

# PVK

... in service of Prague



# Czech Republic: The Prague contract



Contract duration  
27 years

## KEY NUMBERS

- Lease contract: **since 2001**
- Turnover: **5.86 billion CZK**
- Number of customers: **87,613**
- Number of employees: **979**



## OUR SERVICES

- ✓ Production of drinking water
- ✓ Distribution of drinking water
- ✓ Collection of wastewater
- ✓ Treatment of wastewater

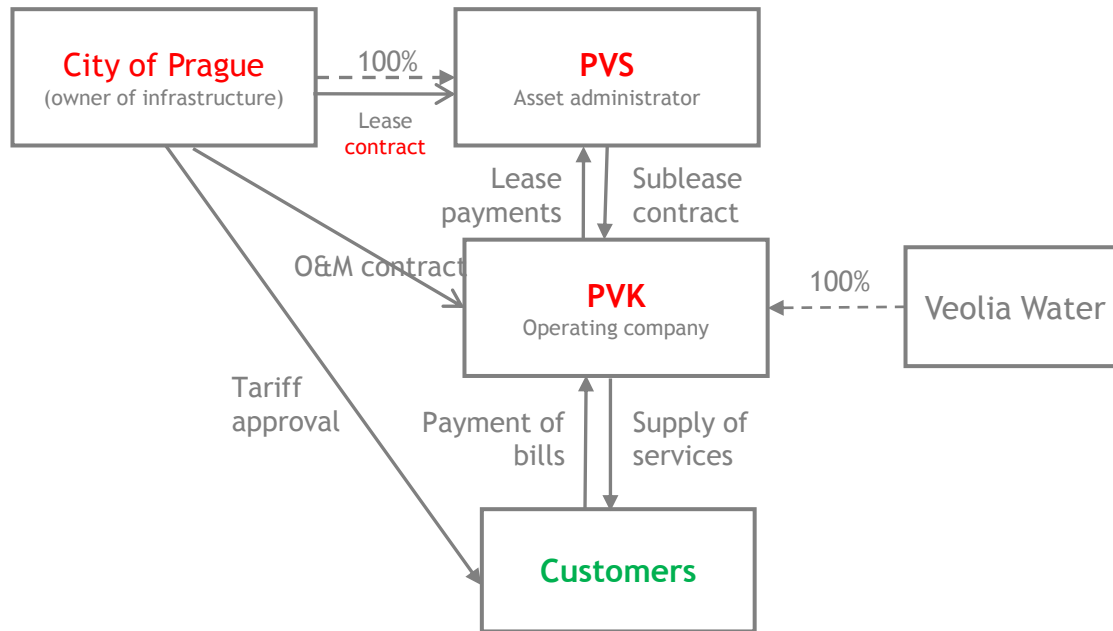
**1.42 million** inhabitants served with water  
Drinking water network: **4,279 km**  
Water production: **101 millions m<sup>3</sup>**

**1.22 million** inhabitants served with  
wastewater services  
Wastewater network: **4,591 km**  
Treated wastewater: **136 millions m<sup>3</sup>**

