

Kathmandu Upatyaka Khanepani Limited



Quarterly Operating Report
First quarter 2066/2067
1 shrawan- 31 Ashwin , 2066
(16 July-17 October 2009)

Kathmandu
Nepal

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INTRODUCTION

Kathmandu Upatyaka Khanepani Limited (KUKL), a public limited company was established in 2007 under the “Company’s Act” under a Public Private Partnership (PPP) model. The current shareholders of KUKL are the Government of Nepal (GON), Municipalities within the Kathmandu Valley (Kathmandu Metropolis and Lalitpur Sub-metropolis), Federation of Nepalese Chamber of Commerce and Industries (FNCCI)/Nepal Chamber of Commerce (NCC) and the Employees Trust. The Board of Directors of the Company consists of seven members including three independent Board Members.

A thirty-year license was granted to KUKL on 1 Falgun 2064 (13 February 2008) by the Kathmandu Valley Water Supply Management Board (KVWSMB) for operating the water supply and sanitation services in the service areas within Kathmandu Valley. KUKL took over responsibilities to operate the water supply and sanitation services under this license and a lease agreement for the same period (between KVWSMB and KUKL) on 13 Feb 2008. Three managers, General Manager, Administrative/Finance Manager and Technical Manager, were appointed on contract between March-April 2008 and are supported by three deputy managers and staff deputed from KVWSMB. The Managers who were appointed on contract had already completed their contract period and left KUKL. The KUKL Board has appointed Engineer Mr. Rudra Prasad Gautam as Managing Director Who is representing as one of the Board of Directors from Lalitpur Sub Metropolitan City.

This First **Quarterly Operation Report for FY 2066/67 (2008/2009)** covering the First quarter period of 1 Shrawan-31 ashwin 2066 (16 July-17 October 2009) gives the details of the performance of KUKL with respect to the service standard described in the Service Standard Appendix of the License.

The Service Standards General Provision

The Service Standards Appendix consists of:

- The Service Standards General Provisions;
- The Service Standards Appendix Charts; and
- Attachment 1 to the Service Standards Appendix

The General Provision defined in the Terms of Operation of Services, are as per the following appendices included in the License.

- a) Appendix “1” – Description of the Service Area (the “Service Area Appendix”).
- b) Appendix “2” – Description of the Services (the “Services Appendix”).
- c) Appendix “3” – Description of the Service Standards required (the “Service Standards Appendix”).
- d) Appendix “4” – Description of the Capital Investment and Asset Management requirements (the “Capital Investment and Asset Management Appendix”).
- e) Appendix “5” – Provisions concerning the Tariff for future years (the “Tariff Appendix”).

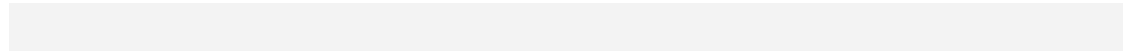
- f) Appendix “6” – Provisions concerning the Arbitration (the “Arbitration Appendix”).

Description of Service Area and Services

There has been no change in the service area and services provided by KUKL during the reporting period.

Tariff Structure

The current tariff structure has been in effect from 17 September 2004. KUKL has prepared a proposal for tariff revision based on inflation. This proposal is under consideration by the Tariff Commission.



SERVICE STANDARDS REQUIRED

The summary of the performance achieved and assessment of standards are presented in the following table.

