

FOR IMMEDIATE RELEASE

OUR Makes Decision on Dairy Spring Limited Tariff Application

(KINGSTON, Jamaica; 2020 April 03): The Office of Utilities Regulation (OUR) has issued a decision on a tariff application submitted by private water provider, Dairy Spring Limited (DSL). The Regulator approved DSL’s request for a 50% increase in water rates per 1000 litres to both its commercial and export customer categories. The previous rates have been in effect since 2011 February 11.

The approved rates took effect on 2020 March 5 and are to remain in effect for not less than two years.

DSL’s Licence allows for the computation of the company’s tariffs on a rate of return (or ‘cost plus’) methodology. The OUR has, over the years, applied a ‘No Objection Policy’ to the approval of rates for private water and sewerage service providers, if, among other reasons, the rates proposed are below those of the National Water Commission (NWC) for comparable services.

In applying the ‘No Objection Policy’ methodology, DSL’s proposed rate was compared with rates charged for similar services by the NWC and a comparable private water provider, Runaway Bay Water Company (RBWC). For consumption levels below 9.1 litres per month, DSL’s proposed average tariff was 44.5% less than the rate charged by NWC and 26.7% below the rate charged by RBWC. In light of this, the OUR opted to accept DSL’s rate proposal based on the ‘No Objection Policy’.

The billing data submitted by DSL shows that on average a commercial customer consuming 1,892.82 thousand litres per month would see a 50% increase in the total bill amount. An example of bill impact is shown in the table below.

Bill Impact (Commercial Customer)				
Description	Rates		Bill Change	
	DSL Existing Rates (J\$)	Approved Rates (J\$)	J\$	%
Rate per 1000 Litres	154.00	231.00	77.00	50%
Average Consumption ('000 litres)	1,892.82	1,892.82		
Total Bill Amount	291,494.73	437,242.09	45,747.36	50%

The OUR also made minor revisions to DSL’s Quality of Service Standards which include Overall and Guaranteed Standards. Compensation for breaches of any Guaranteed Standard shall be \$5,000, and \$7,500 for breaches which fall within the special compensation category.

The Determination Notice on DSL’s application can be viewed on the OUR’s website: www.our.org.jm.

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BACKGROUND

DSL is a privately owned company, which is licenced to supply and distribute water in parts of St. Ann as specified in Schedule 1 of its Licence. It currently provides water services to several large commercial customers. DSL submitted its Tariff Application to the OUR for an increase in its water rates on 2019 August 27.

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