# Veolia Water in Czech Republic



## Example of Czech operating model - model of PVK



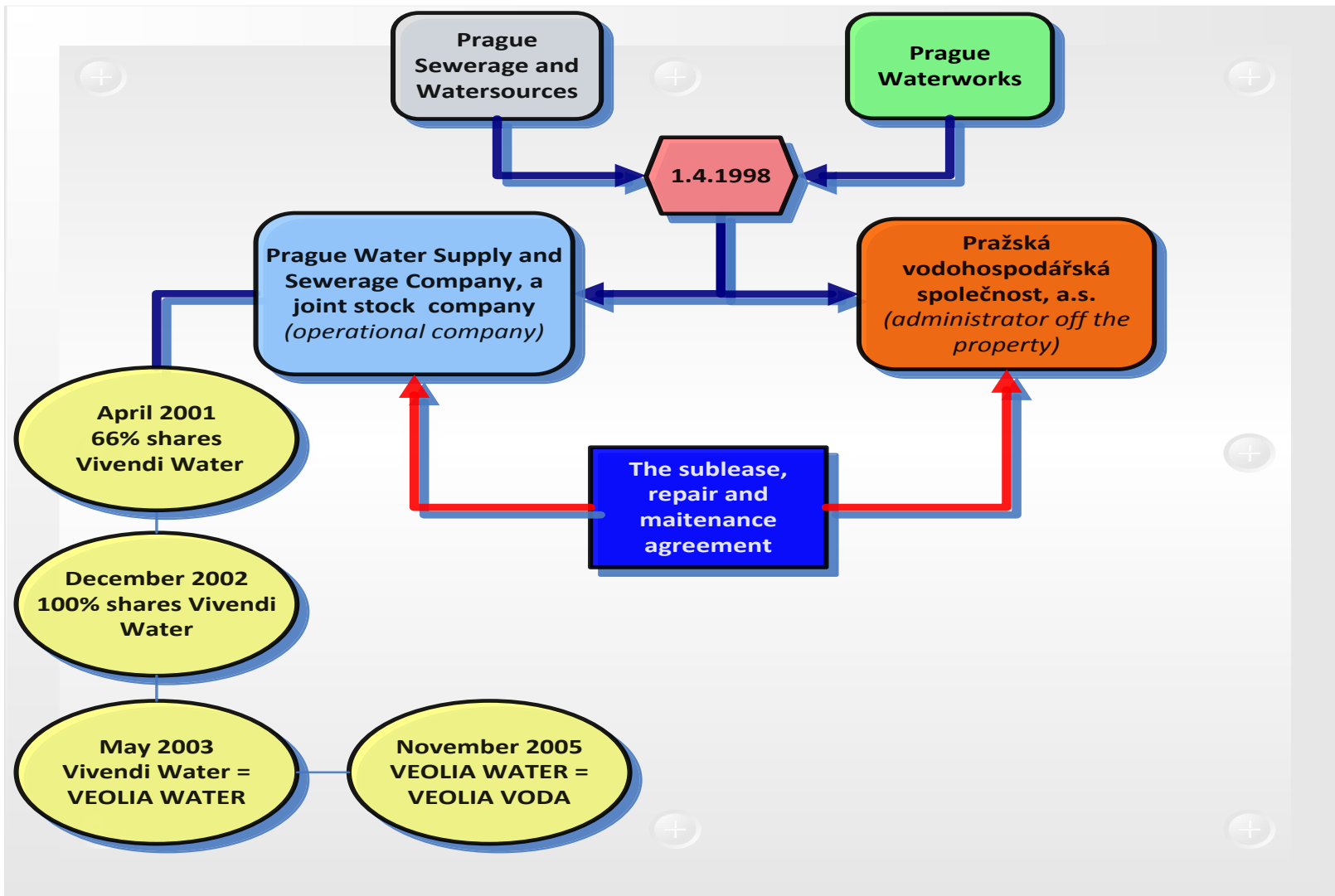
The City of Prague – owner of the water and wastewater infrastructure

PVS – representant of the owner controlled by the City of Prague

PVK – Operating companies for water and wastewater infrastructure at 100% controlled by Veolia Voda

- City of Prague: Assets owner Insure the administrator renting right, Negotiations with authorities, Validation of the water sales price.
- PVS: Administrators insure assets administration, investments, renewals, rehabilitation, modernisation and development management, PVK's repairs budget validation, following-up and controlling operator activities.
- PVK: Operator Operational management,-- ensuring water and wastewater service to the public Network maintenance and repairs management, PVS technical advisory, Invoicing, receivables recovering and cash collection – insurance the infrastructure -- payment of rental fee to the Administrator.

# Prague contractual scheme



# OUR ENGAGEMENTS



**Contractual  
engagements**

More than **100**  
commitments in our  
operational contract



**Privatisation  
engagements**

System of the  
engagements defined  
In the privatisation  
project

**OUR  
ENGAGEMENTS**

# SYSTEM OF THE PRIVATISATION ENGAGEMENTS

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## Customer engagements

- Tariff increase engagement
- Implementation of the new customer services standards
- Establish the call centre and the contact centre
- Implementation of the Chart of the customers rights
- Prague water museum
- Creation of the Foundation supporting the welfare services

## Employees engagements

- System of the employees education – establishment of the Training centre available for all experts from Czech republic
- Programme of the employee benefits
- Work security

# SYSTEM OF THE PRIVATISATION ENGAGEMENTS



## Operational and technical engagements

- Water losses engagement
- Study of the operational optimisation and technical automation
- Implementation the Centralised water management system – new Control centre
- Optimisation of the water network – pressures optimisation
- Engagement of the laboratories accreditation
- Implementation of the GIS
- Optimisation of the Prague WWTP – system of the anaerobic digestion
- Waste water quality engagements
- Operational charges optimisation
- Proposal of the new system of the investments optimisation

