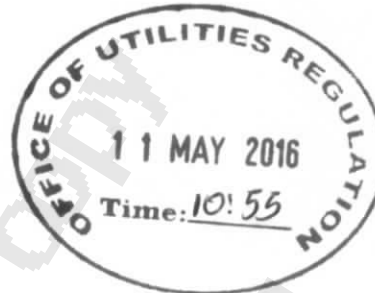


DAIRY SPRING LIMITED

1B Easton Avenue, Cottage #1, Kingston 5, Jamaica
Phone: (876) 978-4102, 978-0214; Fax: (876) 927-8000
Email: dairyspring@flowja.com

2016 May 11

Director General
Office of Utilities Regulation
36 Trafalgar Road
Kingston 10



Dear Sir,

DAIRY SPRING LIMITED Application for increase in Water Rates

We hereby apply for an increase in water rates charged to our customers as follows: -

Supply Category	Present			Proposed		
	Effective Date	Rate J\$/1000 gal	Rate J\$/1000 litres	Effective Date	Rate J\$/1000 gal	Rate J\$/1000 litres
Commercial	2011.02.01	700.00	154.00	2016.08.01	931.72	205.00
Export	2011.02.01	1000.00	220.00	2016.08.01	1340.77	295.00

The increased rates granted in 2011 Feb have allowed DSL to implement capital works as follows: -

- (i) Completion of Phases 2 and 3 (excluding Caretaker's Cottage) of the programmed upgrading and expansion of the water production and distribution facilities: -
 - Installation of 573m of 200mm dia and 950m of 100mm pipeline;
 - Reconstruction/expansion of the spring entombment to increase water diversion capacity;
 - Construction of 227m³ Chlorine Contact Tank;
 - Expansion of the Control Building by 45m² to accommodate sanitary conveniences, equipment/spares storage and a standby generating plant;
 - Septic Tank and Tile Field for appropriate on-site sewage disposal and
 - Installation of 205m of 3m high perimeter security reinforced concrete fencing, gate way, bridge over stream, retaining walls, security lighting and improvements to the private road leading to the Water Supply Plant
- (ii) Acquisition of (a) 12.5Kva electricity standby generator to ensure continuous power supply, (b) Chlorine Recovery Vessel (and associated safety gears) to speedily deal with chlorine emergencies should they arise, and (c) spare meters to ensure the integrity of the metering of production flows and customer consumption, and
- (iii) Servicing of loan financing of \$30M and Cashflow support of \$41M for capital works.

Dairy Spring Limited

Director General – OUR
DAIRY SPRING LTD – APPLICATION FOR INCREASE IN WATER RATES
2016 May 11

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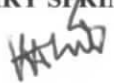
DSL now has the capacity to produce and distribute its licensed abstraction capacity of 3,406 m³/d with a near 100% high reliability. Water supplied to customers continues to be of the highest quality and adequate pressure as determined by our daily monitoring of the distribution system. Non-Revenue-Water over the years has been <5%. Neither have we breached any of the Conditions attached to the 2011 Rate Determination.

Programmed capital works include (a) the current digitising of the production and distribution system to facilitate improved management, (b) expansion of the water distribution system to accommodate new customers, and (c) construction of a Caretaker's Cottage at the Shaw Park Plant.

The **33.3% increase in rates** being sought is intended to sure-up the revenues necessary to (a) recovery losses in earnings and increased costs resulting from a **33.6% increase in inflation** (2011 Jan to 2015 Dec, STATIN) and **44.3% devaluation of the Jamaican Dollar with respect to the US Dollar** (2011.02.11 to 2016.05.06, BoJ). Also, it is intended to cover loan repayments, allow planned capital improvements and continue our efficient operations.

We ask for your prompt and favourable response to our application for increased water rates.

Yours faithfully
DAIRY SPRING LIMITED


Michael N. White
MANAGING DIRECTOR