	Performance Standard	Performance by the Operator
Ensure the availability of water supply		
1	By the <u>beginning of the fourth year after the Start Date</u> , no less than 1 hour per day of water supplied at minimum 4 meter head for at least 90% of all connections	Not yet due
2	By the <u>beginning of the sixth year after the Start Date</u> , no less than 2 hours per day of water supplied at minimum 4 meter head for at least 90% of all connections	Not yet due
3	By the <u>beginning of the second year after the commissioning of Melamchi Project</u> , no less than 8 hours per day of water to be supplied at minimum 10 m head for at least 75% of all connections	Not yet due
4	By the <u>beginning of the fourth year after the commissioning of Melamchi Project</u> , no less than 8 hours per day of water to be supplied at minimum 10 m head for at least 95 % of all connections	Not yet due
Ensure water quality in the distribution system		
5	By the <u>beginning of the fifth year after the Start Date</u> , no less than 80% of water samples tested in a Calculation Period shall comply with the Water Quality Standards	Not yet due
6	By the <u>beginning of the second year after the commissioning of Melamchi Project</u> , no less than 95% of water samples tested shall comply with the Water Quality Standards	Not yet due
Ensure water quality at each water treatment facility		
7	From the <u>beginning of 2nd year after the Start Date</u> , compliance with the provisions of Attachment 1 to the Service Standards Appendix concerning the quality of treated water introduced into the treated water distribution network	Not yet due ¹
Operation of wastewater treatment plants		
8	By the <u>beginning of the sixth year after the Start Date</u> , all existing Wastewater Treatment Plants to be functional and wastewater to be diverted to Wastewater Treatment Plants to run each plant at least 90% of its hydraulic capacity	Not yet due ²

¹ Currently accomplishable for the three biggest treatment plants (Baude, Mahankalchaur, Bansbari). Substantial investment will be required to meet the requirements at the small plants.

	Performance Standard	Performance by the Operator
Wastewater Services		
9	By the <u>beginning of the fifth year after the commissioning of Melamchi Project</u> , waste water services in the form of sewer or on site sanitation should be made accessible to 90% of the population in the service area	Not yet due

² ADB assisted consultants and Project Preparation Technical Assistance are assisting KUKL in identifying investment needs to achieve this target

WATER QUALITY STANDARDS

The water quality standards applicable under the License are as set out as the “Water Quality Standards”. WHO water quality guideline are adopted for Nepal but national water quality standards supersede the WHO guideline, where available.

KUKL has started to carry out testing of water sources in accordance with the following minimum requirements.

No	Activities as per license	Frequency	Remarks
1	Raw water control Treated water control For Chemical Water Quality Standards	All sources before & after wet seasons 2 x year	Carried out for major sources and plants Some of the testing was out-sourced while the capacity of the Water Quality Unit is being strengthened
2	Water treatment & sources supplying direct into the networks <ul style="list-style-type: none"> - residual chlorine - turbidity - iron - color Where aluminum coagulants are used in the treatment process. Treated water to be tested on <ul style="list-style-type: none"> - pH - Aluminum 	1 x daily	Analyses and recordings are being done at the major treatment plants: Bode, Mahankhal Chaur and Bansbari Though it is currently not done at smaller treatment plants, sources and tube wells supplying directly into the networks due to lack of facilities, it is planned that chlorine testing will be done at site and other parameters will tested as permitted by resources by the central lab until on-site facilities are available.
3	Bacteriological test <ul style="list-style-type: none"> - treatment works - Raw water sources 	Daily monthly	Analyses and recording are being done at the major treatment plants Baude, Mahankhal Chaur and Bansbari
5	Distribution Network Random test Sampling methods, location in accordance with WHO Guidelines and to be agreed in advance with KVWSMB	25 locations x daily	Being carried out (see Appendix 1)
6	Samples on request of KVWSMB and to be provided within 4 h to KVWSMB	On request	Being carried out
7	To notify the KUKL Management of failures to meet water quality standards to report to KVWSMB		Being carried out

CAPITAL INVESTMENT AND ASSET MANAGEMENT

ADB assisted short term consultants and PPTA are assisting KUKL in preparing a detailed Capital Investment and Management Plan (CIAMP) which will be submitted to KVMSMB after 18 months of the start date as per the license requirement. Currently, the following activities that are identified as measures to improve immediate rehabilitation and improvement of the system are being undertaken.