# SYSTEM OF THE CONTRACTUAL ENGAGEMENTS



Our operational contract contains more than 100 different engagements that can be split in following categories

## • **Water and sewage tariff calculation**

- Clear calculation structure
- Limit of the profitability
- Approval of the city for every change
- Without the city approval the operator can increase the tariffs for next year only by the inflation

## • **Product and service quality**

- Technical definition of the water quality and the quality of the rejected waste water
- Definition of the minimal level the service quality (information standards, client reclamations, call centre and contact centre, network connections...)
- Obligation to make every year the customer satisfaction survey



# SYSTEM OF THE CONTRACTUAL ENGAGEMENTS



## • **Infrastructure management**

- Repairs and maintenance standards
- Mandatory minimal volume of repairs for each year
- Mandatory plan of the maintenance for each year
- System of the reporting and controls of the repairs and maintenance
- Duties concerning the cooperation on the city investment plan preparation and realisation
- Complete insurance of the infrastructural assets
- Obligation to exchange the information with the other utilities in Prague (obligation to develop GIS and TIS)
- .....

## • **Rental fees**

- Rental fees are set each year by the city that has the right to decide about the level of the rent
- The rent represents 45% of the OPEX and is fully used for the reinvestments
- Contractual engagement of the operator to prepay the rent on the city appeal

# SYSTEM OF THE CONTRACTUAL ENGAGEMENTS



## • **Transfer of the risks from the assets owner to the operator**

- Risks of volumes (rent is fixed for calculation period) and unpaid bills
- Risks of the water and waste water quality
- Risks of the repairs
- Risks of OPEX evolution during the all contractual period (inflation tariff increase)
- Full damages responsibility
- .....

## • **Others**

- Preparation of the city technical standards
- Mandatory length of the systematic annual inspections of the water and sewage netw.
- Dealing with the clients about the conditions of the new connections
- Keeping of the common server for the information exchange (reporting and information duties – operational, technical, customer, financial)
- .....

