100%		100%		100%		100%	
21/03/2016	100%		100%		100%		100%	
28/03/2016	100%	99.7%	100%	99.5%	100%	100.0%	100%	100.0%

Appendix 4 - Code of Practice Compliance

PERIOD 2015/16				
LICENCE REFERENCE	CODE OF PRACTICE	MEASURE	TARGET	RESULT
23. Procedures with respect to access to premises – principles and procedures in respect of any person acting on its behalf who requires access to customers premises				
a. Possess the skills necessary to perform the required duties	Trainees or those new to a job will be accompanied by a fully trained person until such time as they are deemed competent to visit independently	New employees being accompanied?	100%	Contractor confirmed that one new meter reader started during the year and resigned shortly after. A previous reader was re-employed who was already deemed competent.
b. Readily identifiable to members of the public	Employees/contractors visiting premises will carry an ID card showing Company name, their name and a photograph	a)number of new employees issued with ID b)employees advised to request new ID if theirs is lost/damaged	100%	Contractor confirmed that new meter readers were issued with ID cards. Connect staff ID badges re-issued April 16
	All contractors visiting customers premises to be required to carry ID	number of new contracts with this clause	100%	Meter reading contractor contractually obliged
c. Appropriate person to visit & enter customers premises	When recruiting new employees, appropriate checks and references will be made as part of the recruitment process	References and any other checks taken up and recorded on employee file.	100%	Police check is standard procedure for all new hires
d. Inform customers on request, a contact point for help & advice	All employees required to visit customers premises have office contact details printed on the reverse side of their ID badges	Instructions provided on reverse side of ID badges	100%	Instructions are on ID
	Contractors required to visit premises to be made aware of office contact details	Letter to contractor on file	100%	Meter reading contractor is aware of Connect contact details

24. Payment of Bills – <i>payment of bills and appropriate guidance for the assistance of such tariff customers who may have difficulty in paying such bills.</i>				
a. Methods of payment	Customers advised on how to pay bills	Details on bill	100%	Comprehensive information on reverse of bill
b. Guidance to customers in difficulty	Information given to customers on what to do/who to contact if they are in difficulty	Details on bill	100%	Comprehensive information on reverse of bill, customers are referred to the appropriate person in Connect who gives specific advice
25. Dealing with Tariff Customers in default – <i>methods for dealing with tariff customers who, through misfortune or inability to cope...find difficulty in discharging obligations to pay for utilities supplied</i>				
a. Distinguish such customers	Billing Co-ordinator to identify such customers from customer discussions or referral from Social Services. Cases to be highlighted on the computerised billing system	All known cases to be highlighted on debtors spreadsheet	100%	New formal procedures agreed with SS to help identify customers with genuine hardship prior to disconnection. Comprehensive spreadsheet of debtors maintained and reported on monthly.
b. Detect failures by such customers to comply with arrangements made for paying by instalments	Use the computerised billing system monthly debtors monitoring report to check	1. Monitoring report to be run within 5 working days of month end to check the previous month's payments.	100%	Monthly reconciliations conducted
		2. Where payments have not been made, customer to be contacted within 10 working days of month end	100%	Billing coordinator manages the process of debt recovery and works with customers in debt to agree affordable repayment plans.
c. Arrangements to take into account the customers' ability to comply with arrangements in b)	Individual review of case & circumstances by Billing Co-Ordinator and customer - looking at income/expenditure	Details of the individual circumstances are recorded by Billing Co-ordinator	100%	Billing coordinator maintains records as a core part of the role
d. Ascertain with assistance of other persons/organisations the ability of such customers to comply with arrangements in b)	Review of case and agreement made by Billing Co-Ordinator and Finance Manager. Social Services input considered where available	Details of the review recorded by Billing Coordinator	100%	Check with social services is standard procedure and process agreed for dealing with genuine hardship cases identified. In all cases, there is a requirement for a final check prior to authorisation to disconnect

26. Connections & Disconnections				
a. Procedure for connections & disconnections	Customers advised of procedure when a new connection, reconnection or disconnection is requested	Advice given either in person or by letter	100%	Customers phone or call in and are provided with application form. Letters at each stage quote timescales. Procedure also on website
	Visit to assess work required for a new connection within 5 working days of customer confirming property is ready	Number of visits within 5 working days	100%	Water 44/52 - 85%. Of those missed, 6 were all received on 4 Jan 16 and visit made on 13 Jan = 7 working days and the remaining 2 visited in 6 working days. Electricity 36/38 - 95%. Of those missed, 1 x 6 days and 1 x 8 days. Number of new connections increased by 11% water and 45% electricity.
	Quotation issued within 5 working days of site visit	Number of quotations issued within 5 working days	100%	Water 52/52 - 100% Electricity 38/38 = 100%.
	Reconnection will be made within 5 working days of customer providing proof of payment of any outstanding charges	Number of reconnections made within 5 working days	100%	Reconnection made same day if possible. Always within 5 days
	Disconnection will be made within 5 working days of request from property owner	Number of disconnections made within 5 working days	100%	All done within 5 days
27. Provision of services for tariff customers who are disabled, chronically sick or of pensionable age				
a. Special means of identifying officers	Passwords to be made available where customer requests	Information on bills	100%	None requested