	Description	Progress
1	Implement distribution network improvements covering an area in the south of ward 10 and ward 34 in the Kathmandu Municipality. (Demonstration Area)	As pilot area Ward 34 in Baneswor area has been identified for the first implementation. Tender documents have being reviewed and amended. A short term expert on Demonstration area is appointed
2	Implement a programme of bulk metering of all water sources water treatment works and service reservoirs.	Bulk water meters for all production (sources) facilities (I Priority) have being identified and specified and are under tendering process. Bulk water meters for treatment plant and service reservoir will be identified by the Consultant.
3	Enable the Operator to replace undersized mains, mains identified for urgent replacement, and other urgent works.	Two immediate work packages have been identified for which detailed design, cost estimation and tender doc prep has been completed. Similarly, a program for undersized mains (Spaghetti lines) will be identified by a short term expert. Recruitment is in Process.
4	Provide materials and equipment to the Operator for works to reduce unaccounted for water reduction.	Materials and equipment for reduction of UfW have being identified, specified and under tender process. A strategy for reduction of UfW has being developed by KUKL and is under implementation.

SERVICE SYSTEM

shrawan 2066 (June-July 2009)

S. N.	Branch	Water production in mld			Monthly in million liters
		Surface water	Ground water	Total	
1	Mahankalchaur	38.08	2.44	40.52	1296.6
2	Maharajgunj	na	na	na	na
3	Tripureswor	2.0	0.7	2.7	86.4
4	Baneswor	0.0	1.2	1.2	38.4
5	Chhetrapati	0.0	0.0	0.0	0.0
6	Lalitpur	16.5	4.8	21.3	681.6
7	Kirtipur	2.45	0.1	2.55	81.6
8	Kamaladi	0.0	0.0	0.0	0.0
9	Madhyapur Thimi	6.45	4.9	11.35	363.2
10	Bhaktapur	3.85	0.2	4.05	130.0
	Total	69.33	14.34	83.67	2677.80

Bhadra 2066 (august- September 2009)

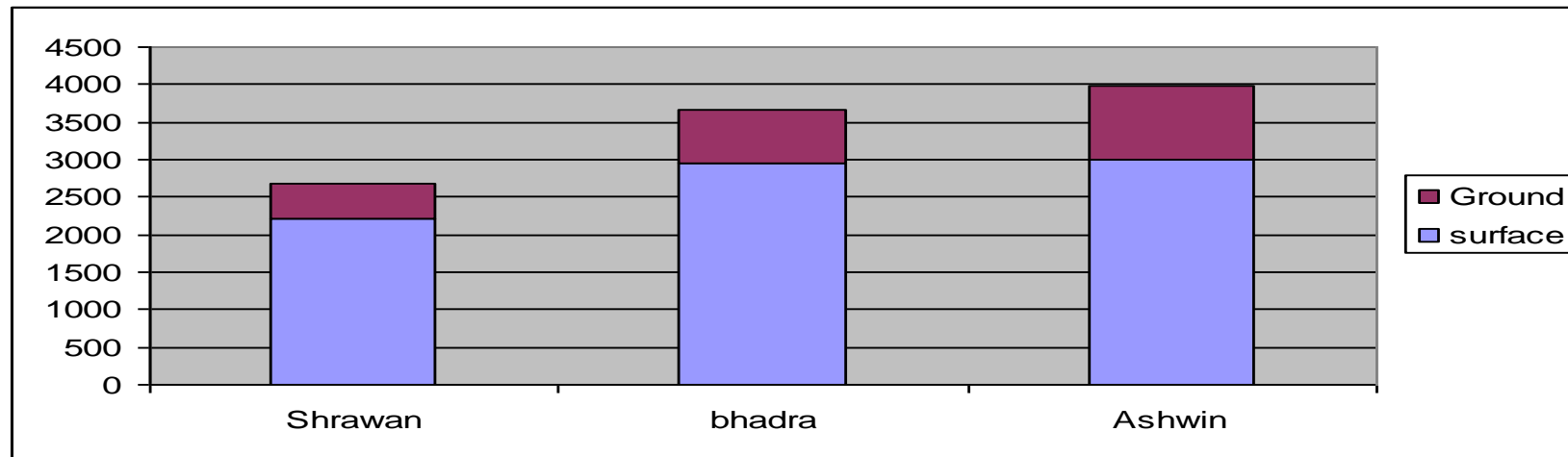
S. N.	Branch	Water production in mld			Monthly in million liters
		Surface water	Ground water	Total	
1	Mahankalchaur	41.18	2.28	43.46	1347.26
2	Maharajgunj	24.92	8.83	33.75	1046.25
3	Tripureswor	2.0	0.786	2.786	86.366
4	Baneswor	0.0	1.2	1.2	37.2
5	Chhetrapati	0.0	0.0	0.0	0.0
6	Lalitpur	17.5	4.6	22.1	685.1
7	Kirtipur	0.0	0.0	0.0	0.0
8	Kamaladi	0.0	0.0	0.0	0.0
9	Madhyapur Thimi	5.74	5.41	11.15	345.65
10	Bhaktapur	3.91	0.2	4.11	127.41
	Total	95.25	23.306	118.556	3675.23

