
Office of Utilities Regulation

Can-Cara Development Limited


**WATER AND SEWERAGE RATES FOR MEADOWS OF IRWIN AND
WESTERN SPANISH TOWN**

Determination Notice



OFFICE OF UTILITIES REGULATION

March 12, 2014

DOCUMENT TITLE AND APPROVAL PAGE
DOCUMENT NUMBER: 2014/WAS/001/DET.001
DOCUMENT TITLE: Can-Cara Development Limited (Can-Cara) Water and Sewerage Rates for Meadows of Irwin and Western Spanish Town Determination Notice.
<p>1. PURPOSE OF DOCUMENT</p> <p>This document outlines the Office's decision on the rates to be charged by Can-Cara for water and sewerage services in the Meadows of Irwin and Western Spanish Town service areas.</p>
<p>APPROVAL</p> <p>This document is approved by the Office of Utilities Regulation and the Decisions therein become effective on March 17, 2014</p> <p>On behalf of the Office:</p> <div data-bbox="203 1315 560 1450">  </div> <p>.....</p> <p>Albert Gordon Director General March 12, 2014</p>

Introduction

Can-Cara Development Limited (Can-Cara) is a private company that was issued with sewerage and water licences in 2004 and 2005 respectively to provide water and sewerage services to Western Spanish Town in St. Catherine. On March 29, 2012 the company was issued two licences for the treatment and distribution of water as well as to collect and treat sewage in accordance with the National Environment and Planning Agency (NEPA), National Resource Conservation Authority (NRCA) and the World Health Organization (WHO) standards for the Meadows of Irwin, Irwin St. James. Can-Cara proposed that it will supply water and sewerage services to approximately one thousand, six hundred and forty-four (1,644) customers.

By letter dated December 06, 2013 Can-Cara advised the Office of Utilities Regulation (the Office/OUR) of its intention to apply new rates and charges to schemes serviced by the company. In a subsequent letter to the OUR dated January 6, 2014, Can-Cara clarified that the rates requested are in fact interim rates and charges for all schemes serviced by Can-Cara, in St. Catherine and Montego Bay in St. James. Can-Cara's proposed rates schedule is set out in Table 1 below.

Can-Cara Development Limited Proposal

Table 1: Can-Cara Proposed Domestic rates and charges

Details	Can-Cara Proposed Rates
Residential Customer	
Service charge 5/8inch/15m	\$581.48
Consumption Bands (litres)	(\$/1000 litres)
For up to 14,000	\$ 72.89
For the next 13,000	\$128.53
For the next 14,000	\$138.78
For the next 14,000	\$177.14
For the next 36,000	\$220.58
Over 91,000	\$238.94
Sewerage charge: 100% of water charges	
Unmetered Water Supply and Sewerage Service including service charge	\$2,622.40

Unmetered Sewerage Service including service charge	\$ 1,601.94
Other Charges	
Laid Connection	\$ 6,000.00
Unlaid Connection	\$15,000.00
Reconnection Fees	
Water	\$ 1,500.00
Sewerage	\$ 8,000.00

Small Private Providers Water Policy

The Office, has to date adopted a policy of non-objection to rates proposed by small providers such as Can-Cara provided that the rates do not exceed the equivalent rates charged by the National Water Commission (NWC). In the instances where the proposed rates are higher than those being charged by NWC, the Office will insist on the provision of cost information in support of the application and a rate review will be conducted.

Office Evaluation of Application

The Office has ascertained that the rates proposed by Can-Cara for residential customers of all schemes serviced by them in Western Spanish Town and Meadows of Irwin, are lower than those which currently obtain for NWC for equivalent services and rate categories. Tables 2, 3 and 4 below show the comparison between NWC's current rates and fees and those proposed by Can-Cara.

Table 2: Comparison of NWC and Can-Cara Water Rates

	NWC Rates /1000 litres	CAN-CARA Proposed Rates /1000 litres
	NWC Rate Residential Customers	Can-Cara Rate Residential Customers
*Service Charge 5/8inch /15mm	\$684.09	\$581.48
0 to 14,000 litres	\$ 85.75	\$ 72.89
For the next 13,000 litres	\$151.21	\$128.53
For the next 14,000 litres	\$163.27	\$138.78
For the next 14,000 litres	\$208.40	\$177.14
For the next 36,000 litres	\$259.50	\$220.58
Over 91,000 litres	\$334.05	\$238.94

Table 3: Comparison of NWC and Can-Cara Sewerage Rates

	NWC Rate Residential Customers	Can-Cara Rate Residential Customers
*Service Charge 5/8inch /15mm	\$684.09	\$581.48
0 to 14,000 litres	\$ 77.83	\$ 72.89
For the next 13,000 litres	\$137.23	\$128.53
For the next 14,000 litres	\$148.18	\$138.78
For the next 14,000 litres	\$189.13	\$177.14
For the next 36,000 litres	\$235.51	\$220.58
Over 91,000 litres	\$303.18	\$238.94

Table 4: Miscellaneous Fees

Details	CAN-CARA	NWC
Unmetered Water Supply and Sewerage Service including service charge	\$2,622.40	\$2,974.21 - \$5,570.17
Unmetered Sewerage Service including service charge	\$1,601.94	\$1773.71 - \$3,008.78
<i>Reconnection Fees</i>		
Water	\$1,500.00	\$3,547.00 - \$10,652.00
Sewerage	\$8,000.00	\$3,547.00 - \$10,652.00

