



MWSS REGULATORY OFFICE

**Accomplishment Report  
2009-2011**



**ACCOMPLISHMENT REPORT  
CY 2009 to 2011  
MWSS REGULATORY OFFICE**

This report highlights the accomplishments for CY 2009 to 2011 of the Regulatory Office (RO) specifically the **Office of the Chief Regulator (OCR)**, **Customer Service Regulation (CSR)**, Technical Regulation (TRA), **Financial Regulation (FRA)** and the **Administration and Legal Department (Admin & Legal)** in the performance of its mandate under the Concession Agreement (CA).

**I. Office of the Chief Regulator**

Since its inception in 1997, the Chief Regulator, together with four other Deputy Administrators, were preoccupied implementing RO core functions and regulatory issues like rate rebasing concerns, tariff evolution, capital expenditures and project status in the East and West zones.

Under the leadership of the Chief Regulator, the past 3 years (2009 to 2011) saw the RO successfully implementing staggered modest increases in the water tariff to cushion the impact of such increases on the consuming public. These increases were authorized subject to several conditions such as adoption of Key Performance Indicators, Business Efficiency Measures (KPIs/BEMs), reward/penalty framework, establishment of a Sinking fund for future tariff collections on the assumed concession fee payments of unbilled loans, the conduct of public consultations at the level of the affected town/municipality or city and the conduct of best effort negotiations with the MWSS and the Concessionaires as to provisions of the CA necessitating further clarifications.

Numerous significant meetings were undertaken which include among others the resolution of pressing issues and concerns affecting the stakeholders: the consumers and the concessionaires.

The RO accommodated several requests from both foreign and local visitors for a comprehensive presentation and meaningful discussion regarding the concessionaires' performance and tariff evolution, present and future water sources and on-going water-related projects. These visitors include representatives from the water industry of JICA, Office of the Ombudsman, NGOs, and CSC.

**II. Customer Service Regulation Area (CSR)**

***The CSR consists of two departments, namely: Metering Efficiency Department (MED) and Complaints Services and Monitoring Department (CSMD)***

MED is tasked to protect and safeguard the customers from exorbitant billing charges in accordance with the CA and to ensure that the water meters installed in the system meet acceptable technical standards. The Complaints Services Regulation Department (CSMD) is asked to monitor the performance of the Concessionaires in terms of their compliance with their service obligations as provided for under the CA, broken down as follows:

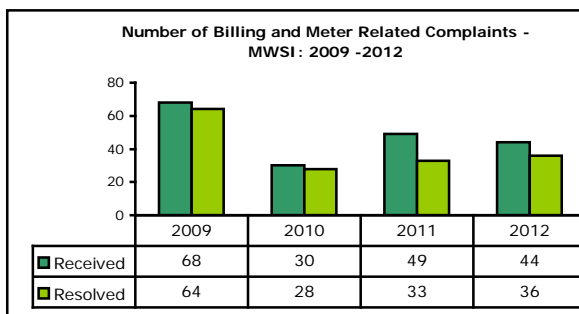
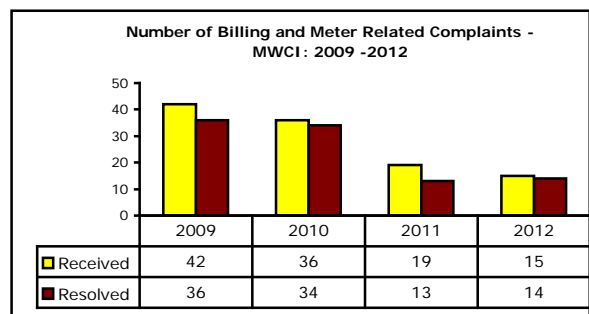
- Resolution of complaints endorsed to the RO Office involving pre-verification and post- verification activities and in close coordination with the Concessionaires and the customers
- Compliance with service coverage targets; and other customer service standards.

The following are the highlights of the MED’s accomplishment for CY 2009 to 2011.

### Monitoring and Management of Billing and Meter Related Complaints

Conducted field investigation and several coordination and mediation meetings with the Customers and the Concessionaires on various billing and meter-related complaints received by the CSR to facilitate resolution of the same.

A total of **112** billing and meter related complaints were received from MWCI customers from 2009 to 2012 of which **97** or **87%** were resolved with an average resolution time of **23 days**.



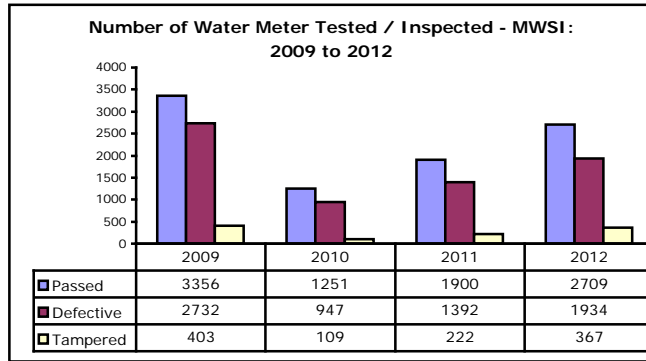
For MWSI, a total of **191** complaints were received during the reference years of which **161** or **94%** were resolved with an average resolution time of **38** days.

MED is also handling issues concerning request for individual connection of Subdivisions and Peoples Organizations (POs) being serviced by the two concessionaires under Bulk Selling Scheme. Discussions and deliberations with the concerned concessionaires and customers were conducted to address all issues to facilitate conversion of such accounts to individual connection. The Department received a total of **64** additional complaints concerning request for individual connection from 2009 to 2012, **44** from Manila Water and **20** from Maynilad.