Ashwin 2066 (September-October 2009)

S. N.	Branch	Water production in mld			Monthly in million liters
		Surface water	Ground water	Total	
1	Mahankalchaur	43.96	2.3	46.26	1434.06
2	Maharajgunj	23.12	7.21	30.33	940.23
3	Tripureswor	2.0	0.786	2.786	86.36
4	Baneswor	0.0	1.2	1.2	37.2
5	Chhetrapati	0.0	0.0	0.0	0.0
6	Lalitpur	17.5	4.6	22.1	685.1
7	Kirtipur	0.0	0.0	0.0	0.0
8	Kamaladi	0.0	0.0	0.0	0.0
9	Madhyapur Thimi	6.07	5.30	11.37	352.47
10	Bhaktapur	3.9	0.18	4.08	126.48
	Total	96.55	21.576	118.126	3661.9

A month-wise summary of water production and distribution is presented below:

2065/66	Shrawan 2066	Bhadra 2066	Ashwin 2066
	Surface Water (ml/month)	2218	2953
Ground Water (ml/month)	459	722	669
Total (ml/month)	2677	3675	3662
40% NRW	1071	1470	1465
Water available for Distribution	1606	2205	2197
m ³ /month/conection	9.46	13.0	12.96
m ³ /day/connection	0.29	0.41	0.41



Branch Repor 16 July. to 17 october 2009

	Branch	Injection Points	No. of Tanker	Tanker per Day	No. Tanks	N0. of Leak	No. of Leaks	Pipe	No. of new Tap	Connection	New meter	Meter
		installed	distributed	average	installed	identified	repaired	repaired	installed	Changed	installed	repaired
1	Mahankal Chaur	0	334	4	0	436	436	2.5	511	58	178	109
2	Maharajguni	0	0	0	0	355	345	0	651	137	125	105
3	Baneswor	0	0	0	0	422	407	56	203	88	251	144
4	Kamaladi	0	53	1	0	71	71	0	14	17	34	43
5	Chhetrapati	1	127	2	0	62	55	590	75	46	139	11
6	Tripureshwor	0	155	2	0	118	118	0	195	42	118	105
7	Bhaktapur	0	47	1	0	87	87	0	172	5	118	7
8	Madhayapur Thimi	0	63	1	0	80	59	0	257	15	35	118
9	Lalitpur	1	152	2	0	241	203	54	448	7	399	180
10	Kirtipur	0	99	1	0	16	10	0	6	5	20	3
	Total	2	2060	14	0	1888	1791	702.5	2532	420	1417	825

