
Office of Utilities Regulation

National Water Commission Annual
Price Adjustment Mechanism
2023 Rate Adjustment

Determination Notice



2023 April 27

DOCUMENT TITLE AND APPROVAL PAGE

1. DOCUMENT NUMBER: 2023/WAS/004/DET.002

2. DOCUMENT TITLE: National Water Commission Annual Price Adjustment Mechanism 2023 Rate Adjustment – Determination Notice

3. PURPOSE OF DOCUMENT

This document sets out the Office’s decision on the applicable Annual Price Adjustment Mechanism percentage to be applied to the National Water Commission’s base rates and other charges.

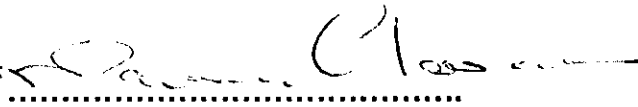
4. ANTECEDENT PUBLICATIONS

| Publication Number | Publication Title | Publication Date |
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| 2022/WAS/002/DET.001 | National Water Commission Annual Price Adjustment Mechanism 2022 Rate Adjustment Determination Notice | 2022 April 25 |
| 2021/WAS/002/DET.002 | National Water Commission Annual Price Adjustment Mechanism 2021 Rate Adjustment Determination Notice | 2021 April 27 |
| 2020/WAS/003/DET.003 | National Water Commission Annual Price Adjustment Mechanism 2020 Rate Adjustment Determination Notice | 2020 April 27 |
| 2019/WAS/007/DET.003 | National Water Commission Interim Tariff Review 2019-2021 Determination Notice | 2019 December 09 |

5. Approval

This document is approved by the Office of Utilities Regulation and the decisions therein become effective on 2023 April 27

On behalf of the Office:



.....
Director-General

Ansord E. Hewitt

2023 April 27

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Abbreviation, Acronyms and Definitions

| | | |
|-------------------------------------|---|---|
| ANPAM | - | Annual Price Adjustment Mechanism |
| COS | - | Cost of Sales |
| CPI | - | Consumer Price Index |
| FX | - | Foreign Exchange |
| Interim Tariff Determination Notice | - | National Water Commission Interim Tariff Review 2019-2021 Determination Notice, document number 2019/WAS/007/DET.003, issued 2019 December 09 |
| J\$ | - | Jamaican Dollars |
| kWh | - | Kilowatt Hour |
| NWC/ Commission | - | National Water Commission |
| NWC Act | - | National Water Commission Act |
| OUR/Office | - | Office of Utilities Regulation |
| OUR Act | - | Office of Utilities Regulation Act |
| PAM | - | Price Adjustment Mechanism |
| US\$ | - | United States Dollars |

1. Executive Summary

- 1.1. On 2023 March 27, the National Water Commission (NWC) made a submission to the Office of Utilities Regulation (OUR), for an Annual Price Adjustment Mechanism (ANPAM) rate adjustment of 5.11%, to be applied to its base rates. Additionally, NWC requested that the current reconnection fees should remain unadjusted.
- 1.2. In an earlier letter of 2022 December 28, the NWC requested that the OUR realign the existing Price Adjustment Mechanism (PAM) to its current cost structure. The NWC argued that the current weights used to calculate the PAM no longer reflect its current cost structure and should be revised.
- 1.3. The OUR has reviewed the required annual PAM adjustment and has examined the implications of any realignment of the Commission's current PAM weights to current cost structure and has set out its findings in this Determination Notice.
- 1.4. The OUR has verified the information presented in the NWC's ANPAM submission and has confirmed that an ANPAM rate adjustment of 5.11%, is applicable to the NWC's base rates. In accordance with the NWC's request, no adjustment will be made to miscellaneous/reconnection fees.
- 1.5. The OUR also examined NWC's request for a realignment of its price adjustment incentive structure and takes the view that such a request should be made in its five-year tariff submission, in order to effectively analyze all material misalignment, which exists, that impairs NWC's recovery process, positively or negatively.
- 1.6. The ANPAM rate adjustment is a rebasing of a specified set of indices only. The weights applied to these indices are derived from the NWC cost structure at the inception of the Commission's tariff review. These PAM adjustments are applicable to customers' 2023 April consumption, which will be reflected in their 2023 May bills.
- 1.7. The new base indices for the PAM are as shown below:
 - Foreign Exchange Rate: J\$154.89 to US\$1.00
 - Consumer Price Index: 127.80
 - Electricity Charge: \$55.92/kWh.
- 1.8. These revised base indices will remain in effect until the next programmed reset of the ANPAM in 2024 April, or the implementation of new water and sewerage tariffs, whichever is earlier.
- 1.9. In addition, the OUR has decided to retain the existing PAM structure until the NWC's five-year tariff review, where a comprehensive analysis will be done.