A total of **123** coordination and mediation meeting and **106** field investigations on the above customer complaints and concerns were conducted during the reference years.

### Monitoring of Water Meter Accuracy

Another regular activity of MED is the monitoring of the testing and inspection of suspected tampered and defective water meters being conducted by both concessionaires. Witnessing the said test / inspection was also part of MED's activity but only upon the request of customers.



A total of **59** meter testing schedules were attended / witnessed by MED representative from 2009 to 3<sup>rd</sup> quarter of 2012.

For its evaluation and analysis, RO through MED requires both Concessionaires to submit on a quarterly basis, results of meter testing and inspection of dismantled customers' water meters.

For MWCI a total of **1,202** customers' water meters were dismantled from January to September 2012 alone (No available data in other years). Out of this number **845 (70%)** passed the flow accuracy test and found still in good working condition; **348 (29%)** failed and found defective and **9 (1%)** were found tampered. On the other hand, **216** water meters which were inspected due to customers' billing complaints were not tested due to various reasons such as (1) customer acknowledge that cause of excessive billing was leak after the meter (2) meter was obstructed or inaccessible and (3) no responsible persons to witness the testing.

For MWSI, A total of **17,322** water meters were tested / inspected at the MWSI meter testing laboratory. This includes water meters which were dismantled in connection with the massive meter replacement program of this Concessionaire. Out of this number, **9,216 (53%)** passed the flow accuracy test and found still in good working condition; **7,005 (40%)** failed and found defective and **1,101 (7%)** were found tampered.

### Monitoring of the Implementation of the Approved Implementing Rules and Regulations (IRRs) on Billing and Metering

MED conducted monitoring of the status of concessionaires' implementation of the approved implementing rules and regulations (IRRs) in relation to the provision of water service to the customers. Below is the status of implementation of the following IRRs as of June 2012.

- **IRR # 2008-02** - Billing Scheme and Rate Classification for High-Rise and Other Multiple Dwelling units

	MWCI	MWSI
Total Accounts Covered	Data are still being validated.	1095
Converted		1069
For conversion		12
% Converted to Total Accounts Covered		98%
Not Yet Converted		14

- MWSS-RO Policy No. CSR-001-05 – **Providing Water Services to Customers in Open / Depressed Communities**

	<b>MWCI</b>	<b>MWSI</b>
Total Number of POs / STM / Public Faucet	768	10
Converted	487	-
With on-going negotiation	12	-
Not Yet Converted	269	10
% Converted to Total Number of POs	63%	-

- **IRR # 2008-05** - Rate Classification of Some Government Institutions

	<b>MWCI</b>	<b>MWSI</b>
Total Accounts Covered	Data are still being validated.	440
Converted		205
% Converted to Total Accounts Covered		47%
Not Yet Converted		235

- **MWSS-RO Resolution # 2008-274** – IRR in the Interconnection and Turn Over of Subdivision’s Water System

	<b>MWCI<sup>b</sup></b>	<b>MWSI</b>
Total Number of Subdivisions within the Concession Area		
Subdivisions Under Bulk Selling	521	214
Subdivisions With Individual Connection	207	822
Total Connected	728	1036
% With Individual Connection to Total Connected	28%	79%
Not Yet Connected	81	-

### **Formulation and Issuance of General / Uniform Policies on Metering, Billing and Other Related Charges**

MED is spearheading the TWG on Common Regulatory Issues (CRI) with members from the Technical and Financial Regulation Areas, Legal Department, MWSS Corporate Office and the two concessionaires. This Committee is mandated to formulate general guidelines on the MWSS-RO and Board of Trustees (BOT) Resolutions on common regulatory issues for the uniform implementation of the Concessionaires in providing water and sewer services.

- Conducted initial review and evaluation of the following existing policies for amendments:

	<b>Proposed Amendment</b>
IRR 2008-01 – Temporary Disconnection / Reconnection of Water Service Connection	<p>Adoption of “No disconnection policy” for non-payment of protested bills until resolution of the same.</p> <p>Downgrading of reconnection fee.</p> <p>Adoption of a policy to address issue on arrears of previous tenants / owners</p>
IRR 2008-02 – Billing Scheme and Rate Classification for High-Rise Buildings and Multiple Dwellings	Administrative office of high-rise buildings shall be considered as residential unit for purposes of determining the 75:25 residential-commercial mix.
IRR 2008-03 – Billing of Semi-Business (Residential B) Customers	<p>Adoption of new IRR for the reclassification of very small business activities from commercial / industrial to semi-business based on the criteria set by the Committee on Common Regulatory Issue (CRI) – refer to attached list. Include also other very small / business activities such as machine shops.</p> <p>With much lower capital, productivity and revenue as compared to their medium/large counterparts, very small/ small scale business activities may not have that much capability as the former to cover the high cost of water brought about by classifying them under commercial or industrial.</p> <p>Reclassification of “religious activities” such as churches and other house of worships from commercial to semi-business.</p>
IRR 2008-04 Refund of Collected Meter Deposits	Refund meter deposit of PO upon conversion to individual connection.
IRR 2008-05 – Rate Classification of Some Government Institutions	<p>Expand coverage of this policy with the downgrading of the rate classification of the following from commercial to semi-business:</p> <ul style="list-style-type: none"> <li>• Barangay hall</li> <li>• Military Camps</li> <li>• Other institutions subsidized by the National Government</li> </ul>
IRR 2008-06 – Additional Meter and Clustered Connection Charges for Open/ Depressed Communities	<p>Include in the IRR the following provisions:</p> <ul style="list-style-type: none"> <li>• Additional / clearer criteria for open / depressed communities to qualify for the 1/3 – 2/3 scheme.</li> <li>• Acceptable standards for installation of clustered meters (location and manner of installation to prevent leaks and water contamination particularly after the meter).</li> </ul>