Water purification chemicals used during reporting period

S,N,	Description of chemicals	unit	Quantity
1	Bleaching powder	Kg	51753
2	Alum	Kg	25692
3	Pac	Kg	26390
4	Caustic Soda	Kg	5750
5	Lime	Kg	0

connections till Ashwin 2066

	Branch	Government Connection		Private Connection		Public Taps	Total
		Metered	Un-metered	Metered	Un-metered		
1	Tripureswor	187	108	16919	2280	137	19631
2	Chetrapati	42	7	11523	1464	180	13216
3	Maharajgunj	50	51	24720	1918	173	26912
4	Mahankal Chaur	73	45	21023	5025	137	26303
5	Baneswor	130	21	22176	1180	32	23539
6	Kamaladi	145	30	5380	221	20	5796
7	Lalitpur	0.0	28	29489	4280	314	34111
8	Bhaktapur	34	11	7840	551	203	8639
9	Thimi	18	6	5653	0.0	0.0	5677
10	Kirtipur	10	0.0	5767	81	0.0	5858
	Total	689	307	150490	17000	1196	169682

SEWARAGE DEPARTMENT

1 Shrawan -31 Ashwin 2066 (16 July. to 17 october 2009)

S.N.	Description	Unit	Quantity
1	Application for new sewer house connection	No.	6
2	Number of house connection completed	No.	4
3	Complaints on sewer line blockage	No.	225
4	Cleaning of sewer line by jetting machine	No.	228
5	Repair and maintenance of sewer line/man holes	No.	25
6	Laying of new sewer line and manholes	m/No.	0

Water Quality Unit/Central Laboratory

A monitoring program was formulated by the Water Quality Unit and the Plan has been implemented from May 2008. The Unit is presently focusing on the control of free residual chlorine, iron and ammonium.

The Water Quality Unit carried out free residual chlorine tests of the distribution network with different branches. A summary for the months of Shrawan to Ashwin is presented below.

Water Quality test report for the Month of Ashwin 2066

SN	Branch	Residual Chlorine		No. of Samples	Other Analysis							
		No of samples (tests)			Turbidity [5NTU, 1NTU (TS)]		Iron (mg/l)		Color	pH	Ammonia/ Ammonium [1.5 mg/l]	
		Samples Tested	No. of tests Failed (Residual Chlorine <0.1)		<5	>5	<0.3	>0.3	< 15 true color units	6.5 - 8.5	<1.5	>1.5
1	Mahankal Chaur	100	0	0	0	0	0	0	0	0	0	0
2	Maharjgunj	158	29	0	0	0	0	0	0	0	0	0
3	Baneswor	48	38	52	45	7	45	7	52	52	44	8
4	Kamaladi	1	1	1	1	0	1	0	1	1	1	0
5	Chhetrapati	1	1	2	2	0	2	0	2	2	2	0
6	Tripureswor	92	54	42	23	19	23	19	42	42	13	29
7	Bhaktapur	0	0	0	0	0	0	0	0	0	0	0
8	Madhyapur Thimi	58	14	0	0	0	0	0	0	0	0	0
9	Lalitpur	28	18	33	33	9	24	9	33	33	23	10
10	Kirtipur	0	0	0	0	0	0	0	0	0	0	0
	Total	486	155	130	104	35	95	35	130	130	83	47
	Per day	16		4								

* The reports for the Months of Shrawan and Bhadra are not available.

Tanker Unit

The Tanker Unit will receive some 10 new Tankers under the ADB funding. Plans will be worked out (Tanker Plan) to improve the performance of the Unit.

The tanker operations during the reporting (1 Shrawan - 31 Ashwin) period are as follows:

No	Description	Shrawan	Bhadra	Ashwin	Total
1	Injection Points Distribution	232	228	224	684
2	Poly Tanks Filling	530	448	364	1342
3	Distribution	241	127	149	517
4	Private Distribution	1152	924	922	2998
	Total	2155	1727	1659	5541

ON-GOING PROJECTS

Till Ashwin 2066

No	Name of Project	Project status	Remarks
1	Balkumari Water Treatment Plant and 150cum RCC Reservoir	100% construction work completed	UNICEF Funding,
2	75cum RCC Reservoir, Generator House, Aerator cum fountain at Jwagal Tube Well Site	100% construction work completed	UNICEF Funding,
3	Operation of Syuchatar tube well	All complete except pipe laying	Already completed
4	Operation of koteswar tube well	100% work completed.	completed
5	Operation of Damaichaghat tube well	100 % work completed.	
6	Operation of Tyanglaphat tube well	All complete.	
7	Operation of Khadka bhadrakali tube well	Tendering of pipes for interconnection completed	
8	Operation of Sanglekhola tube well	Tendering of pipes for interconnection completed	
9	Gwalindaha water supply project	Tendering of supply and laying of trunk pipe line completed, tendering of intake works and electrification work completed	Will be completed by the end of Chaitra 2066