# OUR PERFORMANCE



# OUR PERFORMANCE

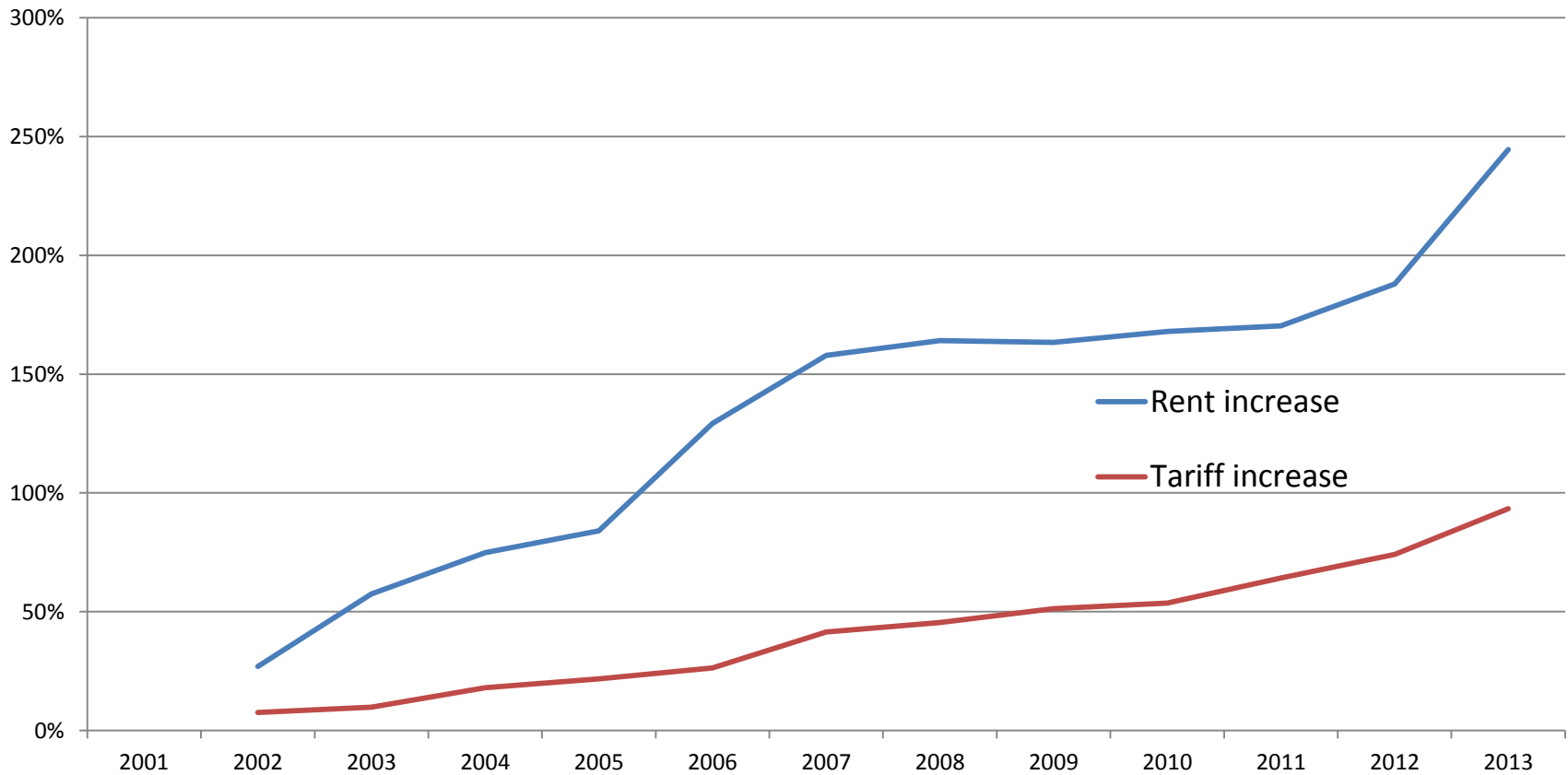


## ECONOMIC PERFORMANCE



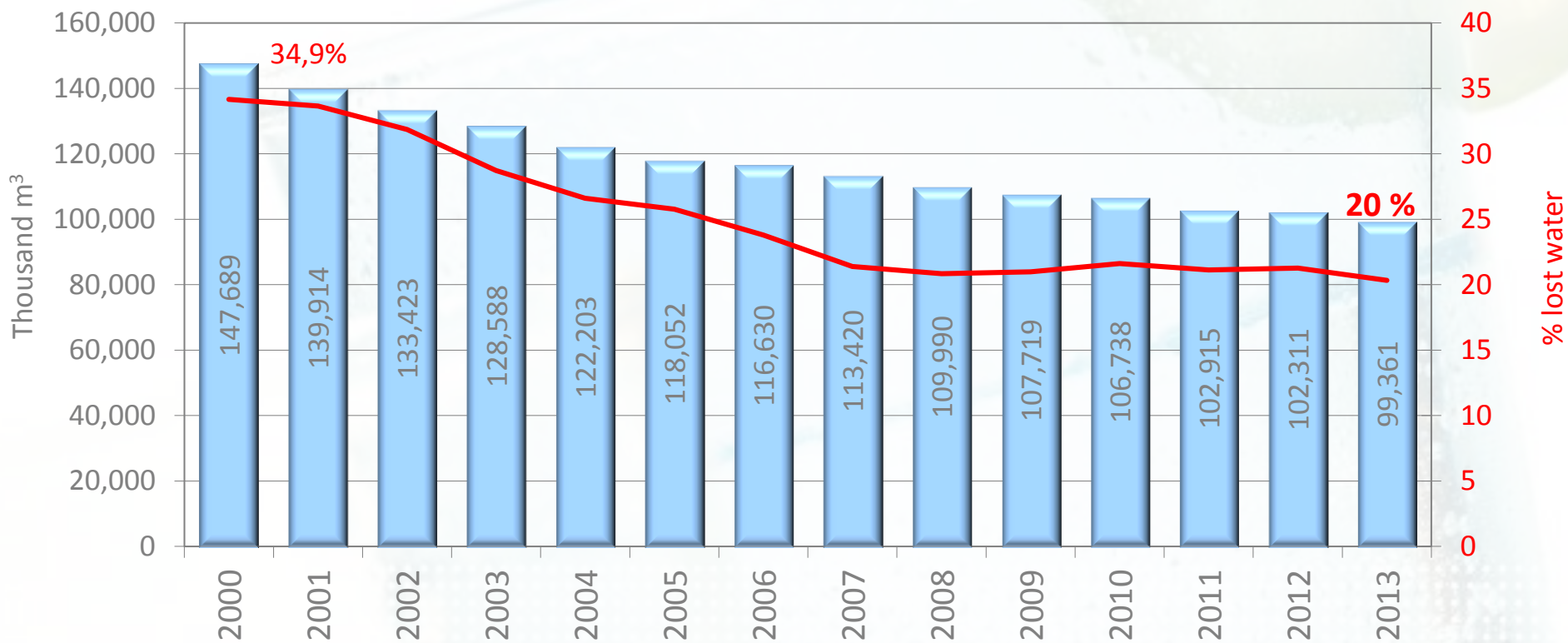
Economic  
performance

# ECONOMIC PERFORMANCE



# ECONOMIC PERFORMANCE

Total water supplied thousand m<sup>3</sup>, lost water/water supplied in % in 2000 – 2013