<p>MWSS-RO-OPP-052-01; RO Resolution No. 07—022-CA and BOT Resolution 2007-271 – Replacement of Stolen Meter</p>	<p>Include in the policy the following provisions:</p> <p>To minimize the loss of meters, especially those installed by the concessionaires outside the property line of the customer, the concessionaires are directed to install theft protection devices, the cost of which shall not be charged for the account of the customer but maybe recovered as an operational expense. This was provided under <b>RO Resolution No. 07-022-CA (for MWCI) on Replacement of Stolen Meter as approved by the MWSS Board of Trustee (BOT) under Resolution # 2007-.271.</b></p> <p>Issue on the number of times a meter was lost as a condition for charging the customer for its replacement must be addressed considering that the above-mentioned RO policy does not carry such provision.</p>
<p>Article 9.5 (i) of the CA</p> <p>Connection charges for residential customers located less than 25 meters from connection point</p>	<p>Include provisions that will accommodate some reform in setting connection charges to make it affordable to poor customers.</p>

- Conducted initial evaluation and analysis of customer complaints on billing for the formulation of new policies as follows:

<b>Proposed Policy</b>	
<p>Rate classification of very small business activities</p>	<p>Adopt new IRR for the reclassification of very small business activities from commercial / industrial to semi-business based on the criteria set by the Committee on Common Regulatory Issue (CRI) – refer to attached list. Include also other very small / business activities such as machine shops.</p> <p>With much lower capital, productivity and revenue as compared to their medium/large counterparts, very small/ small scale business activities may not have that much capability as the former to cover the high cost of water brought about by classifying them under commercial or industrial.</p> <p>Reclassification of “religious activities” such as churches and other house of worships from commercial to semi-business.</p>
<p>Clustered Metering Program of the Concessionaires.</p>	<p>Install a valve (gate or check valve) where the original location of water meter is installed prior to the transfer to a new location, thereby separating customer pipeline with the concessionaires’ installed</p>



<p>Transferring and clustering of the water meters to a new location far from the property line of the customers are disadvantageous to the latter who are accountable to leaks and other abnormalities after the meter.</p>	<p>pipeline.</p>
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### Review and Evaluation of the Concessionaires' Service Performance

Review and evaluation of the concessionaires' performance thru their respective KPI / BEMs reports are being undertaken monthly. An annual report is being prepared to highlight and summarize the results of said evaluation.

The Department prepared an annual evaluation report of the concessionaires' service performance covering the year 2008 to 2011 for the following indicators:

- C2 – Response to Billing Complaints
- C3 – Response to Request for New Connection
- C4 – Installation of New Service Connection

### 2013 Rate Rebasing Related Activities

- Prepared presentation materials for the Pre-Public Consultations.
- Attended Pre Public Consultation in 18 MWCI and 11 MWSI service areas.
- MED prepared the following evaluation reports and recommendations on different issues that need to be resolved in the 2013 rate rebasing exercise.
  1. Proposed Validation / Evaluation Procedures of Concessionaires Compliance to Service Obligations on the following indicators:
    - a. Response to Customer Billing complaints
    - b. Response to Request for New Water Service Connection (NWSC)
    - c. Installation of NWSC
  2. Concessionaires Service Obligation Compliance (SOC) Report of MWSI for year 2007 to 2011 on the following indicators:
    - a. Response to customer Billing Complaints
    - b. Response to Request for New Connection

Note that said report of MWSI does not include compliance to Installation to New Service Connection which is another indicator being monitored by the Department.

Evaluation on MWCI SOC Report was put on hold pending EXECOM's comment / decision on the Proposed Evaluation Procedures of Concessionaires Compliance to Service Obligations submitted by the



Department on 22 June 2012 as requested by the Technical Regulation Area (TRA).

- List of Issues that need to be addressed during the 2013 Rate Rebasing exercise (Wish Lists).
- Comments / Recommendations on the IRR and other Customer Related Policies as a result of the review conducted by the Department in connection with MWCI proposal for the development of new policies and review of the 2008 rate rebasing IRRs to determine if updating or revision of certain provisions maybe necessary (MWCI Rate Rebasing CY 2013 Main Report page 438-32).

The following are the highlights of the CSMD'S accomplishment for CY 2009, 2010 and 2011.

### **Resolution of Complaints**

CSMD was instrumental in facilitating the resolution of major complaints, including certain recurring, protracted and perennial complaints, especially those affecting large number of customers. Among the notable cases are the following:

- Resolution of the water quality and supply-related problems at West Fairview, Quezon City.
- Resolution of major leaks reported by the DPWH, Manila Health Department, and reported on TV, radio, and newspapers.
- Resolution of water supply problem of North Fairview Phase 8, Brgy. North Fairview, Quezon City

The CSMD was also instrumental in facilitating the provision of water supply based on requests from subdivision homeowners who have no access to piped potable water. Among these are the following:

- Maywood Village
- Casimiro Townhomes
- Mabuhay Homes

### **Concessionaire Compliance to Service Coverage Targets**

#### **Water Service Coverage**

As the concession closes in on its 15th year, the CSMD continues to refine and update the components of the service coverage determination formula in pursuit of verifiable and realistic indicators. Pursuant to this, the department aims to resolve the following issues through the conduct of a coverage survey within the next five years.

1. the equivalent households served vis-a- vis population served
2. correlation between the number of persons per household and number of persons per service connection.

## MWCI

As of the end of 2011, MWCI maintains a total of 807,770 domestic connections. This serves an equivalent 1,109,457 household or a population of 6.5 Million (at 8.1 persons per connection as per the PAWS survey) representing a 26% growth from 2008.

