



SA Water public response

SA Water service standards 2013/14 - 2015/16

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1 Executive Summary

SA Water thanks the Essential Services Commission of South Australia (ESCOSA) for the opportunity to publicly comment on its draft decision with regard to SA Water's regulatory service standards for the 2013/14 – 2015/16 regulatory period (forthcoming regulatory period) and acknowledges the collaborative approach between parties to date.

SA Water appreciates the opportunity to work further with ESCOSA to ensure that the regulatory service standards for the forthcoming regulatory period accurately reflect customer's current experience for levels of service and the level of service on which SA Water costed its regulatory business proposal for the forthcoming regulatory period.

SA Water also believes that is imperative to ensure the regulatory service standards set for the first regulatory period accurately reflect the most efficient prioritisation of core work that impacts customers in order to ensure SA Water is able to properly prioritise its field operations for the forthcoming regulatory period.

SA Water supports the approach ESCOSA has taken to date, however there remains a small number of service standards that could be further refined to address the:

1. Elevation of some categories of events above similar higher priority events resulting in an operational prioritisation and customer expectation issue;
2. Differentiation of service levels by geographic location resulting in customer expectation issues and further complexity to assessing and costing performance; and
3. Measures for low occurrence events not being representative of performance experienced by the majority of SA Water customers.

SA Water supports developing the most appropriate and efficiently prioritised set of regulatory service standards at the outset of this regulatory period for the benefit of its customers during the forthcoming regulatory period. SA Water sets out in this document, a number of suggestions to address the issues identified above.

2 Introduction

SA Water would like to thank ESCOSA for the collaborative efforts to date towards the development of service standards that best reflects the interests of SA Water's customers.

SA Water appreciates this has been a drawn out process, impacted further by the inability to verify long-term historical data pre-dating the contemplation of economic regulation. However, much can be said for the work done to date as the revised service standards contained within the Draft Decision better reflect the level of service that customers expected and were paying for ahead of the commencement of economic regulation.

ESCOSA's approach to date has been to:

1. Review historical data supplied by SA Water;
2. Verify averages having regard to maximum performance achieved;
3. Have regard to the importance of the metric in terms of customer service;
4. Adopt a "best endeavours" approach;
5. Set targets at levels that achieves a balance in the extent of reporting by SA Water of events missed;
6. Round targets to nearest 5% unless in the case where this resulted in 100% target, a 99% target was more appropriate.

This approach has largely been centred on assessment of historical data and application on the basis that customers should not be receiving a lesser service than they were receiving prior to economic regulation.

Although SA Water can understand ESCOSA's approach is based on providing for levels of service that customers were already paying for prior to regulation as a base-model approach SA Water believes in these instances correct prioritisation needs to occur in order to prevent distorted flow-on effects to business and resource prioritisation in future regulatory periods and inappropriate allocation of operating expenditure in future regulatory proposals, misaligned to the running of SA Water's business and responsiveness that has previously worked in the past.

For these reasons, SA Water has assessed the proposed service standards put forward by ESCOSA in its Draft Decision and made a number of minor recommendations based on:

1. Recent performance;
2. Accurate prioritisation based upon category of events and localities; and
3. The impacts of low occurrences of events on regulatory data.

These recommendations are discussed further throughout this document.

3 Artificially elevated priorities

SA Water commends ESCOSA for its approach taken to date and the successful outcomes achieved. A historical performance approach is yet to address a small number of complexities, one of those being the artificial elevation of various performance priorities due to the high standard of historical performance for certain measures.

Within the Draft Decision, a small number of service standards have been affected by the impact of a historical performance approach rendering them artificially elevated above:

1. Logical prioritisation according to the agreed categories; and
2. Other areas subject to the same service objectives.

These are discussed further below

3.1 Elevation of categories of service

As ESCOSA is aware, SA Water has categorised priorities for service based on the impacts and criticality for customers. In some areas, the approach to setting service standards has elevated some lower priority events to similar levels of service, or greater, than higher priority events.

For example, based on historical performance, ESCOSA has set a service standard for Category 3 water service restoration events of 99% within 12 hours which effectively re-prioritises SA Water's responsiveness to Category 3 events ahead of Category 2 events (higher level of criticality) given that the second stage of Category 2 requires SA Water to respond within 18 hours.

Whilst historical data indicates SA Water can achieve these levels of service, SA Water does not believe correct prioritisation of resources and allocation of operating expenditure into future regulatory periods should be based solely on a historical assessment of standards without further regard for appropriate prioritisation. This will create issues for SA Water in appropriately prioritising its resources in the future and developing a mature, well-prioritised and efficient regulatory proposal for future determinations. Illogical prioritisation of service standards will also make ESCOSA's assessment of service standards or revenue requirements more difficult in the future.

