



Drax Hall Utilities Limited

Water Tariff Application

March, 2021

Drax Hall Estate Development

Drax Hall Estate

Drax Hall Estate development consists of two components; the 800 acres Drax Hall north side development and the 1,400 acres Drax Hall south side development. The north and south side of the Drax Hall development is divided by the north coast highway from St. Ann's Bay to Ocho Rios. The site is bordered to the west by the St. Ann Great River, to the north by the Caribbean Sea, to the east by Mammee Bay Estate and to the south by various hillside settlements.

Drax Hall Estate, with its varied offering of amenities, is a development with a master plan that has been created to offer a combination of accommodation, including villa lots, townhouses and condominium complexes, shopping plazas, restaurants and recreational facilities, all within close proximity.

At the moment, all the development and construction of utility infrastructure taking place in Drax Hall Estate is carried out by Drax Hall Limited. However, while Drax Hall Limited. does the installation and owns the infrastructure that supplies the property, once it is completed the maintenance and operation of that infrastructure is passed on to Drax Hall Utilities Ltd., whose job it is to supply a continuous, uninterrupted service.

Drax Hall Utilities Limited

Drax Hall Utilities Ltd (DHU) was incorporated on the 9th September, 2010, for the specific purpose of operating and maintaining the water and sewerage services within Drax Hall Estate. Before the incorporation of DHU, the water distribution system in the first phase of the development, being the western third of the Estate, was already in place, but is now in need of a major investment due to the deterioration of the distribution network over the past 27 years. The sewage disposal system in this phase is also in place, but the waste stabilization ponds are in the process of being rehabilitated.

In the case of water distribution, DHU currently only facilitates the distribution of the utility service from the National Water Commission (NWC) and acts merely as the middle-man between the service provider and the residents of the Estate, collecting payment for the provision of water and paying this money over to the NWC. DHU has recently discovered numerous fresh water springs on the south side of the estate, and has received the various approvals from National Environment Protection Agency (NEPA), the Water Resources Authority and the Ministry of Health to construct and operate a water treatment and storage facility through harnessing the water from one of these sources and is in the process and getting the licenses for the others.

The sewerage facilities proposed are six waste stabilization ponds, two sets of three working in parallel and occupying twelve acres of land. To date only three of the six ponds have been constructed and are currently being rehabilitated in accordance with NEPA requirements. Thus only six of the twelve acres are presently in use.

Water

The cost to install the water distribution system for Drax Hall phase one in 1993, when it was put in was US\$819,377. After allowing for 12% related professional fees, this figure comes to US\$917,701. The cost of the same installation in 2020, at the time of the incorporation of DHU, was estimated to be US\$1,652,681.06. Drax Hall Limited has recovered part of the installation cost of the water distribution system from individual purchasers of residential lots within the development by charging a connection fee of US\$2,143 for each of the 147 lots in the first phase, making a total recovery of US\$315,021.

DHU is now seeking permission from the Office of Utilities Regulation (OUR) to recover the costs incurred of the maintenance of the water distribution system through the 5km of UPVC water pipes in this first phase of the development. While Drax Hall Limited maintains ownership of the water distribution network, the responsibility for the maintenance and upkeep for the entire water system, including the pressure reducing valves, the main 8", 6" and 4" pressure pipes, gate valves, connections and meters for individual lots in Drax Hall Estate, has been handed over to DHU. DHU has been granted a licence to provide water to the lots on the north side of Drax Hall Estate.

As shown in in our Financial Statements, the repairs and maintenance costs of Drax Hall Estate's water distribution system is constantly a substantial figure. The water distribution system is 27 years old, and DHU is now seeking permission from the OUR to charge its customers a fair rate to ensure that both DHU recovers an amount required to cover its repairs and maintenance while also being fair to its customers.

In accordance with the OUR 'No Objection Policy' any private water or sewerage provider not charging more than the rates charged by the NWC, would not be subject to any objection from the Office to the implementation of the proposed rates. DHU is therefore requesting the expansion of its licence to include both the north and south side of Drax Hall Estate and to charge its customers the same rates that the NWC charges its customers, plus the relevant GCT rate, to cover the cost of maintaining the water distribution system, reading the meters and undertaking all the associated billing and account procedures.

Proposed Tariff Structure

Below are the line items and the rates that DHU is proposing to charge its customers :-

Metric

CUSTOMER TYPE	USAGE	NEW RATES (\$) PER 1,000 LITRES
Residential	For up to 14,000 litres	\$118.25
	For the next 13,000 litres	\$210.46
	For the next 14,000 litres	\$229.39
	Over 41,000 litres	\$291.30
Commercial	For up to 9,100,000 litres	\$451.89
	Over 9,100,000 litres	\$263.39
Condominium	All quantities	\$224.16
Primary School	All quantities	\$179.08

Imperial

CUSTOMER TYPE	USAGE	NEW RATES (\$) PER 1,000 GALLONS
Residential	For up to 3,000 gallons	\$537.59
	For the next 3,000 gallons	\$956.78
	For the next 3,000 gallons	\$1,042.81
	Over 9,000 gallons	\$1,778.84
Commercial	For up to 2,00,000 gallons	\$2,054.29
	Over 2,00,000 gallons	\$1,197.41
Condominium	All quantities	\$1,019.05
Primary School	All quantities	\$814.10

Service Charge

SIZE OF METER OR SERVICE CONNECTION IMPERIAL(inch) METRIC (mm)	MONTHLY SERVICE CHARGE (\$)
5/8 inch / 15mm	\$928.35
3/4 inch / 20mm	\$2,030.66
1 inch / 25mm	\$2,651.80
1 1/4 inch / 30mm	\$4,993.03
1 1/2 inch / 40mm	\$4,993.03
2 inch / 50mm	\$7,071.47
3 inch / 75mm	\$12,840.82
4 inch / 100mm	\$20,748.54
6 inch / 150mm	\$31,606.58

Price Adjustment Mechanism (PAM)

An overall weighted percentage to the bills is made based on the percentage changes in the base values of the following indices:

INDEX	BASE	WEIGHT
Foreign Exchange Rate	\$140.73	0.18
Electricity Rate/ KWH	\$39.96	0.20
Consumer Price Index	\$269.50	0.62

A K-factor of 20% is to be calculated on each bill to enable the Company to show a reasonable profit after paying its operating costs and rehabilitating and maintaining its water distribution network in order to invest in constant improvements which will enhance the service it provides for its customers.