Water Service Coverage	2007	2008	2009	2010	2011
New Domestic Water Service Connections		44,301	51,806	92,151	42,977
Cumulative Domestic Water Service Connections*	596,240	640,541	692,347	764,793	807,770
Domestic Households served by Water Service Connections (Cumulative)	875,619	921,857	975,653	1,064,163	1,109,457
Net Service Households		1,040,370	1,056,813	1,073,166	1,088,536
Water Service Coverage		<b>89%</b>	<b>92%</b>	<b>99%</b>	<b>99%</b>

## MWSI

The installation of **337,333** new water service connections (**315,770** domestic and **21,563** commercial/industrial) from **2008 to 2011** has brought MWSI's number of service accounts to **1,037,540** (**964,016** Domestic and **73,524** commercial/Industrial). From this number Maynilad declares **1,005,350** as billed (32,190 temporarily disconnected as of the end of 2011).

This represents an over-all growth of **36%** from 2008's **762,319** total water service connections. This accomplishment is **10%** higher than the projected **26%** increase in the Rebasing Forecast for the same period.

In terms of Service Coverage, the period in review (2009-2011) saw an increase of **11%** coverage from Base Year 2008 (82% in 2008 to 92.5% as of Dec 2011). The installation of a total of **337,333** new water service connections for the period in review also translates to an additional **1.2M** population served bringing the water served population of Maynilad to a total of **7.9M** at the end of 2011. This represents an **18%** growth in service population from **6.7M** in 2008.

Water Service Coverage	2007	2008	2009	2010	2011
New Domestic Water Service Connections		56,875	53,896	85,490	116,419
Cumulative Domestic Water Service Connections*	648,246	706,113	760,009	845,499	961,918
Total Water Service Connections	702,515	762,307	820,272	910,094	1,005,350
<b>Population Served</b>	<b>5.19M</b>	<b>5.64M</b>	<b>7.1M</b>	<b>7.4M</b>	<b>7.9M</b>
<b>Water Service Coverage</b>	<b>80.5%</b>	<b>82%</b>	<b>85.60%</b>	<b>87.70%</b>	<b>92.50%</b>

## Sewer Service Coverage

### **MWCI**

In terms of service coverage, as per MWCI's 2008 Business Plan, Sewer Service Coverage is represented by the ratio of households served by sewer and households served by water. Counterpart household information regarding sewer and water service was provided by MWCI based on the tabulations made by their meter consumption analysts.

The 2011 year end total of **99,260** sewer connections serve a total of **146,237** households (as per MWCI 2011 Annual KPI Report). This represents sewer service coverage of **13.19 %** of **1,108,663** water served households for Compliance Year 2011.

The **13.19%** sewer service coverage for compliance year 2011 also represents a growth of **5.42%** from the **7.77%** 2007 base year coverage.

Within the context of the reduced sewer service target (2008 BP) which aims at a **15%** population coverage by the year 2021, MWCI's **99,260 sewer connections** translates into a service population of **0.8M** which is **12%** of the **6.5 M population** served through **807,770** domestic service connections.

Sewer Coverage	2007	2008	2009	2010	2011
New Sewer Service Connections		4,100	177	18,110	30,350
Cumulative Sewer Service Connections	46,523	50,623	50,800	68,910	99,260
Equivalent Households Served (Cumulative)	68,043	74,579	74,768	102,835	146,237
Domestic Households served by Water Service Connections (Cumulative)	875,619	921,857	975,653	1,064,163	1,109,457
Sewer Service Coverage	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>10%</b>	<b>13%</b>

### **MWSI**

Aside from the 4,237 new sewer connections from the take-over of the Alabang Sewage Treatment Plant ("ASTP") in Ayala Alabang in August 2009, the other 2,542 sewer accomplishments for the period in review (2009-2011) represent either new water-sewer connections or existing water accounts recently connected to the sewer system.

Although MWSI operates and maintains five (5) Sewerage Systems, these new sewer connections are under the Central Manila Sewerage System and the newly turned-over Ayala Alabang Sewage Treatment Plant

It was noted in MWSI's December 2011 KPI+BEM Report that the commissioning of the Paco conveyance project (in the Central Manila Sewerage System) before the end of 2011 would yield an additional 2,665 sewer service accounts. This would represent MWSI's initial accomplishments under the Combined Sewer Service or

"CSS". However, completion of said project and activation of aforementioned sewer accounts would commence in Rebasing Year 2012.

No other significant city/municipal expansion of the separate sewerage service was undertaken from 2009 to 2011.

MWSI's sewer service accomplishment registered merely a 1% growth from 2009 to compliance year 2011. This percentage represents 6,779 new sewer service connections or an additional population of 138,696. This brings the running total of sewer service connections at the end of 2011 to 57,063 or a sewer service population of 664,063 against a water served population of 7.9M.

It is assumed that MWSI will meet the 32,991 sewer service connection deficiency in the succeeding years during the implementation of the business plan for the third rate rebasing, wherein the concessionaire is set to undertake the implementation and operation of the Combined Sewerage System (CSS).

<b>Sewer Service Coverage</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
New Sewer Service Connections	4,245	1,002	1,512
Cumulative Sewer Service Connections*	54,383	55,234	55,803
<b>Population Served</b>	<b>568,929</b>	<b>559,158</b>	<b>664,063</b>
<b>Sewer Service Coverage</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>

### Sanitation Service Coverage

#### **MWCI**

From January 2008 to December 2011, MWCI desludged a total of **232,351** septic tanks exceeding the 2011 S2 Compliance Year Target by **14%**. The **232,351** number of septic tanks desludged has an equivalent households served of **900,019** (as reported by Manila Water). This meets and exceeds the 2008 Business Plan Target of 814,700 Households by 10% or **85,319** septic tanks cleaned. The **85,319** septic tanks cleaned represent requests for sanitation services beyond that of the scheduled number from 2008 to 2011.

