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# Office of Utilities Regulation

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## Can-Cara Development Limited Application for a non-objection to an increase in rates and charge

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### Summary Report



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OFFICE OF UTILITIES REGULATION

2017 September 15

## Background

Can- Cara Development Limited (CCDL) is a privately owned company that provides water and sewerage services to customers in Western Spanish Town and Meadows of Irwin in St. James. In keeping with its Licences of 2002, 2005 and 2012, the company applied to the Office of Utilities Regulation (OUR) for an increase in its rates and charges on 2017 May 15. CCDL current rates have been in effect since 2014 March 17.

In its request for an increase in its rates CCDL states that the rates that are being proposed are lower than the National Water Commission's (NWC) current rates. The company further states that since 2014 March, its rates have not changed as the company's rate structure does not include a monthly price adjustment mechanism.

## Summary of Can- Cara Development Limited Tariff Request

CCDL proposed rate application includes:

1. A request for an increase in its fixed service charge
2. A separation of its water rates and sewerage rates
3. A revision of its miscellaneous charges

CCDL is requesting a 27% and 15% increase in water and sewage rates respectively for its first five (5) tiers. The company argues that this is required to ensure that its revenues cover higher input costs associated with inflation and the devaluation of the Jamaican Dollar against the United States Dollar. CCDL further stated that if the increase is granted it would allow for planned capital improvement projects. Additionally, the company has proposed that the rates for customers with monthly consumption in excess of 91,000 litres should be increased by 51% and 37% for water and sewerage services respectively.

CCDL fixed service charge is design to allow the company to recover costs associated with billing and metering. In its rate application, the company has requested that this charge be increased from \$581.48 to \$739.28 for both sewerage and water customers.

The company's variable rate structure for both water and sewerage services has six tiers and is based on an increasing block rate format, which is similar to that of the NWC's tariff structure.

CCDL tariff proposal is summarized in the Table 1 below.

**Table 1 CCDL Tariff Request**

Details	CCDL Current Rates	CCDL Proposed Water Rates	CCDL proposed Sewerage Rate
Service Charge 5/8inch /15mm	\$581.48	\$739.28	\$739.28
0 to 14,000 litres	\$72.89	\$92.67	\$84.11
For the next 13,000 litres	\$128.53	\$163.41	\$148.30
For the next 14,000 litres	\$138.78	\$176.44	\$160.13
For the next 14,000 litres	\$177.14	\$225.22	\$204.39
For the next 36,000 litres	\$220.58	\$280.44	\$254.50
Over 91,000 litres	\$238.94	\$361.00	\$327.65

CCDL further requested that its miscellaneous rates be increased as shown in the Table 2 below.

**Table 2: Comparison of NWC and CCDL Miscellaneous Rates**

Details	Current	Proposed
Unmetered Water Supply and Sewerage Service including service charge	\$2,622.40	\$3,077
Unmetered Sewerage Service including service charge	\$1,601.94	\$1,879
<b>Reconnection Fees :</b>		
Water	\$1,500	\$3,000 - \$6000
Sewerage	\$8,000	\$10,000
Laid Connection	\$6,000	\$6,000
Unlaid Connections	\$15,000	\$15,000