HUMAN RESOURCES

Till Ashwin 2066

	Permanent			Contract			Daily wages		
	Tec	Adm	Total	Tec	Adm	Total	Tec	Adm	Total
Officer	68	55	123	1	0.0	1	1	0.0	1
Non officer	249	408	657	16	182	201	24	232	256
Total	317	463	780	17	182	202	25	232	257
Grand total	1239								

Staff list (section wise)

S.No.	Section/ Branches	Permanent staff	Contract	Daily wages	Total staffs
1	Head office	118	17	11	146
2	Tripureswar	56	18	21	95
3	Thimi	39	7	15	61
4	Tanker	32	3	3	38
5	Sewerage Dept.	46	1	2	49
6	Electromechanical	34	2	4	40
7	Maharajganj	96	25	49	169
8	Mahankalchaur	103	24	33	160
9	Kirtipur	25	13	17	55
10	Kamaladi	19	6	3	28
11	Jawalakhel	98	30	57	185
12	Chhetrapati	27	8	14	49
13	Bhaktapur	36	10	20	66
14	Baneswar	52	38	8	98
	Total	780	202	257	1239

REPORT FROM GENERAL ADMINISTRATION

1 Shrawan- 31 Ashwin 2066

S.N.	Description of Vehical Fuel	Unit	Vehicle No Tools/ equipment	Expenditure	Remark
1	Repair of Vehicle		NO/Tools/Equipment		
	(a) Jeep, Tankers, Cars, Pickup etc.	No.		132307.5	
	(b) Motor Cycles, Scooters etc	No.			
2	Fuel Expenses				
	(a) Petrol	Liter	6616		
	(b) Diesel	Liter	1700		
	(c) Mobil	Liter	272		
	(d) Other/Brake Oil	Liter	9		
	(e) Gear oil	Liter	30		

KUKL CENTRAL PROCUREMENT

KUKL Central Procurement Division has made the following procurement in the month of 1 Shrawan-31Ashwin 2066 and the procurements under processing are as follows:

S. NO	Description of goods	Qty.	Unit	Estimated Amount (in 000)	Procurement Action Status			Procurement Process	Supplier	Estimated delivery	Remarks
					Tender & Receive order	Evaluation & Award	Agreement & Order				
1	Ductile Iron Fittings	1073	Nos	6000			ordered	Tender	Season Nepal (P) Ltd. Kathmandu	August 09	Delivery expected within 1 week
2	Water Revenue Meters	12000	Nos	23000		Awarded	Agreement processing	Tender	Lianyungang lianti, China	Dec 09	
3	Stable bleaching powder	100	MT	1720			Ordered	Direct	WHO	Aug 09	Delivered
4	Poly Aluminium Chloride	50	MT	970				Direct	WHO	Oct. 09	
5	Stable Bleaching Powder	100	MT	1720			Ordered	Direct	WHO	Aug. 09	
6	Aluminium Sulphate	100	Mt	1950			Ordered	Direct	WHO	Sept. 09	
7	Alumunium sulphate	75	MT	1460			ordered	Direct	WHO	Aug. 09	Alredy dispatched
8	Generators	6	sets	6205			Ordered	Tender	Koshati trading, Birat Nagar	Aug 09	Delivery expected within 1 week
9	Costomers card	170000	nos	365			Agreement processing	Tender	Bagmati & National Printing	Sept. 09	
10	Tapping machines	10	sets	3015			ordered	tender	Pipe & fitting suppliers	Sept. 09	
11	Caustic Soda	25	MT	400			Ordered	Direct	WHO	Sept. 09	
	Total Amount			45085							