#### **Sanitation Service Coverage 2011**

Sanitation	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Septic Tanks Desludged (KPI-S2)	31,409	89,792	155,147	211,613	263,760
Cumulative Septic Tanks Desludged	31,409	121,201	276,348	487,961	751,721
Equivalent Households Served (Cumulative)	105,109	293,375	584,844	826,870	1,004,935
Domestic Households served by Water Service Connections (Cumulative)	875,619	921,857	975,653	1,064,163	1,109,457
Sanitation Service Coverage	<b>12%</b>	<b>32%</b>	<b>60%</b>	<b>78%</b>	<b>91%</b>

As result of MWCI's Sanitation activities from 2007 to compliance year 2011, a total of **1,004,935** households have been served by the accumulation of **263,760 septic tanks cleaned**.

Within the context of the **1,109,457 households being served by MWCI's 807,770 domestic water service connections for compliance year 2011, sanitation service coverage is at 91%**

## **MWSI**

From January 2008 to December 2011, MWSI offered septic tank cleaning services to a total of **443,568** water service accounts in the West Service Area. A total of **166,009** water service accounts availed of the offered sanitation services. This resulted in a total of **198,903** septic tanks cleaned from January 2009 to December 2011.

The **443,568** offered services from 2009-2011 contributed to a 27% increase in Sanitation Service Coverage or an additional 2.2M population served from 2009-2011.

As of the end of 2011, MWSI reports a cumulative population of **3.7M** served by sanitation since 1997. In the context of the 7.9M population served by water, this represents a Sanitation Service Coverage of **48%** for Compliance Year 2011. MWSI's sanitation service coverage for compliance Year 2011, meets and exceeds their 2009 Business Plan Target of **45%**.

Sanitation Services	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Offered Services	119,600	126,417	107,160	90,391
Served Accounts	49,598	58,108	63,776	44,125
Tanks Desludged	46,337	55,576	58,379	38,611

## **Customer Complaints Handling Efficiency**

### **MWCI**

As per the 2008 Business Plan, the standard for complaints handling efficiency rate is 95% of all service complaints received per month. Out of the **191,349** service related complaints received from January 2008 to December 2011, MWCI resolved **190,736 (99.7%)** within 10 days. Concurrently Monthly Complaints Handling Efficiency from January 2008 to December 2011 were either within or above the **95%** compliance rate.

Water leakages account for majority (43%) of complaints received followed by complaints originating from customer expectations (25%). Water supply comprises 19% of the total number of complaints. Leakages from vertical dwellings make up the majority of leakage complaints while disconnection errors and defective meters comprise majority of complaints under customer expectations. "No Water" comprised the majority of water supply related complaints.

## MWSI

The ten-day resolution for complaints handling was adopted by MWSI in 2010, concurrent with this is the adoption of three major complaints category namely: (1) Water Availability and Pressure (2) Water Quality and (3) Street Hazard.

MWSI was not able to maintain the 98% complaint handling resolution rate for the firsts and second quarters of 2010. The concessionaire's performance improved in 2011 wherein the 98% compliance rate was upheld all year round.

From **2009 to 2011**, MWSI's Customer Service Information System (CSIS) registered a total of **109,156** service complaints. Majority or **77%** of these complaints were Water Availability and Pressure Related while **13%** or **13,230** are Water Quality related. Only **10%** or **10,602** of the total number of complaints received for the period in review was related to Street Hazards.

## Public Assessment of Water Services (PAWS) Project

### Results of the PAWS

The PAWS Project as conducted by the UP-National Engineering Center in from 2006-2011 provides several validating insights to the Concessionaire's quality of service as perceived by the customers.

The PAWS full implementation covered the entirety of the 339 barangays being served by MWCI and the 1,170 barangays being served by MWSI in 2010 and revisited the same in 2011.

**Service Quality** among Network and Water Quality make up the components of the PAWS Assessment. Service Quality under the PAWS framework pertains to consumer perception based on the following parameters:

- Reliability, accuracy, and transparency of billing system.
- Courtesy of Concessionaires' staff
- Response to water interruptions and
- **Effectiveness of response to service complaints**

### A. Improvement in Over-all Service Quality from 2010-2011

#### MWCI

Based on the PAWS findings for 2011, 76% or 257 of the 338 barangays being served by MWCI indicate Service Quality to be "Very Good". This marks a 24% improvement from their performance in 2010 wherein 52% or 176 barangays rated MWCI's service as "Very Good".

PAWS SURVEY	Service Quality Rating of Barangays Surveyed_Manila Water					
	Very Good	Good	Fair	Poor	Very Poor	Total
PAWS Year V 2011	257 (76%)	81 (21%)	0	0	0	338
PAWS Year IV	176 (52%)	163 (48%)	0	0	0	339

2010						
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Source: PAWS Year V Manila Water Performance Assessment Report

## MWSI

Based on the PAWS findings for 2011, 68% or 798 of the 1,164 barangays being served by MWSI indicate Service Quality to be "Very Good". This marks a 33% improvement from their performance in 2010 wherein 35% or 414 barangays rated MWSI's service as "Very Good". Consequently, the percentage of barangays that gave MWSI "Fair" ratings in 2010 decreased by 3% in 2011.

