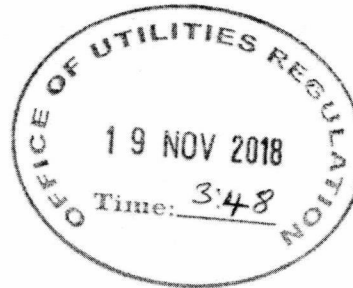


# ST. JAGO HILLS DEVELOPMENT CO. LTD.

20 Hope Road, Kingston 10, Telephone: 929-1153 / 929-3475

November 16, 2018

Ambassador Peter Black  
Office of the Utilities Regulations  
3<sup>rd</sup> Floor PCJ Resource Centre  
36 Trafalgar Road  
Kingston 10



Dear Ambassador Black,

## Re: St. Jago Hills Development Company Limited

We are pleased to submit our application for a rate increase for the delivery of potable water to the residential development of St. Jago Hills pursuant to Schedule 3 of the license.

In support of our application, we provide the following:

1. **Audited accounts for 2012 to 2017.**
2. **Budget expenditure for operational cost for the system with additional supervision commencing 2019.**  
Revenue for the operational cost has been spread over the number of homeowners living in the development whether or not they are connected to the system, estimated as 144 homeowners:  $\$10,095,705.16 / 144 = \$5,842.42/\text{month}$ .

### 3. **Investment recovery**

The investment in the pumping system includes:

a. Drilling the well	\$ 3,027,699.79
b. Supply and installation of the submersible pump GCT & Duty	\$ 2,416,302.32
c. Generator	\$ 786,562.88
d. Housing Tank	\$ 1,084,750.00
e. Replacement tank liner	\$ 1,047,000.00
f. Chlorinator & Pump	\$ 957,838.00
g. Chlorine Holding tank	\$ 427,660.00
h. Electrical supply to Holding Tank	\$ 608,500.00
i. Pressure pump system for Holding Tank	\$ 80,000.00
j. Fencing of tank	\$ 166,179.50
k. Capital injection to maintain system	\$ 203,868.60
	<u>\$33,749,671.41</u>
	\$44,759,901.10

We seek to recover the investment over the period 2019 to 2039. See schedule enclosed. Repayment will be from the metered water consumed.

### 4. **Capital Reserve**

Based on the age of the equipment, we seek to develop a capital reserve fund of \$10,000,000.00 over the next 5 years with a monthly contribution of \$166,666.67 which would be set aside for future equipment changes (see schedule of capital reserve for equipment)

**5. Income for Investment**

Recovery and capital reserve would be generated from the water consumed by the homeowners billed as follows:

For the first 3000 gallons	\$4,000.00
For the next 1000 gallon or part thereof	\$1,500.00

**6. Customer Base**

Our records indicate that 144 homeowners reside within the development, but we have only 97 homeowners who are presently being invoiced (please see schedule for your records).

**7. Water supply and distribution system engineering Report**

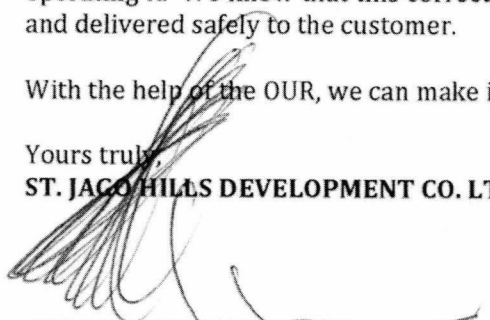
**8. The Jamaica Wells report on the well's performance data.**

**9. Last 3 months water test results**

Our submission therefore seeks your approval for a monthly operational cost recovery of \$5,842.42/month to be charged to all homeowners in the development connected or not. Plus their water consumption at \$4,000 for the first 3000 gallon and \$1500.00 for every 1000 gallon or part thereof. Given the size of the system and or experience over the years in operating it. We know that this correction is necessary so that the service can be improved and delivered safely to the customer.

With the help of the OUR, we can make it possible.

Yours truly,  
**ST. JAGO HILLS DEVELOPMENT CO. LTD.**



.....  
**Michael Lake**  
**DIRECTOR**

\*lmr

encl./