

FOR IMMEDIATE RELEASE

National Water Commission Applies for 2019-2021 Tariff Review

(KINGSTON, Jamaica; 2018 October 18): The National Water Commission (NWC) on October 2, 2018 applied to the Office of Utilities Regulation (OUR) for a review of its current tariff. The last such review was undertaken in 2013.

The NWC is proposing a 23% average increase in revenues for water charges, and a 38% average increase in revenues for sewerage charges. The total revenue requirement associated with the proposed increases is J\$33.9 billion (J\$26.1 billion for water charges and J\$7.8 billion for sewerage charges). Additionally, the NWC is proposing, among other things, the following changes to its rate structure:

- a. A consolidation of its residential rate blocks from six (6) to three (3). The first block, which represents a typical household consumption, would see a 5% increase in rates.
- b. The introduction of a decreasing block tariff for commercial customers with consumption above 2 million imperial gallons/month (9.1 million liters/month).
- c. An increase in the first block of commercial, condominiums and schools' rate categories by 36% for water and 46% for sewerage.
- d. The introduction of standby charges for major commercial customers who only use NWC services as backup supply.
- e. The introduction of sewerage service charges to reflect NWC's fixed cost of providing customers with sewerage services.

Further, the NWC is requesting that the price cap tariff reset period run for three (3) years (2019-2021) instead of the customary five (5) year review period.

They are also proposing that:

1. The K-Factor variable, which was approved in the 2013-2018 Tariff Determination to finance OUR approved capital infrastructure projects, remains at 16%.
2. The X-Factor, that is the productivity efficiency factor, be set to 0% until 2021, when the efficiency gains are to be reviewed.

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3. The inclusion of a Z-Factor provision as a special adjustment to the Price Adjustment Mechanism (PAM) to account for exogenous events that affect costs, not due to NWC's managerial decisions and which are not captured by the other elements of the price cap regime.

The NWC asserts that its tariff submission supports its objectives of improving and expanding potable water and sewerage services, encouraging and improving operating efficiencies and creating the financial viability necessary to sustain its operations.

Starting 2018 October 30, the OUR will host public consultations with NWC customers to get their feedback on the application. The schedule of consultations is below and will be published in the media.

PARISH	DATE	TIME	VENUE
Kingston & St Andrew	October 30, 2018	6:00 PM	Meadowbrook High School Auditorium
Portmore, St Catherine	November 6, 2018	6:00 PM	HEART College of Construction Services (formerly Portmore HEART Academy), Waterford, St. Catherine
Morant Bay, St Thomas	November 8, 2018	6:00 PM	Morant Bay Anglican Church Hall, 1 East Street, Morant Bay, St. Thomas
Ramble, Hanover	November 13, 2018	6:00 PM	Knockalva Technical High School, Ramble, Hanover
Port Antonio, Portland	November 20, 2018	6:00 PM	Ken Wright Terminal Building, Port Antonio Marina, Portland
May Pen, Clarendon	November 22, 2018	6:00 PM	St Gabriel's Anglican Church Hall, May Pen, Clarendon

Utility customers and other interested persons and civil society groups are invited and encouraged to submit their views to the OUR via email at nwctariff@our.org.jm.

The NWC Tariff Submission for the period January 2019 – December 2021 as well as a summary of the application may be viewed on the OUR's website: www.our.org.jm.

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BACKGROUND

In its 2013-2018 National Water Commission Review of Rates - Determination Notice (Document No. 2013/WAS/004/DET.003), the OUR introduced new standards to protect NWC's customers, reduced the K-Factor charge on bills by 13% and allowed an increase of between 13% and 18% on rates as of 2013 October 3.

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The NWC had applied at that time for a 19% increase in rates in addition to other adjustments. The bill impact of the approved adjustments saw increases of 13% on accounts which reflect water and sewerage charges and 18% on accounts which do not pay for sewerage services. The K-Factor which appears on customers' bills as a percentage charge, was reduced from 27% to 16%. The K-Factor is an OUR-determined mechanism for the NWC to fund approved capital projects to improve service to customers.

The OUR had also introduced three (3) new NWC Guaranteed Standards:

- Exceptional Meter Readings – Where the consumption increases by at least fifty per cent (50%), the customer is to be alerted within one (1) billing period;
- Estimation of Consumption – An estimated bill should be based on the average of the last three (3) actual meter readings; and
- Billing Adjustment - Where necessary, customer must be billed for adjustment within three (3) months (i) of identification of error or (ii) subsequent to replacement of faulty meter.

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