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b. Giving advice on the use of utilities	Information leaflet on saving utilities to be made available	Annual press advert	100%	Tip of the Week" been running since Jan 15 with alternating water/electricity savings tips. Sheet is on website and available from office
	Where such customers are in default, a home visit to offer advice on savings to be offered	Percentage of customers who requested a home visit receive such a visit	100%	No home visits requested
28. Formal complaint handling procedure				
a. Level 1 Complaints	Review/resolution or referral within 5 working day	Number of formal complaints reviewed/resolved/referred on target	100%	35/35 = 100%...Significantly higher number of complaints compared to 2014/15 (+120%). Better employee understanding and improved recording procedures has increased capture rate. Ten complaints resulted from a single incident.
b. Level 2 Complaints	Review/resolution or referral within 10 working days	Number of formal complaints reviewed/resolved/referred on target	100%	2/2 - 100%
c. Level 3 Complaints	Review/resolution within 5 working days	Number of formal complaints reviewed/resolved/referred on target	100%	0/0 - 100%
29. Reading of customers meters				
a. Ensure person reading the meter has the appropriate expertise	Trainees or those new to a job will be accompanied by a fully trained person until such time as they are deemed competent to visit independently	number of employees in new job being accompanied	100%	Meter Reader is contractually obliged to comply
		Insert this clause in any future meter reading contract or operational procedures	100%	Meter Reader is contractually obliged to comply
b. Inspect meter for evidence of deterioration which might affect function or safety	Ensure employees and contractors have advise on meter safety & what to look out for	Information issued to employees & contractors on annual basis or as updates become available	100%	Issued to meter reading contractor who has distributed to employees. Meter safety article on Connect website. Full survey of meters commissioned for early 2016/17
		All meters identified as potentially unsafe to be inspected	100%	6/6 - 100% meters reported & inspected

c. Ensure premises are left no less secure as a result of visit	Employees and Meter Reading Contractor shall close all doors/gates following visit.	Reminder to close all doors/gates printed on reverse of employees ID card.	100%	Instructions issued on ID card, contractor contractually committed
d. Make good or pay compensation for damage caused by person reading meter	Contractor will make good any damage caused by person reading meter	Insert this clause in meter reading contractors contract if renewed. No customer complaints received	100%	Contractor contractually committed to make good any damage
e. Reporting the reading of the meter	Data collected, entered into the computerised billing system	Successful monthly upload	100%	Monthly process
f. Adjusting of charges for erroneous meter readings	If customer queries reading, a 2nd reading is taken and bill adjusted if appropriate	Accuracy of final bill	100%	Process in place to check for abnormal readings and for rechecking physical meter
30. Efficient use of electricity				
a. Set out ways in which advice will be made available to customers	Customers advised that Information leaflets available on request.	Availability of leaflet referred to on the bills	100%	Printed on reverse of bill
		Six monthly press advert reminding customers of leaflet availability or article on utility saving ideas	100%	Jan 15 Connect started to trial a "tip of the week" approach in the press. All tips appear on the website and are available from Connect office (ref on reverse of bill)
	Home visit offered to disabled, chronically sick or pensioners who are in default to identify ways to reduce consumption	Visit offered to identified customers	100%	Social Services are aware Connect offer this but to date no visits have been requested

Appendix 5

Performance against Pre-Divestment Benchmark

	<u>WHERE WERE WE THEN?</u>	<u>WHERE ARE WE NOW</u>	<u>IMPROVEMENT</u>
Performance Measure	Benchmark 2012/3	Result 2015/16	%
<u>1. Reliability</u>			
Overall Reliability of Electricity Network	146	112	23%
Overall Reliability of Water Network	1,582	996	37%
<u>2. Quality</u>			
Appearance of Treated Water in Network & Premises (Average)	99.0%	99.6%	0.6%
Microbiological Integrity of Treated Water Network & Premises (Average)	96.5%	100.0%	3.6%
<u>3. Customer Service</u>			
Time taken to preform Electricity Connection	50 days	19 days	62%
Time taken to preform Water Connection	90 days	14 days	84%

Appendix 6

Public Information

		Issued to Press
Article	Enlargement of Harpers 3Reservoir	16/03/16
Article	Reservoir Relining	05/05/16
Article	Harpers 3Update	21/06/16
Press Release	Water Restrictions to Hutts Gate	26/06/16
Press Release	Water Restrictions Island Wide	11/08/16
Radio Interview	Leon de Wet - Water situation	17/08/16
Legal Notice	Legal Restriction Notice	30/08/16
Press Release	Explanation of Legal Notice	30/08/16
Radio Interview	Leon de Wet - Water Situation	22/09/16
Article	Why We have Water Restrictions When it's Raining	22/09/16
Radio Interview	Leon de Wet - Water Situation	20/10/16
Resilience Forum	Press Release - Residents urged to limit consumption	25/10/16
Leaflet Drop	Resilience Forum PR issued to all arriving on RMS	26/10/16
Resilience Forum	Press Release - Water levels seriously low	31/10/16
Leaflet Drop	Water savings leaflets distributed to newspaper	02/11/16
Posters	Water savings posters distributed to newspaper	02/11/16
Posters	Posters distributed to local shops/businesses/offices	04/11/16
Resilience Forum	Press Release -- weekend rain not enough	07/11/16
Legal Notice	Legal Restriction Notice	08/11/16
Press Release	Explanation of Legal Notice	08/11/16
TV	Resilience Forum - Governors Appeal to reduce water	09/11/16
Resilience Forum	Press Release -Appeal to reduce water use	11/11/16
Internal Briefing	Employee Briefing 02	11/11/16
Press Conference	Resilience Forum - Water Situation	16/11/16
Internal Briefing	Employee Briefing 03	18/11/16