

NEWS RELEASE

OUR Grants Sewerage Rates to Landmark

(KINGSTON, Jamaica; 2018 January 25): As of February 1, 2018 residents of Liberty Estates, St. Mary will begin to pay for sewerage services provided to them by small sewerage service provider, Landmark Developers Ltd (LDL). The Office of Utilities Regulation (OUR) approved a rate of \$3,103.22 per month to be charged by LDL.

The connection fee will be between \$6,000 and \$15,000, while the reconnection fee has been set at \$10,000.

The OUR's determination follows a rate application submitted by LDL for sewerage rates.

LDL is a development company which focuses on the development and sale of residential lots at Liberty Estate in Industry Pen, Three Hills, St. Mary. Prior to its rate application, LDL did not operate in the conventional mode of a utility and did not charge the residents of Liberty Estate who are connected to its sewerage facility a fee.

The OUR has generally applied a principle of "non-objection" to rates proposed by small water and sewerage service providers. The "non-objection" principle allows for the automatic approval of the rates where they do not exceed those charged by the National Water Commission for comparable services.

In this case, the OUR noted that the proposed rates were significantly higher than industry rates. When compared with other utilities, the proposed Average Tariff of \$3,667 for LDL is 12% to 22% higher. Against this background, the non-objection policy was not applied and the OUR decided that the most appropriate approach, was to analyze the application on the basis of benchmarking. As a result of the benchmarking analysis, the OUR concluded that the rates approved for LDL should be similar to those of Can-Cara Development Limited (CDL), a small water and sewerage service provider that operates similarly to LDL. LDL's Average Tariff will therefore be 5% lower than the NWC rates.

The OUR also took note of the quality of service issues raised by customers at the consultation in 2017 October. The OUR opined that enduring quality of service improvements are best addressed through the development and implementation of appropriate policies. As such, the OUR determined that LDL is to develop the relevant policies and procedures and submit same to the OUR for approval. The company has been mandated to, within:

- Three (3) months of the Determination Notice, develop a policy that governs the procedures and schedule for the efficient management of the sewer system at all locations.

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- Six (6) months of the Determination Notice, develop a procedure outlining the activities to be undertaken to disconnect a sewer main. The policy must indicate how any material from the disconnection exercise is disposed of, as well as measures to ensure the area does not pose a hazard to residents.
- Six (6) months of the Determination Notice, develop a policy governing the process to repair leaks, replace mains and restore roads that were dug-up as a result of its activities. The policy must include timelines within which scheduled or unscheduled repairs and replacement will be carried out, as well as the period in which road surfaces will be restored following completion of repair/replacement works.
- Three (3) months of the Determination Notice, develop a Customer Service Charter outlining its service delivery commitments and customers' rights and responsibilities. The Charter must also detail the activities and timelines in its Complaints Handling Procedure.

Quality of service standards were also developed for LDL and the OUR determined that the compensation payable for a breach of a Guaranteed Standard shall be the equivalent of four (4) times the service (fixed) charge, which is \$2,957.12.

BACKGROUND

In 2011, the company was granted a licence for the provision of sewerage services to Liberty Estate. LDL's sewerage facility currently has the capacity to collect and treat 313,500 gallons of sewage per day and currently 847 customers are connected to the facility.

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Contact: Elizabeth Bennett Marsh – Public Education Specialist: (876) 968-6053