SA Water supports a well-balanced and correctly prioritised set of base service standards in the short term, which in some instances may not be aligned with current performance, in order to provide a suitable footing for future development of the most appropriate and efficient service standards aligned to customer expectations and values.

SA Water proposal

Category 3 water service restoration responsiveness target be revised to 99% of events within a minimum of 18 hours.

3.2 Elevation of areas of service

Also due to the impact of historical performance, ESCOSA has set a number of service standards for regional areas at a higher level of priority than metropolitan areas. Whilst SA Water understands it is logical to retain those levels where SA Water has demonstrated historical achievement of those levels of service, it is not logical or practical to elevate certain groups of customers above other groups of customers and segment customer expectations of service.

There are also benefits to maintaining levels of uniformity across service standards and reducing the complexity of the costing and assessment exercises that are imperative to both SA Water and ESCOSA's functions with regard to performance and service delivery.

For these reasons, SA Water suggests that for the first regulatory period ESCOSA maintain uniformity across metropolitan and regional service standards in order to:

1. Manage customer expectations; and
2. Reduce the complexity of costing and assessment exercises undertaken by various parties.

SA Water suggests that this will provide a sound basis for both SA Water and ESCOSA to assess SA Water's performance against the new service standards, with appropriate internal benchmarks and comparisons, ahead of the next regulatory period.

SA Water expects that by achieving a robust and practical set of base service standards ESCOSA will be in a better position to drive performance through service standards in subsequent regulatory periods and address customer price expectations through the setting of service standards in line with the levels of service customers expect and value.

In addition to this, it does not seem appropriate that tighter performance requirements apply to areas where it has been established that vast distances need to be covered with flow on effects to plant availability and responsiveness when events occur.

SA Water proposal

The service standards contained within Table 2 below are aligned to the metropolitan counterpart for the first regulatory period.

Table 1 SA Water proposed revisions to service standards (geographical alignment)

Service standards	Original target	ESCOSA Draft Decision	SA Water proposal
3. Drinking water quality complaint responsiveness			
Percentage of Priority 1 complaints responded to within 1 hour (regional)	99%	99%	95%
Percentage of Priority 2 complaints responded to within 2 hours (regional)	95%	95%	90%
Percentage of Priority 2 complaints responded to within 12 hours (regional)	99%	99%	95%
7. Timeliness of water service restoration			
Percentage of Category 1 events restored within 5 hours (regional)	95%	95%	No target or 90% in line with metro target if top-level measurement is rejected
Percentage of Category 2 events restored within 5 hours (regional)	95%	95%	No target or 90% within 8 hours in line with metro target if top-level measurement is rejected
8. Timeliness of sewerage service restoration			
Percentage of Category 2 events restored within 5 hours (Adelaide metropolitan)	95%	90%	No target or 85% in line with metro target if top-level measurement is rejected
9. Timeliness of sewerage overflow attendance			
Percentage of inside building overflows attended within 1 hour (regional)	99%	99%	No target or 95% in line with metro target if top-level measurement is rejected

Service standards	Original target	ESCOSA Draft Decision	SA Water proposal
Percentage of outside building overflows attended within 2 hours (regional)	99%	99%	No target or 95% in line with metro target if top-level measurement is rejected
10.Timeliness of sewerage overflow clean up			
Percentage of inside building clean ups completed within 4 hours following restoration of service (regional)	99%	99%	No target or 95% in line with metro target if top-level measurement is rejected

4 Misrepresentative data – low occurrences

In setting SA Water's service standards ESCOSA adopted SA Water's internal monitoring metrics at a very granular level. This level of granularity means the data is broken down to such levels that there are limited numbers of events captured against each of the metrics, particularly the higher priority events with shorter timeframes to be met.

SA Water does not believe this breakdown of data accurately represents the levels of service experienced by the majority of SA Water's customers.

Low numbers of occurrences can mean that missing even one event will cause SA Water to miss its performance target.

For example, year-to-date SA Water has responded to 4 of 5 metropolitan Category 2 sewerage restoration events. Missing just one event will cause SA Water to report performance of 80% against its newly revised target of 90%.

This example demonstrates that the lessening of targets in line with current performance does not properly address the issue of low occurrences of events misrepresenting the performance experienced by the majority of SA Water's customers. Only a different approach will address this issue.

SA Water acknowledges that it has previously suggested the granularity of these areas of performance be removed in order to provide a greater number of events to be measured and therefore a more reflective percentage figure to be reported and drive business and regulatory decisions, and that this approach was rejected by ESCOSA on the basis that ESCOSA was comfortable with the level of granularity currently available to it for assessment.

While SA Water acknowledges the basis on which ESCOSA rejected SA Water's proposal there is still a need to rectify these targets. SA Water suggests a practical compromise whereby a service standard target for all events within that area of performance is set at a top level against which SA Water is monitored but that SA Water continues to report the granular data for ESCOSA oversight.