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water losses in T m3	47 577	43 181	38 359	33 381	31 357	28 627	24 906	24 081	23 729	24 176	22 759	22 704	21 013
Financila evaluation	333 041	302 269	268 516	233 669	219 498	200 388	174 342	168 568	166 101	169 229	159 313	158 927	147 090
Savings		30 773	64 525	99 372	113 544	132 653	158 700	164 474	166 940	163 812	173 728	174 114	185 951

# ECONOMIC PERFORMANCE



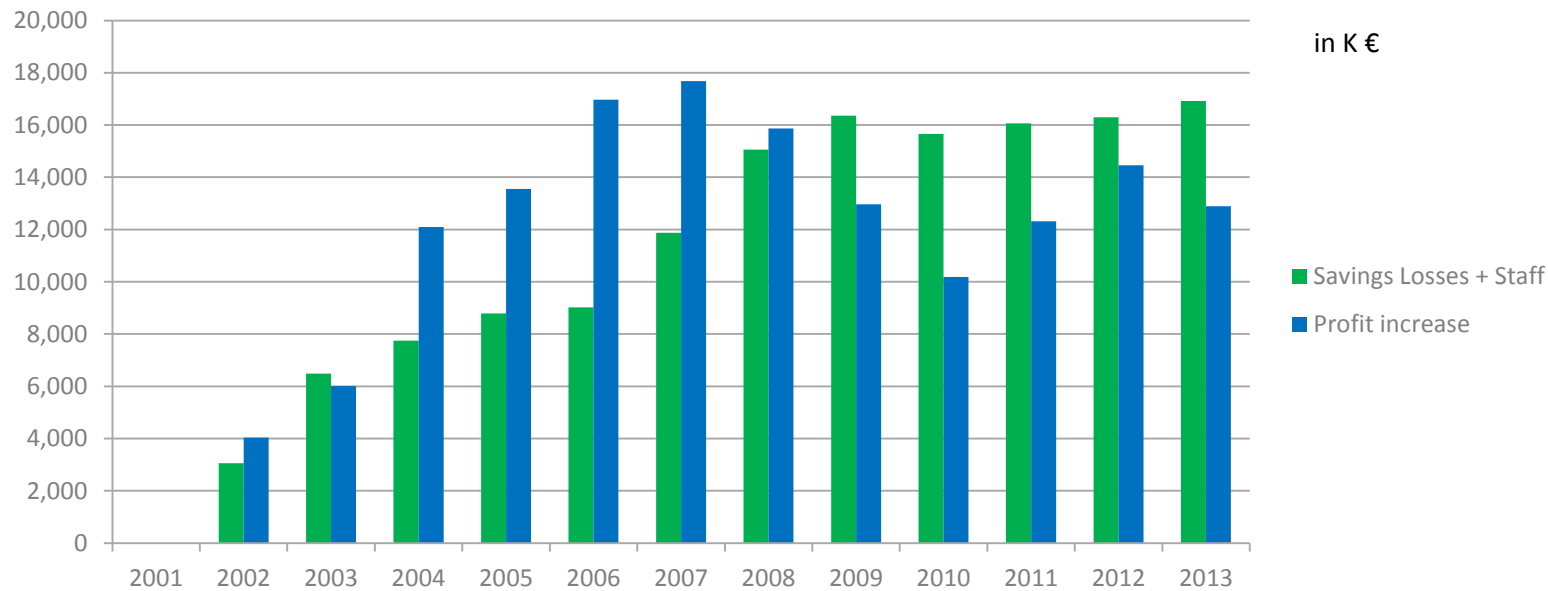
## Staff evolution



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Personal charges 2001 increased by inflation	472 398	480 901	481 382	494 861	504 263	516 870	531 342	564 817	570 465	579 022	590 023	609 494	618 027
Real personal charges		425 972	364 342	377 371	371 647	397 023	357 496	307 800	279 582	304 460	313 952	327 201	330 329
Savings		54 929	117 040	117 490	132 616	119 847	173 846	257 017	290 883	274 562	276 072	282 293	287 698

