
Office of Utilities Regulation

DIRECTIVE

DIRECTIVE TO ST. JAGO HILLS DEVELOPMENT COMPANY LIMITED (SJHDC) TO
CEASE AND DESIST THE REDUCTION IN THE NUMBER OF DAYS WATER IS
PUMPED TO THE CUSTOMERS IN THE ST. JAGO HILLS DEVELOPMENT



OFFICE OF UTILITIES REGULATION

2022 April 1

DOCUMENT TITLE AND APPROVAL PAGE

1. DOCUMENT NUMBER: 2022/WAS/001/DIR.001

2. DOCUMENT TITLE:

DIRECTIVE TO St. Jago Hills Development Company Limited (SJHDC) To Cease And Desist The Reduction In The Number Of Days Water Is Pumped To The Customers In The St. Jago Hills Development

3. PURPOSE OF DOCUMENT

To direct the St. Jago Hills Development Company Limited (SJHDC) to cease and desist the initiative to curtail service to customers in the St Jago Hills Development.

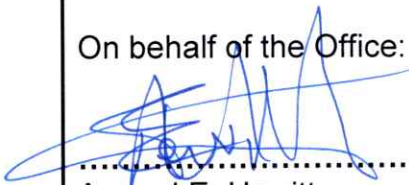
4. ANTECEDENT PUBLICATIONS

Publication Number	Publication Title	Publication Date

5. Approval

This document is approved by the Office of Utilities Regulation and the decisions therein become effective on 2022 April 1.

On behalf of the Office:



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Ansord E. Hewitt
Director-General
2022 April 1

OFFICE OF UTILITIES REGULATION

DIRECTIVE

2022/WAS/001/DIR.001

(Issued pursuant to Section 4 of the Office of Utilities Regulation Act)

IN THE MATTER OF:

THE ST. JAGO HILLS DEVELOPMENT COMPANY LIMITED (SJHDC) ACTION TO CURTAIL SERVICE TO THE ST. JAGO HILLS DEVELOPMENT IN WHICH IT HAS REDUCED THE NUMBER OF DAYS WATER IS PUMPED TO CUSTOMERS

AND

THE OFFICE OF UTILITIES REGULATION ACT

AND

THE ST. JAGO HILLS DEVELOPMENT COMPANY LIMITED WATER SUPPLY LICENCE, 2014

TO: ST. JAGO HILLS DEVELOPMENT COMPANY LIMITED

WHEREAS:

- A. The St. Jago Hills Development Company Limited (“SJHDC/Licensee”) was issued the St. Jago Hills Development Company Limited Water Supply Licence, 2014 dated 2014, July 8 (the “Licence”) by which it was authorized to supply water to the St. Jago Hills Development in the parish of St. Catherine.

B. Pursuant to Clause 12 of the Licence, SJHDC is required to “...*comply with the Special Conditions set forth in section 1 of Schedule 2 and any scheme introduced by the Office from time to time to enhance customer service and quality of service generally.*”

C. Among the said special conditions is the obligation to provide an adequate and consistent supply of water to its customers. Part 1 C. in Schedule 2 of the Licence provides that:

*“The Licensee shall ensure that the pressure of water to customers is in the range of 20 – 60 psi, and **take all reasonable steps to ensure that customers receive an adequate and consistent supply of water at all times.**”(Emphasis added)*

D. SJHDC has also warranted that it will take all required actions to enable it to fulfill its Licence obligations. Clause 14.1(b) of the Licence provides,

“14.1 The Licensee represents and warrants to the Minister that –

...

*(b) it has the power to perform the obligations imposed on it herein **and that it will take and has taken all necessary action to enable it to perform its obligations herein.**”(Emphasis added)*

E. Pursuant to section 4(1)(a) of the Office of Utilities Regulation Act (the “OUR Act”) the Office of Utilities Regulation (the “Office”) is empowered to regulate prescribed utility services. Section 2 and the First Schedule of the OUR Act define “prescribed utility services” to include the supply and distribution of water. Section 4(1)(e) of the OUR Act allows the Office, either on its own initiative or at the request of any person, to carry out investigations in relation to the provision of prescribed utility services, including water supply services, as will enable it to determine whether the interests of consumers are adequately protected.

F. The Office received complaints from customers of SJHDC regarding an advisory that they said they had received in 2022 February from SJHDC notifying them of an immediate change in the water pumping schedule. In the correspondence dated 2022 February 9, residents of the St. Jago Hills Development were advised that several homeowners were “*not paying their water bills in a timely manner*”. The SJHDC indicated that it was unable to

meet its obligations in order to continue the provision of water supply to the development and so was "...forced to reduce pumping water from 3 times a week to 1 day only on Saturdays". The correspondence further urged residents with outstanding balances to settle them so as to facilitate a return to the usual three (3) times per week pumping schedule.

G. Consequently, the Office by letter dated 2022 February 22 wrote to SJHDC regarding the alleged advisory and requested that SJHDC provide, *inter alia*, the following information:

1. Confirmation of the change in water pumping schedule from three days per week to one day per week. If confirmed, please advise of the commencement date for this change, and for how long this water restriction measure is intended to continue;
2. What remedial measures, if any, are being taken to secure the supply of water to customers in good standing;
3. The number and percentage of accounts for which monthly bills are not paid in a timely manner for the period 2020 January to present;
4. The number and percentage of accounts that are currently delinquent for the period 2020 January to present;
5. The number and percentage of accounts that are currently disconnected as a result of delinquency for the period 2020 January to present; and
6. Details on measures used by SJHDC to encourage the timely payment of monthly bills.

