**Office of Utilities Regulation**

**St. Jago Hills Development Company Limited**

**Summary Report**

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2019 January 14

## **Background**

St. Jago Hills Development Company Limited (SJHDL) was issued a Water Service Providers Licence in 2014 to supply potable water to the residence of St. Jago Hills housing development, which is located in the parish of St. Catherine. Specifically, the service area is bounded on the north by part of Patton Park, to the south by part of Beckford Farm and Spencer’s Run, to the east by the main road that leads from Spanish Town to Sligoville and to the west by part of Cross Pen. SJHDL is regulated by the Office of Utilities Regulation (OUR) in keeping with the OUR Act. Among other things, the OUR’s mandate to approve the rates charged by utility companies.

SJHDL operates a water distribution network, and deliver service to 97 of the 144 households in the community. The company currently operates its water distribution service without approval of its rates and charges. This application is therefore a step towards regularizing the revenue component of SJHDL’s operation.

**Summary of the Tariff Proposal**

On 2018 November 19, SJHDL submitted an application to the OUR for the approval of rates and charges and proposed the following:

1. A fixed monthly charge of $5,842.42 to recover its operational cost, (to be paid by all homeowners “connected” or “unconnected” to the water system).
2. Volumetric rates:
   1. $4000.00 for the first 3,000 gallons (or at a rate of $1333.33 per 1000 gallons); and
   2. $1,500 for every 1,000 gallons or part thereof, after the first 3,000 gallons.

SJHDL states in its proposal that it is seeking to recover, over the period 2019 to 2039, capital investments in the amount of $44,759,901.10. It has also indicated that due to the age of its equipment it intends to develop a capital reserve fund amounting to $10,000,000.00 over the next five (5) years for future equipment changes. SJHDL is proposing to recover these costs through the proposed volumetric rates.