This would be consistent with the high level service standard measures in other jurisdictions but affords ESCOSA the greater oversight and understanding of SA Water's service delivery that it seeks.

SA Water thereby suggests that the following areas of performance have top level targets in line with historical performance (the currently agreed approach) and that it reports data against the sub-metrics but no target is assigned to that metric, such that this data is provided to give a level of visibility and granularity to the overall target against which SA Water is measured.

SA Water proposal

The service standards contained within Table 1 below are assigned top level targets in line with current performance with raw data provided against sub-metrics for information only.

Table 2 SA Water proposed revisions to service standards (low occurrences)*

Service standards	Original target	ESCOSA Draft Decision	SA Water proposal
7. Timeliness of water service restoration			95%
Percentage of Category 1 events restored within 5 hours (Adelaide metropolitan)	99%	90%	No target
Percentage of Category 1 events restored within 5 hours (regional)	95%	95%	No target or 90% in line with metro target if top-level measurement is rejected

Percentage of Category 1 events restored within 12 hours (Adelaide metropolitan) NEW measure	-	99%	No target
Percentage of Category 1 events restored within 12 hours (regional)	99%	99%	No target
Percentage of Category 2 events restored within 5- 8 hours (Adelaide metropolitan)	99%	90%	No target
Percentage of Category 2 events restored within 5 hours (regional)	95%	95%	No target or 90% within 8 hours in line with metro target if top-level measurement is rejected
Percentage of Category 2 events restored within 18 hours (Adelaide metropolitan) NEW measure	-	99%	No target
Percentage of Category 2 events restored within 18 hours (regional)	99%	99%	No target
Percentage of Category 3 events restored within 12 hours (Adelaide metropolitan and regional)	99%	99%	No target and measure within 18-24 hours
8. Timeliness of sewerage service restoration			95%
Percentage of Category 1 events restored within 5 hours (Adelaide metropolitan and regional)	99%	99%	No target
Percentage of Category 2 events restored within 5 hours (Adelaide metropolitan)	95%	90%	No target or 85% based on current performance if top-level measurement is rejected
Percentage of Category 2 events restored within 5 hours (regional)	95%	95%	No target or 85% in line with metro target if top-level measurement is rejected.
Percentage of Category 2 events restored within 18 hours (Adelaide metropolitan)	99%	99%	No target
Percentage of Category 2 events restored within 18 hours (regional)	99%	99%	No target
Percentage of Category 3 events restored within 12 hours (Adelaide metropolitan and regional)	95%	95%	No target
Percentage of Category 3 events restored within 24 hours (Adelaide metropolitan and regional)	99%	99%	No target
Percentage of partial loss events restored within 18 hours (Adelaide metropolitan and regional)	95%	95%	No target
Percentage of partial loss events restored within 36 hours (Adelaide metropolitan and regional)	99%	99%	No target

9. Timeliness of sewerage overflow attendance			95%
Percentage of inside building overflows attended within 1 hour (Adelaide metropolitan)	99%	95%	No target
Percentage of inside building overflows attended within 1 hour (regional)	99%	99%	No target or 95% in line with metro target if top-level measurement is rejected.
Percentage of outside building overflows attended within 2 hours (Adelaide metropolitan and regional)	99%	95%	No target
Percentage of outside building overflows attended within 2 hours (regional)	99%	99%	No target or 95% in line with metro target if top-level measurement is rejected.
Percentage of external overflows attended within 4 hours (regional)	99%	99%	No target
10. Timeliness of sewerage overflow clean up			95%
Percentage of inside building clean ups completed within 4 hours following restoration of service (Adelaide metropolitan)	99%	95%	No target.
Percentage of inside building clean ups completed within 4 hours following restoration of service (regional)	99%	99%	No target or 95% in line with metro target if top-level measurement is rejected.
Percentage of outside building (on property) clean ups completed within 6 hours following restoration of service (Adelaide metropolitan and regional)	95%	95%	No target
Percentage of outside building (on property) clean ups completed within 15 hours following restoration of service (Adelaide metropolitan and regional)	99%	99%	No target
Percentage of external (e.g. road or footpath) clean ups completed within 8 hours following restoration of service (Adelaide metropolitan and regional)	95%	95%	No target
Percentage of external (e.g. road or footpath) clean ups completed within 15 hours following restoration of service (Adelaide metropolitan and regional)	99%	99%	No target

*Please note, SA Water is proposing a measurable target at the top level only ie at the blue rows in the table. Data will be provided for all sub-metrics but SA Water is proposing a target not be assigned at that level in order to avoid the misrepresentation of SA Water's performance that occurs when one event is missed in a low occurrence category. This means that the totals for all relevant events (that is, all events of the same event type not separated out by priority) is used to determine SA Water's performance in this area.