# ECONOMIC PERFORMANCE

## Comparison of the Savings (Losses + Staff) and Profit evolution



Total 2002 - 2013

**260 M€  
INVESTED  
BY VEOLIA**





# OUR PERFORMANCE



## HR PERFORMANCE



HR  
performance

# HR PERFORMANCE

## Employees training and education

- **Veolia has created in Prague the Education and training centre called IES (Institute of Environmental Services)**
  - IES prepares for the employees the structures training and education programs for all categories of our employees
  - IES cooperates with prestigious Czech universities preparing different degrees of education
  - The programs are free for all Veolia employees
  - IES represents the centre of the professional experience exchange

More than 100,000 participants of all IES' trainings in total (from 2002)



# HR PERFORMANCE

## Health and Safety



- **ZERO TOLERANCE TO RISK IN H&S**
- **PERSONAL EXAMPLE AND RESPONSIBILITY**
- **SHARING THE BEST PRACTICES**
- **First Aid Practical Training**

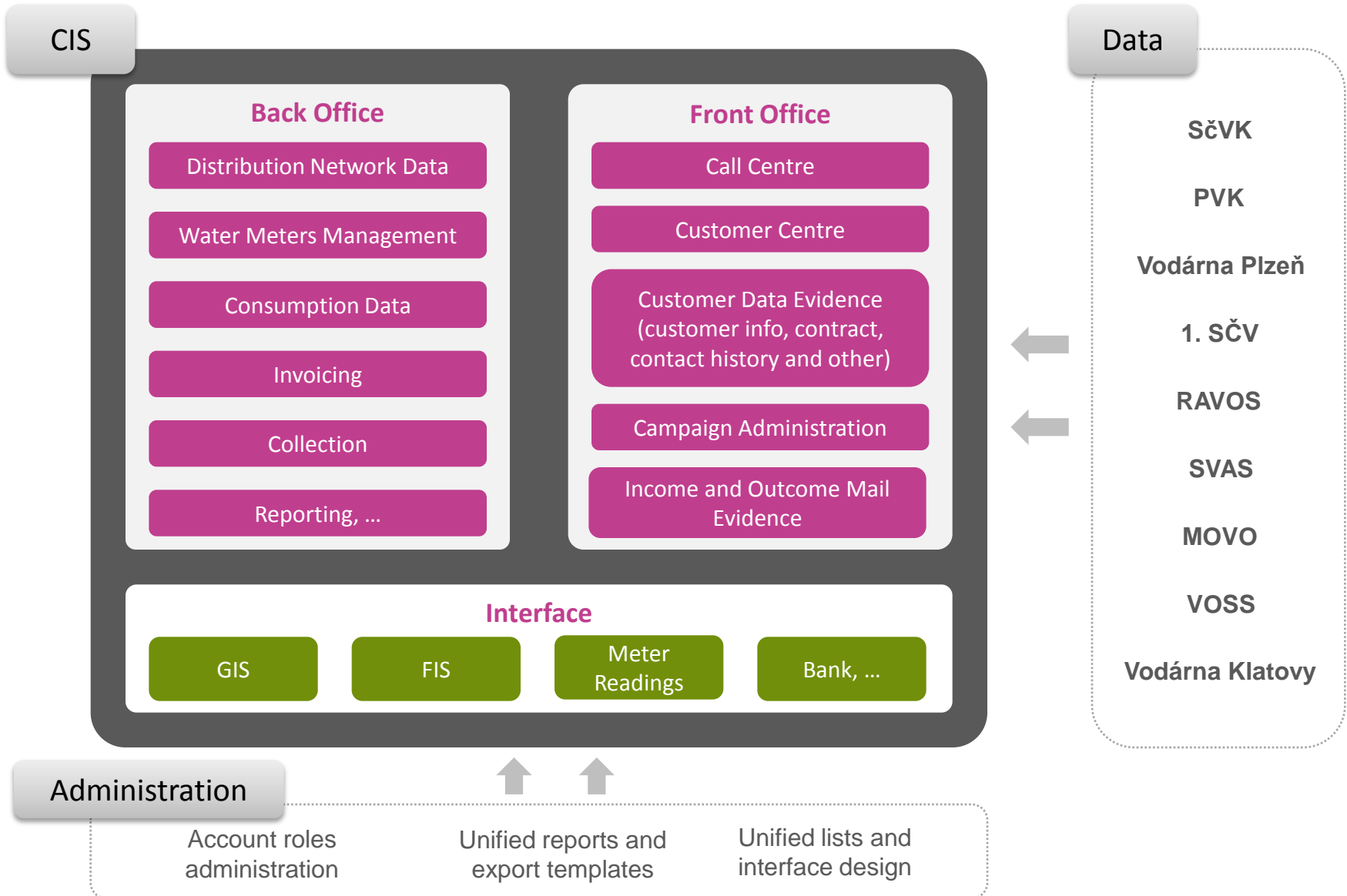


