

## **NWC Applies to OUR for Mid-Tariff Review**

**(KINGSTON, Jamaica; 2016 August 31):** The National Water Commission (NWC) has applied to the Office of Utilities Regulation (OUR) for a mid-tariff review. The NWC submitted its application to the OUR on 2016 June 30 but in a post submission meeting with the OUR, it indicated there was need to review aspects of its submission. A revised document was sent to the OUR on 2016 August 17.

The NWC is allowed to submit a mid-tariff application following a five year Tariff Determination Notice issued by the OUR. The last such Determination Notice was issued in 2013 October for the 2013-2018 period. The OUR has sixty (60) days from the date of submission of the revised document to review the NWC's mid-tariff application.

In its application, the NWC asked the OUR to:

- Reduce the Efficiency Factor (X-Factor) to zero (0) for the remainder of the tariff period. The X-Factor is currently set at 5.5%.
- Reduce the deemed revenue, or collection rate target, to 87% of billing for the remainder of the tariff period. The deemed revenue is currently set at 92%.
- Allow for a special increase in the Price Adjustment Mechanism (PAM) to assist in recovering financial losses experienced by NWC as a result of the extreme drought and other events that have affected NWC's cost, over which it has no control.
- Increase the K-Factor percentage from the current 14% to 20%, which it says would allow the NWC to service additional loans required to finance its non-Public Private Partnership capital works projects.

The NWC's application can be viewed on the OUR's website: [www.our.org.jm](http://www.our.org.jm).

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### **What is K-Factor?**

The K-Factor was established in the NWC's 2008 Tariff Determination to provide the entity with funds to carry out capital projects intended to reduce non-revenue water, extend sewerage services, as well as to improve its existing sewerage treatment plants. Efforts to reduce non-revenue water include: repairing and/or replacing its current ageing and decaying infrastructure with a view to significantly reduce and over time, (possibly) eliminate leaks on its network.

### **What is X-Factor?**

The X-Factor represents the efficiency gains made by the NWC that are passed on to its customers by way of a rate reduction.

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