PAWS SURVEY	Service Quality Rating of Barangays Surveyed_Maynilad					
	Very Good	Good	Fair	Poor	Very Poor	Total
PAWS Year V 2011	798 (68.56%)	364 (31.27%)	2 (0.17%)	0	0	1,164*
PAWS Year IV 2010	414 (35.38%)	712 (60.85%)	44 (3.76%)	0	0	1,170

Source: PAWS Year V Maynilad Performance Assessment Report

\* Failure of survey in 6 Barangays

## B. Improvement in Response to Service Complaints

### MWCI

As per the PAWS findings, the customers within the barangays being served by MWCI perceive the concessionaire to be very effective in responding to service complaints. A total of 250 or 74% of barangays out of the **338** rated MWCI as "Very Good" for 2011. This marks a 15% improvement from 2010 wherein 59% of the barangays surveyed rated MWCI as "Very Good".

Consequently, the percentage of barangays which rated MWCI's effectiveness in responding to Service Complaints as "Fair" has decreased from 33% in 2010 to 21% in 2011.

PAWS SURVEY	Response to Service Complaints Rating of Barangays Surveyed_Maynilad					
	Very Good	Good	Fair	Poor	Very Poor	Total
PAWS Year V 2011	250 (74%)	17 (5%)	71 (21%)	0	0	338
PAWS Year IV 2010	200 (59%)	27 (8%)	112 (33%)	0	0	339

Source: PAWS Year V Manila Water Performance Assessment Report



## MWSI

As per the PAWS findings, the customers within the barangays being served by MWSI perceive the concessionaire to be very effective in responding to service complaints. A total of 777 or 66% of barangays out of the 1,164 rated MWSI as "Very Good" for 2011. This marks a 20% improvement from 2010 wherein 46% of the barangays surveyed rated MWSI as "Very Good".

Consequently, the percentage of barangays which rated MWSI's effectiveness in responding to service complaints as "Fair" has decreased from 44% in 2010 to 28% in 2011.

PAWS SURVEY	Response to Service Complaints Rating of Barangays Surveyed_ Maynilad					
	Very Good	Good	Fair	Poor	Very Poor	Total
PAWS Year V 2011	777 (66.75%)	55 (4.75%)	332 (28.52%)	0	0	1,164
PAWS Year IV 2010	539 (46.07%)	114 (9.74%)	517 (44.19%)	0	0	1,170

Source: PAWS Year V Maynilad Performance Assessment Report

The RO's continuing public consultation activities are focused on public information on the agencies mandate to safeguard customers and make the consumers informed of the agency's activities to protect and keep the public well inform of their rights.

### III. Technical Regulation Area

The Operations Monitoring (OMD) and Water Quality Control (WQCD) are the two (2) departments of the Technical Regulation Area.

For the CYs 2009 to 2011, the OMD with its limited staff, was able to accomplished the following:

#### KPIs/BEMs Evaluation and Consolidation

The Key Performance Indicators (KPIs) and Business Efficiency Measures (BEMs) was formulated primarily to adopt an effective tool for the RO's monitoring Concessionaires' report cards as promised in their Business Plans.

In as much as the KPIs/BEMs involve evaluation from the different regulation areas, the OMD spearheaded its development and consolidation into an RO report. For the CYs 2009 to 2012, the OMD made three (3) annual reports for KPIs/BEMs.

It bears to stress that the Concessionaires' reduction of Non-Revenue Water (NRW) was mainly due to the RO's imposition of the KPIs/BEMs as NRW is not considered a service obligation target in the CA. The progress of the Concessionaires' NRW is demonstrated in table below.

Concessionaire	NRW in Percentage (%)			
	2008	2009	2010	2011
Manila Water Company, Inc. (MWCI)	19.65	15.37	10.99	11.22
Maynilad Water Services, Inc. (MWSI)	60.00	56.78	50.97	42.22

Likewise, the Concessionaires' operational expenditures (OPEX) relative to the delivery of water, wastewater and sanitation services became more efficient because of the RO's monitoring through the KPIs/BEMs.

## CAPEX

The OMD is also instrumental in the formulation of the CAPEX Monitoring Manual (CMM) which was subsequently approved by the MWSS Board of Trustees (MWSS-BOT) in 2009. The CMM was conceptualized to serve as a tool of the Regulatory Office (RO) in monitoring the capital expenditure (CAPEX) programs of the Concessionaires as provided in their Business Plans. The salient feature of the CMM is to provide the RO, the Concessionaires and the MWSS-BOT an early action plan in cases of possible:

- Non-implementation of a CAPEX project;
- Delay in the implementation of CAPEX Projects; and
- Significant increase/decrease in CAPEX Budget as CAPEX must stay within the range of plus or minus fifteen percent (+/-15%) of the approved CAPEX budget.

Guided by the Board approved CMM, the OMD issued several letters to the Concessionaires relative to their CAPEX Accomplishment Reports (CAR) which are not prepared in accordance to the CMM. The same CMM provisions were used by the OMD in evaluating the CAR of the Concessionaires from 2009 to 2011.

## Walk the Line Activities

In line with its monitoring functions, the OMD conducted field inspection and validation in order to assess the following facilities:

### A. TEMFACIL PROJECTS

Temporary Facility (TEMFACIL) Project was initially conceptualized by MWSI with the objective to immediately address areas with water quality problem. However, due to its simple (uncomplicated) installation, pipelaying using GI without excavation, Maynilad implemented TEMFACIL even on its 3R (Recover, Re-Allocate and Re-Sell) Projects primarily to reduce its NRW.

The OMD visited 19 TEMFACIL Projects of MWSI and came-up with the following recommendations:

1. TEMFACIL Projects being appropriate only to immediately addressing water-borne disease outbreak shall be subject to MWSS written approval;
2. MWSI Practice of constructing TEMFACIL Projects for NRW reduction is hereby discouraged;

3. The existing TEMFACIL projects shall be replaced with permanent facility within five (5) years or when there appear signs of corrosion and/or deterioration of the said facility, whichever comes first; and
4. The TEMFACIL in Tanza, NAVotas City where the G.I. Pipe network is generally corroded/deteriorated because it is submerged to seawater even during low tide shall be replaced with permanent facility.