2. Introduction

- 2.1. On 2023 March 27, the NWC applied to the OUR for an ANPAM rate adjustment of 5.11%. The ANPAM rate adjustment application is consistent with the OUR's approval, which is outlined in the National Water Commission Interim Tariff Review 2019-2021 Determination Notice¹, issued 2019 December 09 ("Interim Tariff Determination Notice").
- 2.2. The Interim Tariff Determination Notice approved the continued inclusion of the PAM, as a component of the NWC's customer bill.
- 2.3. The PAM captures the effects of movements in three indices associated with the NWC's major input costs, over which it has no control.
- 2.4. In particular, the mechanism is predicated on the assumption that the NWC has no control over inflation, the movement of the Jamaican dollar relative to its United States dollar counterpart, and electricity prices. The changes in NWC's PAM are captured in the following three (3) indices:
 1. Consumer Price Index (CPI);
 2. Foreign exchange rate (FX): the Jamaican dollar exchange rate relative to the United States dollar (US\$); and
 3. Electricity Prices expressed as \$/kWh.
- 2.5. The PAM is applied to customers' bills monthly. The mechanism allows for an adjustment of base rates by rolling in the cumulative monthly PAM rate into the base rates. This process generally occurs on an annual basis. The annual reset is referred to as the Annual Price Adjustment Mechanism (ANPAM).
- 2.6. The objective of the annual reset is to minimize the monthly PAM differential adjustment, which accounts for the variation between the current and the base values for the three (3) indices.
- 2.7. Additionally, the NWC expressed concern about the capacity of the current PAM structure to compensate the entity for the variation in its current cost, given that the base case scenario was developed in 2019.
- 2.8. NWC contended that there have been changes in the global economic landscape, especially the drastic increase in world oil prices. Specifically, NWC has stated that its electricity cost from 2021 April to 2022 July increased by 38%.
- 2.9. The OUR agrees that the global economic landscape has changed, and that this could create an extraordinary situation in which a change in the PAM structure may be warranted. Notwithstanding, it is important that such a decision should be made by a full examination of all the components in the PAM structure.

¹Doc. No: 2019/WAS/007/DET.003,
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- 2.10. Additionally, the OUR takes the view that this is not the most appropriate time to assess the NWC's request for a realignment of the PAM mechanism since ideally this ought to take place at a five-year Tariff Review or an Interim Tariff Review. Notwithstanding, the OUR conducted an analysis and concluded that the existing PAM structure should remain intact.
- 2.11. With regards to the inclusion of a provision for extraordinary tariff reviews in between the scheduled reviews, the OUR takes the position that this is a deeper issue, which would best be explored in NWC's upcoming tariff review scheduled for later this year.