Other Can- Cara Charges

CanCara has proposed for:

- Laid Connection \$6,000.00; and
- Unlaid Connection \$15,000.00

The OUR has concluded that the services provided by the NWC that are equivalent to the above are respectively: Replacement of Domestic Metered Service Previously Removed and the Impact Charge for certain New Connections. The NWC charges approved by the OUR for Replacement of Domestic Metered Service Previously Removed ranged between \$7,099 and \$10,652. The Impact Charge is not regulated however, and so the rate is determined on a contractual basis between the applicant and the NWC. Consistent with the principle outlined above, the Office approves the laid connection fee of \$6,000 which is below the equivalent rates charged by NWC. The Office also determines that similar to the situation that obtains with the NWC, Can-Cara's rate for Unlaid Connection shall be left unregulated. The effect of this is that the Office has not objection to the proposed charge of \$15,000 for Unlaid Connection.

Determination:

- (1) The rates proposed by Can-Cara are lower than the equivalent rates which obtain for NWC. Therefore in accordance with the OUR's policy and practice with respect to small private providers, the Office has no objection to the proposed rates for residential customers.
- (2) The Office determines that subject to providing appropriate notice, its non-objection is effective as of **March 3, 2014** and the rates to which it applies shall be in effect for a period of at least twenty-four (24) months. Any application for adjustments to these rates should be filed with the Office sixty (60) days prior to the date on which it is intended for new rates to become effective.
- (3) Can-Cara shall adhere to the Revised Quality of Service Standards and Performance Criteria outlined in Tables 5 & 6 set forth in the Annex 1 attached hereto along with all the other standards in Can-Cara's existing licence and service contracts.

Annex 1

The Revised Quality of Service Standards and Performance Criteria

Table 5: Overall Standards

Category	Performance measure
Water Quality	<ul style="list-style-type: none"> - At least ninety-five percent (95%) of water samples must be collected from water production sources for testing. - At least ninety-five percent (95%) of water samples must be negative with coliform bacteria. - The level of residual chlorine should be about 0.5mg/l and present in at least ninety-five percent (95%) of samples. - Any other standards imposed by the Ministry of Health from time to time.
Water Pressure	Can-Cara shall ensure that the pressure of water to customers is in the range 20 – 60 psi and take all reasonable steps to ensure that customers receive an adequate supply of water at all times.
Water Supply	Required notification time should be given for at least ninety percent (90%) of planned interruptions. At least ninety percent (90%) of emergency lock offs should be restored within the required time.
Environmental	Can-Cara shall conform to all and any standards that may be established by NEPA/NRCA. Can-Cara shall provide the Office with copies of any licences, standards, special permits issued by NEPA/NRCA from time to time which shall form part of its licence.
Correction of sewerage problems	Clear ninety percent (90%) of all reported blocked mains within four (4) hours of the report being received.
Sewerage/odour	Can-Cara shall maintain the plant in such a manner as to minimize complaints of odour. There shall be no more than five (5) complaints per one hundred (100) customers regarding odour in any month.
Sewerage effluent quality	Must ensure that sewage effluent is within the standards specified by NEPA.

Table 6: Guaranteed Standards

Code	Guaranteed Standard	Mode of Compensation
GS1 – Connection of New Customers	Can-Cara is required to connect all new customers complete with working meters, where water supply is available at the property boundary, within three (3) working days after signing the contract for connection.	Automatic
GS2 – Issue of First Bill	Can-Cara must issue (print and mail/deliver) a bill to a customer based on a meter reading within thirty (30) working days after the account is opened.	Claim
GS3(a) – Response to complaints - Acknowledgements	Can-Cara must acknowledge written customer complaints within three (3) working days.	Claim
GS3(b) – Response to Complaints - Investigations	Can-Cara must, within fifteen (15) working days of receipt of complaint, complete investigation and inform the customer of the results.	Claim
GS3(c) – Investigations involving 3rd party	Can-Cara must, within thirty (30) working days, complete investigation involving 3 rd party.	Claim
GS4 (a)– Wrongful Disconnection	Can-Cara shall not disconnect the service of an account which is either not in arrears or is the subject of an investigation internally or by the OUR.	Automatic
GS4 (b) – Reconnection after Wrongful Disconnection	Where Can-Cara has wrongfully disconnected a service account it shall be reconnected within twelve (12) hours	Automatic
GS5 – Repair or Replacement of Faulty Meter	Can-Cara must, within ten (10) working days after detection, repair or replace any malfunctioning meter.	Automatic
GS6 – Meter Readings	Can-Cara must render a bill based on a meter reading each month.	Automatic
GS7 – Reconnection after Payment of Overdue Amount	Can-Cara must, within twenty-four (24) hours of receipt of all applicable payments (reconnection fee etc.) reconnect customers disconnected for debt.	Automatic
GS8 – Payment of Compensation	Can-Cara must credit customer's account within one (1) billing period after a breach of any of the prescribed Guaranteed Standards. For the avoidance of doubt, if Can-Cara does not compensate the customer within the specified time, this results in another breach. Where applicable, customer must submit claims within one hundred and twenty (120) days after the breach.	Claim

Compensation for breach of a guaranteed standard is equivalent to four (4) times the applicable service charge.