#### B. Pineda Sewage Treatment Plant

Based on article published at the Philippine Star, the OMD staff conducted an inspection at the MWCI's Pineda Sewage Treatment Plant to investigate the complaint regarding the foul smell coming from the treatment plant. The following mitigating measures were recommended:

1. Installation of a ducting system to collect obnoxious odor coming from the exhaust fan outlet and properly vented over the roof; and
2. Totally sealing off the influent chamber by constructing a 1-meter high parapet wall around the perimeter of the chamber and covering it with polycarbon sheet siding and roofing to further contain odor emission.

#### C. Facilities Affected by Typhoon Ondoy

Devastation brought about by Typhoon Ondoy all over Metro Manila has greatly affected the water and wastewater facilities being operated by the Concessionaires.

A rapid assessment and monitoring was conducted by the OMD to determine the effect of flooding on the said facilities. Upon field inspection and follow-up monitoring activities, the MWCI water and wastewater facilities were mostly damaged while for MWSI, the Putatan Water Treatment Plant was the only affected facility.

#### **Other Significant Accomplishments:**

Aside from the above accomplishments, the OMD conceptualized and formulated (in collaboration with other regulation areas) the following Terms of References during the period in review:

1. Consultancy Services for the Technical Audit and Evaluation of CAPEX Programs and Projects of MWCI and MWSI;
2. Valuation of Assets Used in Operation by MWSS and its Concessionaires and the Review and Validation of Concessionaires' Asset Condition Reports as of December 2010; and
3. 2012 Rate Rebasing.

The Water Quality Control Department (WQCD), in addition to its regular functions of monitoring and evaluating the service performances of the two concessionaires of their service obligations to supply potable, safe and aesthetically acceptable domestic water supply to their respective customers, and to provide sewerage system that complies with all relevant national and local environmental standards in their respective service areas also performed the following:

- implemented the revised/ improved guidelines developed for drinking water quality monitoring system in a document titled as "**Guide Document for Drinking Water Quality Monitoring for both the concessionaires.**" With the revised Guide Doc for Water Supply Monitoring, MWCI in particular was able to make savings such as chemicals, power, manpower, etc. due to

reduced sampling frequency in some parameters qualified for reduced sampling frequency as stipulated in the Guide Doc. Sampling frequency reduction means, in the document, that these parameters in the previous three years had consistently met the corresponding PNSDW standard.

- Implemented the “**Guide Doc in Wastewater Quality Monitoring**” formulated in December 2009. The purpose of the two monitoring systems is to outline the RO’s objectives, expectations and rationale for monitoring and the principles issued to serve as a guidance note and a working document to determine Concessionaire’s performance level of service on water supply and wastewater and other activities related thereto.

The WQCD has been very active in the field by conducting random sampling. With regards to water supply, WQCD collects, daily and at random, water samples at customers’ taps, treated drinking water at the outlet of each of the forty (40) water treatment works operated by the Concessionaires. MWSS RO through MMDWQCMC, published in the newspaper water quality pronouncement based on the consolidated reports submitted by all LGUs, MWSS RO and the two concessionaires. Whenever bacteria may have got into the drinking water supplies the concerned Concessionaire in coordination with WQCD together with the Metro Manila Drinking Water Quality Monitoring Committee investigate immediately affected consumers. During the investigations, customers are advised to boil the water to protect the consumers. If the sample was taken from a consumer’s tap then the problem may be no more than dirt on the tap. The investigating team will advise the consumer what to do.

The following table shows WQCD accomplishments for CYs 2009 to 2011:

	2009	2010	2011
No. of Samples Collected	889	855	655
No. of Parameters Tested	2667	2677	3275
No. of Water Treatment Plants Monitored	24	40	15
No. of Parameters Tested	580	746	780
No. of Wastewater Treatment Plants Monitored	34	37	39
No. of Parameters Tested	3264	3460	4680

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manpower, etc. due to reduced sampling frequency in some parameters qualified for reduced sampling frequency as stipulated in the Guide Doc. Sampling frequency reduction means, in the document, that these parameters in the previous three years had consistently met the corresponding PNSDW standard.

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#### **IV. Financial Regulation Area**

The Financial Regulation Area (FRA) diligently performed their tasks and functions including the following:

- Notified the Concessionaires of the “C” factor for the Charging Year 2010 and consequently calculated and prepared the new tariff schedule based on the change in the Consumer Price Index (CPI -July<sub>1</sub> vs. July<sub>n-1</sub>).
- Calculated the Rate Adjustment Limit (RAL) on the basis of the CPI and the partial/staggered “R” for the year.
- Calculated the average and the per customer segment tariff impact of the annual rate adjustment.
- Computed the application of the 2009 Annual CPI adjustment to Connection/Reconnection Charge for customers connected within the 25 linear meters as well as the RO funding based on the 2009 Annual CPI Adjustment issued by the National Statistics Office (NSO)
- Evaluated quarterly actual forex losses/gain for the period November 2009 to November 2010 and projected forex losses/gain for the period December 2010 to December 2011 that is relevant to the quarterly foreign currency differential adjustment (FCDA).
- Calculated the respective average and per customer impact of the FCDA for the four (4) quarters of 2010.
- Evaluated BEMs submission and consolidated its evaluation with other regulation areas. This is updated monthly and reported semi annually.
- In the process of drafting guidelines in relation to Rate Audit framework in coordination with the concessionaires and MWSS Corporate Office.
- Conducted interim audit of the concessionaires selected operating expenses for the year 2009, in preparation for the Rate Rebased on 2012.
- Submitted its 2009 Annual Financial Statement Analysis.

