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OUR Announces NWC'S Rate Changes and New Standards to Protect Consumers

(KINGSTON, Jamaica; October 7, 2013): The Office of Utilities Regulation (OUR) has introduced new standards to protect customers of the National Water Commission (NWC), reduced the K-Factor charge on bills by thirteen per cent (13%), while allowing the NWC increases of between thirteen (13%) and eighteen per cent (18%) on its rates as of October 3rd 2013.

The OUR has now completed the review of the NWC's Tariff Application (2013-2018) which it received last April, and has issued its Determination Notice. The NWC had applied for a nineteen per cent (19%) increase in rates in addition to other adjustments.

The full Determination Notice is available on the OUR's website: www.our.org.jm

Customer Impact: The OUR, with this decision, has begun the process of separating rates for potable water and sewerage services. The bill impact of the adjustments will be overall increases of thirteen per cent (13%) on accounts which reflect water and sewerage charges and eighteen per cent (18%) on accounts which do not pay for sewerage services. The K-Factor which appears on customers' bills as a percentage charge was reduced from twenty-seven per cent (27%) to fourteen per cent (14%). The K-factor is an OUR-determined mechanism for the NWC to fund approved capital projects to improve service to customers. The OUR has expressed disappointment with the recorded gains from the K-Factor to date and mandated the NWC to comply with a reporting regime on the gains achieved in respect of reductions in Non-Revenue water (NRW) and energy savings. The OUR has also indicated that it will commission a comprehensive audit of the programme and has reserved the right to amend the tariff mid-schedule contingent on the result of said audit.

The OUR has determined that in order to increase and encourage private investments, this tariff regime will be in effect for five (5) years that is, 2013-2018.

In an effort to encourage the NWC to operate more efficiently in delivering quality service, new Guaranteed Standards were applied and changes made to some existing ones.

New Guaranteed Standards:

- Exceptional Meter Readings – Where the consumption increases by at least fifty per cent (50%), the customer is to be alerted within one (1) billing period;
- Estimation of Consumption – An estimated bill should be based on the average of the last three (3) actual meter readings; and
- Billing Adjustment - Where necessary, customer must be billed for adjustment within three (3) months (i) of identification of error, or (ii) subsequent to replacement of faulty meter.

Changes:-

1. Reducing the time within which the NWC is allowed to verify, repair or replace faulty meters after the defect is identified from thirty (30) to twenty (20) working days;
2. Separating the acknowledgement of customer’s written complaints from the investigation of the complaints into two (2) distinct standards. This means that consumers can now get compensation when the NWC does not acknowledge their written complaints and does not complete the investigation within the specified thirty (30) working days. Additionally, the OUR has included that the NWC is to provide the customer with an update within the specified thirty (30) working days, should the investigation not be completed within that period; and,
3. Defining all the instances in which a disconnection is deemed to be wrongful which includes: no overdue amount being on the account; and, the account being under investigation by the OUR or the NWC with only the disputed amount in arrears.
4. Increasing the number of standards that attract automatic compensation from four (4) to seven (7). This means that for seven standards, no claim form needs to be submitted by the customer when there is a breach, for the relevant compensation to be applied.

The OUR did not grant the NWC:

- A request for a security deposit from customers in order to secure payment;
- A request to introduce fees for inactive/delinquent accounts. The OUR determined that the NWC did not provide information to indicate that these proposals have been taken beyond the stage of concepts.

The reconnection and disconnection fees remain unchanged.

The OUR has, in principle, approved the application of a late fee to be included in the NWC’s tariff structure for the calendar year 2014/2015. The NWC is required however to provide the OUR with a detailed plan for approval before its implementation.

Table: Typical Residential Customer Bill With Water And Sewerage Services

With Sewerage	Current bill	New bill	Change
	\$	\$	
3000 gallons			
Service charge	\$574.00	\$684.00	
Water charge	\$981.00	\$1,170.00	
Sewerage charge	\$981.00	\$1,059.00	
PAM	\$82.17	\$0.00	
X- Factor	\$314.18	\$0.00	
K-factor	\$622.08	\$407.82	
Total bill	\$2,926.06	\$3,320.82	13%
7000 gallons			
Service charge	\$574.00	\$684.00	
Water charge	\$3,340.00	\$3,973.00	
Sewerage charge	\$3,340.00	\$3,604.00	
PAM	\$235.03	\$0.00	
X- Factor	\$898.68	\$0.00	
K-factor	\$1,779.39	\$1,156.54	
Total bill	\$8,369.74	\$9,417.54	13%

Background

The NWC applied to the OUR on April 12, 2013 for an adjustment to its existing rates as outlined in the National Water Commission Review of Rates Determination Notice 2008-2013. It sought a nineteen per cent (19%) increase in rates, in addition to other adjustments. It last received a twenty-three per cent (23%) increase in its rates based on the OUR's Determination in April 2008. This was 21-percentage points less than the forty-four per cent (44%) rate hike in billed revenues that it had requested. In its application, the water utility outlined that its tariff submission is based mainly on the NWC's efforts to expand and improve potable water and sewerage services. The NWC argues that this expansion and improvement needs to be supported by a rate regime which allows it to attract financing for its programs and projects.

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