

## **OUR Directs NWC to Stop Charging Late Payment Fee**

**(KINGSTON, Jamaica; 2017 April 28):** The Office of Utilities Regulation (OUR) has directed the National Water Commission (NWC) to stop charging their customers Late Payment Fee (LP) on bills for which there are amounts outstanding, with immediate effect and until further notice.

The NWC has also been directed to cease the practice of sending multiple bills within a single billing cycle and have been advised that only one bill should be sent to customers per billing cycle.

Following this Directive issued by the OUR on 2017 March 31, the NWC has submitted information on the issues it said resulted in the erroneous application of the Late Payment Fee and the steps it has taken to address those issues. NWC has also indicated that it will comply fully with the OUR's Directive. The OUR is currently assessing NWC's response and will make a determination on the way forward.

The OUR's investigation into the issue came against the background of complaints received from NWC's customers that the LP fee was being applied to their accounts although their bills were settled in full and on, or before the due dates. The OUR found that NWC's application of the LP fee in some instances contravened the OUR-approved terms for the application of the fees. Consequently, the NWC advised the OUR that in 2016 it had temporarily halted the application of the LP fee.

Further, without notifying the OUR that the issues affecting the LP fee programme were completely resolved, the NWC announced through an advertorial on 2017 February 26, that it had resumed the programme. It is against this background that the OUR deemed it necessary to direct the NWC to cease the application of Late Payment Fees to accounts with outstanding balances.

The NWC explained that the LP fee was applied where customers initially received estimated bills but subsequent actual meter readings for the same billing period indicated that consumption was underestimated. In such instances, although customers would have paid the estimated bills, the NWC did not consider that the bill was paid in full, and so the Late Payment Fee was applied.

As regards the issuance of multiple bills to customers during a billing cycle, the OUR took the position that customers reasonably expect to be issued with one bill in a single period. Further, the practice of multiple bills in a billing cycle would only serve to perpetuate the erroneous application of the Late Payment Fee in that customers may be subject to the LP fee being applied in a billing period although they would have previously settled an initial bill issued by the NWC on or before the due date specified in that bill.

While the application of the Late Payment Fee has been suspended until further notice, NWC customers who pay their bills in full and on time should continue to receive the Early Payment Incentive.

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Background:

On March 11, 2013, the National Water Commission submitted its tariff application for the review of its rates, services and operational standards to the OUR for review. The NWC, in its tariff application included a proposal for the implementation of an Early Payment Incentive/ Late Payment Fee (“EPI/LF”) to be credited/charged to its customers.

In its proposal, the NWC requested approval for an Early Payment Incentive of \$250.00 to be applied to accounts for which full/total payment is received on or before the stipulated due date and a Late Payment Fee of \$250.00 to become applicable on the day following the due date, where the account has not been settled in full. The OUR gave its non-objection to NWC introducing an EPI/LP Fee to its customers providing that this did not in any way change the approved tariff or tariff structure.

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