# OUR PERFORMANCE

## Customer performance



# Single Customer Information System (CIS)

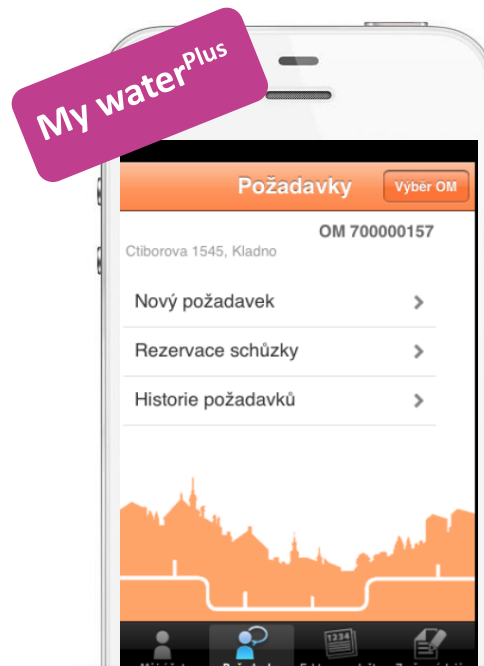


# Smartphone applications developed by Veolia Voda in the Czech Republic



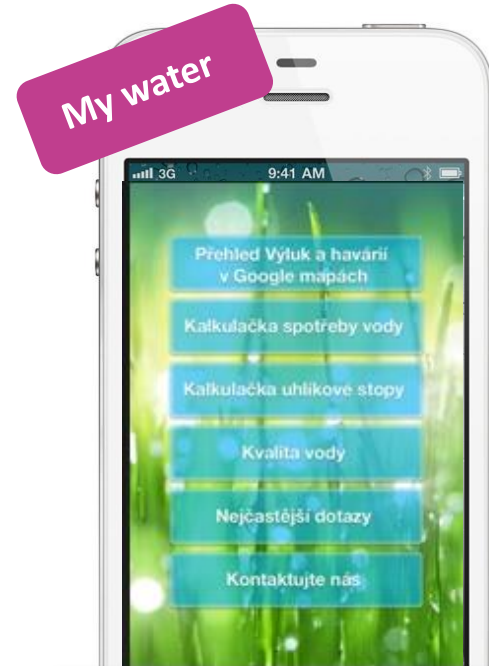
## For all consumers

- The application enables to find the nearest restaurants, cafés and hotels that offer tap water and gives details on them with the possibility of navigation.
- On iOS and Android devices
- [www.kohoutkova.cz](http://www.kohoutkova.cz)



## For customers only

- Application „ My water<sup>Plus</sup>“ lets customers stay informed about their water consumption or contract details and allows them to update their data
- On iOS and Android OS devices



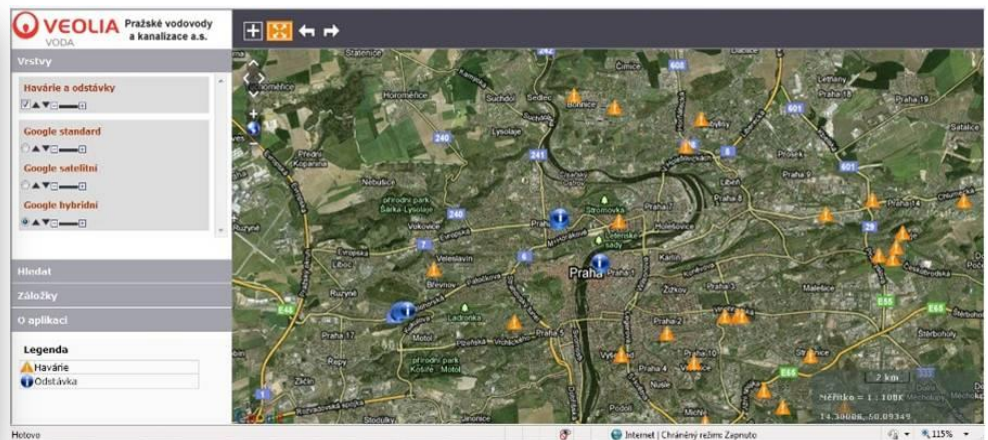
## For all consumers

- In a real time, the online maps show the current water supply interruptions.
- “My water” offers basic information on water quality and a simple calculator of water consumption or carbon footprint.
- On iOS and Android OS devices