H. SJHDC, by letter dated 2022 March 9 submitted its response to the information request.

I. In its response, SJHDC confirmed that there was a temporary change of water pumping to the St. Jago Hills Development from three days to two or one day per week. The company also raised concerns about its ability to fully recover its

operating costs from the approved rates. SJHDC further indicated that for the period 2020 January to the date of its response:

- (i) Percentage of accounts for which monthly bills are not paid on time was at 100%;
- (ii) Percentage of accounts that were currently delinquent was approximately 6.61%; and
- (iii) Percentage of accounts that are currently disconnected due to delinquency was at 2.48%

- J. SJHDC advised that customers are required to retain adequate storage to receive water on the days that it is supplied, and that it provides different payment options to its customers, including direct payment, bank deposit and online payment, to encourage the timely payment of monthly bills.
- K. The Office has taken note of SJHDC's admission of the reduction in the water pumping schedule to one (1) or two (2) days per week and has considered its responses to the information requests, the concerns raised by the company in its letter of 2022 March 9, and the contents of the notification of 2022 February to residents of the St. Jago Hills Development. The Office does not disregard the impact that delinquency can have on the provision of an adequate and consistent supply of water service by SJHDC. However, the Office does not view the reduction in the number of days that water is pumped to customers on the ground of late bill payments by customers, and an approximately seven percent (7%) delinquency rate in bill payments (over the period 2020 January to 2022 March), to be a reasonable, proportional or appropriate response in the circumstances.
- L. SJHDC has other options available to it, including exercising its contractual rights to collect outstanding sums from delinquent customers. It may also disconnect the supply of delinquent customers to mitigate its losses.
- M. Also, the action taken by SJHDC to reduce the pumping of water supplies to consumers to one (1) to two (2) days per week in the circumstances, is not in compliance with its licence obligations to take all reasonable steps to ensure that its customers receive an adequate and consistent supply of water.
- N. The issue of SJHDC's failure to provide an adequate and consistent supply of water to its customers was addressed in the "*St. Jago Hills Development Company Limited Interim Water Rates Determination Notice*" (Document Number

2019/WAS/004/DET.002) dated 2019 July 5, where the Office found that, *inter alia*, the SJHDC's irregularity in supply represented unsatisfactory service delivery and did not comply with its required Overall Standards. The Office determined that the company should implement strategies and initiatives to ensure the provision of an adequate and consistent supply of water at all times. A further reduction in the pumping days would therefore exacerbate the company's continuing non-compliance with applicable service standards.

O. The Office is also concerned that the deliberate reduction by SJHDC in the number of pumping days places its paying customers at risk of being deprived of the service that they are paying for and the adequate and consistent supply of water required by the SJHDC's Licence obligations.

P. Section 4(2) of the OUR Act provides:

"(2) The Office may, where it considers necessary, give directions to any licensee or specified organization with a view to ensuring that –

(a) the needs of the consumers of the services provided by the licensee or specified organization are met; and

(b) the prescribed utility service operates efficiently and in a manner designed to –

...

(iii) afford to its consumers economical and reliable service."

Q. Also section 9 of the OUR Act provides that the Office may require measures to be taken, as set out below:

"9. (1) Where it appears to the Office that a licensee or specified organization, as the case may be, is not fulfilling its obligations under its licence or enabling instrument, as the case may be, the Office may, by memorandum in writing to the licensee or specified organization, require the licensee or specified organization, within the time specified in that memorandum, to take such remedial measures as may be so specified.

(2) Any licensee or specified organization which fails to comply with the requirements of a memorandum issued by the Office under this section shall be guilty of an offence and liable on summary conviction before a Resident Magistrate to a fine not exceeding two million dollars..."

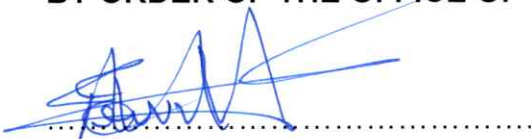
R. In light of the foregoing, the Office is of the view that the SJHDC's reduction in the pumping of water from three (3) days to one (1) or two (2) days per week is in breach of its licence obligations, and will not adequately satisfy the needs of its customers for water supply and afford to them a reliable service. The said reduction in the pumping schedule should therefore be discontinued with immediate effect.

The Office **HEREBY DIRECTS** that SJHDC take remedial measures to **IMMEDIATELY CEASE AND DESIST** its current action and halt the reduction in the number of days it pumps water to the consumers of the St. Jago Hills Development, as of the effective date of this **DIRECTIVE**.

TAKE NOTICE that failure by SJHDC to comply with this Directive within the time period specified herein, will render it liable to enforcement action pursuant to section 9 of the OUR Act.

AND TAKE FURTHER NOTICE that this Directive becomes effective on the 1st day of April 2022.

BY ORDER OF THE OFFICE OF UTILITIES REGULATION



Ansord E. Hewitt
Director-General

2022 April 1