



# NATIONAL IRRIGATION COMMISSION LIMITED

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April 3, 2007

Mr. Maurice Charvis  
Director, Analysis and Research  
Office of Utilities Regulation  
36 Trafalgar Road  
Kingston 10

Dear Mr. Charvis:

**Re: Rate and Tariff Determination – Flagship Projects (NIDP)**

Further to our meeting held on April 3, 2007, this serves to confirm that we are requesting the following:

- 1) A determination of the recovery rate for agricultural customers.
- 2) A determination of the economic rate for non-agricultural customers.

This information is being requested pursuant to government's stated Water Sector Policy regarding the full recovery of Operation and Maintenance (O&M) cost for new and rehabilitated systems on commissioning. The flagship projects at Pedro Plains, Seven Rivers and Hounslow are slated for commissioning in May, June and July of this year, respectively.

Please find attached the relevant O&M budgets, revenue and expenditure statement and capital costs along with our estimate of the rates for each system.

As far as a proposal for an indexing mechanism is concerned we are again recommending the adoption of the Price Adjustment Mechanism (PAM) that is currently being used by our sister agency the National Water Commission with the appropriate adjustments to reflect the irrigation sector. The variables to be considered in this regard should include the foreign exchange rate, the Customer Price Index (CPI) and electricity rates. We would wish for this PAM to be implemented on an annual basis.

Mr. Maurice Charvis  
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We anticipate the early completion of your review process and the requisite public consultations with the relevant Water Users Associations.

Yours sincerely,  
**NATIONAL IRRIGATION COMMISSION LIMITED**



Donovan Reid  
**MANAGING DIRECTOR**

DR/ap