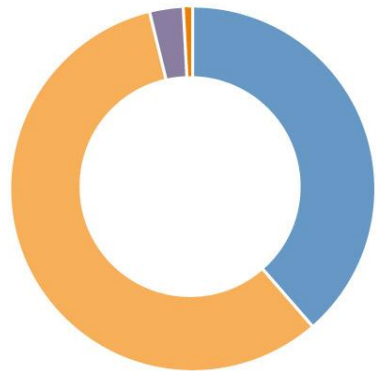
# Operational events on Google maps in the Czech Republic

- Data from the emergency management is published on the company's website
  - The information about **planned interruptions** is updated **once a day, emergencies every 5 minutes**.
- Precise information is provided:
  - For planned interruptions: date and time of the beginning and the completion
  - For emergencies: date and time of entry into the system and the expected date and time of emergency rectification
- Customers can review the information using their web browsers for the various maps on Google
- Customers can use standard features for working with the map (choice of map, search, zoom in...etc.) and can save the area of interest in the Favourites folder within the web browser



# Regular clients satisfaction research

## How satisfied are you in general with the level of the services provided by your drinking water supplier?

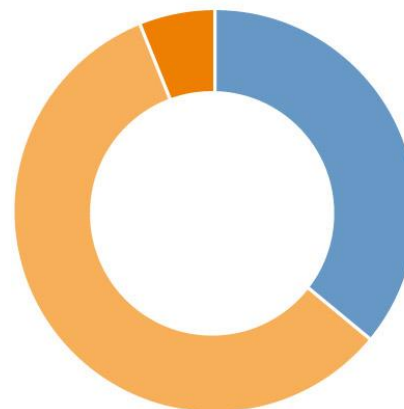


- Very satisfied - 36.1 %
- Somewhat satisfied - 60.7 %
- Somewhat dissatisfied - 2.9 %
- Dissatisfied - 0.3 %

- Annual research done by the independent institute
- About 5 000 respondents from all population categories

- Results of the research published
- Results of the research consulted with the city partners

## How satisfied are you with the drinking water quality?



- Very satisfied - 37 %
- Somewhat satisfied - 57.7 %
- Somewhat dissatisfied - 5.3 %



# OUR PERFORMANCE



## OPERATIONAL PERFORMANCE



OUR  
PERFORMANCE

# SWiM

*Smart  
Water  
i integrated  
Management*





SWiM is the fifth generation of the most modern management system

### WHY SMART?

The system is working with the most modern technologies on the market

### WHY INTEGRATED?

System integrates ten different areas of water management

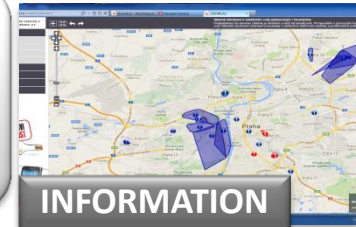




# What does SWiM brings to customers?



- Immediate information about the water supply interruptions (SMS+WEB)
- Tracking of the substitute water supply
- Information about the water quality



- Higher flexibility = efficient reaction
- Reduction in the time of repairs
- Reduction of the city traffic disruptions

- Water quality on-line monitoring
- Information about the water analyses immediately available to the system users



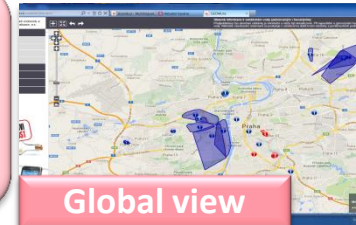
- Efficient charges control
- Positive tariff impact
- Optimisation of the sources allocation



# What does SWiM bring to us?



- Integration of different elements allow us to have a global view of its functioning
- Better cooperation and interface of the included elements



Global view



PROTECTION

- New standard of the water infrastructure protection
- On-line protection of the critical sites in cooperation with the Czech Police

- Quicker and more efficient reaction thanks to the integration
- System of communication inside and outside SWiM (army, police, city)



CRISIS



OPTIMISATION

- Management and optimisation of sources
- Charges reduction
- Availability of sources

# REASONS FOR COOPERATION WITH A PRIVAT PARTNER