- Provided aggregate and per headline CAPEX and OPEX spending by the concessionaire as required by the MWSS BOT and other interested parties.
- Provided data on cash flows, (i.e. actual and projections) relating to income tax issues.
- Monitored the following Indices : (1) Consumer Price Index (NSO); (2) Inflation Rate (NSO), and (3) Reference Exchange Rates (BSP)
- Acted as Resource Person/Participant to various trainings/seminars/workshops like those in NEDA, DENR, etc.

## V. Administration and Legal Area

Administrative and logistical support plus legal assistance were some of the services provided by the Administration and Legal Departments to the five (5) regulation areas C Y 2009-2011, to wit:

### Personnel Section

- **Training and Staff Development.** The Personnel Section initiated and processed the attendance of RO staff in the following personnel program and intervention activity to improve their knowledge, understanding and skills to make them more responsive in the performance of their duties and responsibilities.

<b>Training/Seminars/Convention/ Conference</b>	<b>Accomplishment FY 2010</b>	<b>Accomplishment FY 2011</b>
Regulators	8	6
Department Managers	11	14
Rank & File	27	33

- Initiated the conduct of Strategic Planning Sessions that resulted to the development of a systematic programs and projects that is more responsive to the demands of monitoring functions as contemplated in the Concession Agreement
- Initiated and started the conduct of the Training Needs Assessment (TNA) in coordination with the Civil Service Commission, to identify problems or other issues in the workplace, and to determine whether training is an appropriate response and once the gap between the current and desired individual and organizational performance is define, develop the appropriate training and development program for them.
- Pursued programs and activities that promoted the cognitive, affective, and physical well-being of the employees. Related to this, the RO engaged the services of a Gym instructor to provide the necessary individual program and guidance on the proper exercise and use of gym equipment. The RO also organized its “Joggers Club”.

- Facilitated the engagement of the MEDICARD as the RO's healthcare insurance provider in coordination with the Corporate Office.
- Participated in activities organized by public and private organizations, such as the Coastal Clean-up, Fun-run during the CSC week, PGEA activities, among others.
- Handled the procurement of office uniform for CY 2009, 2010 and 2011 and issued appropriate guidelines for the wearing of the same.
- Facilitated the hiring of additional manpower complement, with the employment status like permanent, contract of service and intern-trainees, to meet the increasing work demands of the office.
- The performance of financial-related duties and responsibilities resulted to the generation of annual savings in the amount of P23.53 million, among others.

For CY 2011, overall operations of the Regulatory Office resulted in a net income of Php85.95 million, an increase of Php58.84 M or 217 percent, compared to the Php28.36 M reported in 2010.

Total expenditures for the year was at Php126 M which was lower by 28.85% percent or Php51.08M, compared to the 2010 totals of Php177 M. Personal services cost of Php82.94M is 65.82 percent; maintenance and operating expenses at Php34.69 M has a 27.53 percent share; and, financial expenses and other expenses of Php8.37 M is 6.64 percent of total expenses.

For CY 2010, overall operations of the Regulatory Office resulted in a net income of Php28.36 million, a decrease of Php58.84 M or 61.46 percent, compared to the Php87.82 M reported in 2009.

Total expenditures for the year was at Php177.08 M which was higher by 58.12% percent or Php65.09M, compared to the 2009 totals of Php111.99M. Personal services cost of Php89.34M is 50.45 percent; maintenance and operating expenses at Php76.86 M has a 43.40 percent share; and, financial expenses and other expenses of Php10.89M is 6.15 percent of total expenses.

## **Legal Department**

The Legal Department rendered/provided legal services which include, but not limited to the preparation of the following documents:

1. Drafted letters for the MWSS-BOT on various regulatory issues;
2. Drafted letters/communications for the Corporate Office, concessionaires, Office of the Government Corporate Counsel (OGCC) and other government agencies Inc., the Presidential Management Services/Office of the President;



3. Drafted/reviewed letters/communications prepared by the other regulation areas for sufficiency in form and substance;
4. Attended EXECOM/MANCOM meetings and prepared Minutes of the Meetings;
5. Provided legal assistance to all regulation areas;
6. Attended/Prepared briefings for the MWSS Administrator and MWSS-Board of Trustees;
7. Attended conciliation mediation proceedings;
8. Conducted ocular inspection together with the CSR and TRA Regulation Areas)
9. Participated in various walk the line activities;
10. Rendered legal opinion as requested by the other Regulation Areas/EXECOM;
11. Assisted the Customer Service Regulation in the resolution of customer complaints;
12. Provided support staff and assisted the EXECOM, BAC, MWSS-RO Cooperated and MWSS-Welfare Fund in the preparation of Resolutions/Memorandum/Position Paper;
13. Attended/participated in the meetings of the sub-committees relative to the Water Security Legal program of MWSS;
14. Prepared/reviewed RO's communications to the Board of Trustees, MWSS-Corporate Office, concessionaires, consumers and other government agencies;
15. Assisted the Administration Department on administrative concerns with legal issues involved through legal advice, rendering opinions or drafting the Memorandum or other pertinent documents; and
16. Drafted/Prepared and submitted the documents/pleadings required by the Office of the Ombudsman, COA and other government agencies.

In capsule, RO implemented prudently the provisions of the CA specifically the review, monitoring and enforcing of rates and service standard and conduct of audit on the performance of the Concessionaires. RO was able to regulate the operations of the Concessionaires as well as protect the interest of the stakeholders and the consumers.