3. Legal Framework

- 3.1. The NWC is a body corporate established under Section 3 of the National Water Commission Act (“the NWC Act”), and is a specified organization as defined in section 2 of the Office of Utilities Regulation Act (“OUR Act”). Sections 4(1)(d) & (e) of the NWC Act empower the NWC to respectively, “*within the limits of its resources provide and improve water supply services throughout the Island*” and “*maintain and operate water supply services provided by the Commission*”.
- 3.2. The role and function of the OUR in the water and sewerage sector is governed by the provisions of the OUR Act. Section 4(1)(a) of the OUR Act, provides that the OUR is empowered to “*regulate the provision of prescribed utility services by licensees or specified organizations*”. The provision of sewerage services and the supply and distribution of water are included among the “prescribed utility services” defined in the First Schedule of the OUR Act.
- 3.3. Section 4(4) of the OUR Act expressly authorizes the OUR to determine the rates charged for the provision of a prescribed utility service. The section reads:

“The Office shall have power to determine, in accordance with the provisions of this Act, the rates or fares which may be charged in respect of the provisions of a prescribed utility service.”
- 3.4. In exercise of its powers to determine rates, the OUR issued the Interim Tariff Determination Notice which sets out the latest approved rates and charges for NWC’s services. The Interim Tariff Determination Notice includes the application of the PAM which is reflected on customers’ bills monthly.
- 3.5. In keeping with the decisions in the Interim Tariff Determination Notice regarding the annual reset of the PAM, NWC has applied for an ANPAM rate adjustment of its base rates and charges.

4. The OUR's Analysis

- 4.1. In the review and determination of rates, the OUR in general, is guided by the principle of establishing rates that are sufficient to cover prudently incurred costs. As such, this principle extends to the PAM. The PAM is critical to the NWC's sustainability, as it allows the Commission to adjust its rates periodically, to reflect the effects of changes in input costs that are exogenous to its operations.

The Price Adjustment Mechanism

- 4.2. The PAM seeks to maintain NWC's rates in real terms, by accounting for the fluctuations in monthly input costs, primarily due to changes in inflation, foreign exchange rate movements, and changes in electricity rates.
- 4.3. The mathematical computation of the PAM is as follows:

$$\text{PAM} = (w_{fx} * \Delta\text{FX} + w_{cpi} * \Delta\text{CPI} + w_{kWh} * \Delta\text{kWh}) * 100$$

Where:

ΔFX is the monthly percentage change in the J\$/US\$ exchange rate,

ΔCPI is the monthly percentage change in the CPI,

ΔkWh is the monthly percentage change in the kilowatt hour charge for electricity,

w_{fx} is the approved weight for the J\$/US\$ exchange rate,

w_{cpi} is the approved weight for the CPI, and

w_{kWh} is the approved weight for the kilowatt hour charge for electricity.

- 4.4. The ANPAM normally allows for an adjustment of base rates and charges each year. This is achieved by the 'rolling-in' of the cumulative PAM rate from the time of last ANPAM adjustment into the base rates. The calculated ANPAM rate reflects the weighted change in the base values for the three (3) components in the mechanism, since the last ANPAM adjustment.
- 4.5. Mathematically, the new base rates may be expressed as follows:
- $$\text{New Base Rate} = \text{Current Base Rate} * (1 + \text{ANPAM adjustment rate}).$$
- 4.6. NWC's ANPAM adjustment rate is to be reflected in customers' bills as of 2023 May is 5.11%. Table 4.1 below shows the details of the computation, which have been verified by the OUR.
- 4.7. The source of the input data are as follows:
- Statistical Institute of Jamaica (STATIN) for Consumer Price Index (CPI)
 - Bank of Jamaica (BOJ) for foreign exchange (FX) rate (J\$:US\$); and

- NWC’s electricity bills for the month of 2023 February to ascertain the electricity component.

Table 4.1: ANPAM Calculation

| Index | Unit | Current Base Rates April 2022 | New Base Rates April 2023 | Weighting | Percentage Change | ANPAM |
|--------------|---------|-------------------------------|---------------------------|-----------|-------------------|--------------|
| FX | JS/US\$ | 157.13 | 154.89 | 0.18 | -1.426% | -0.26% |
| CPI | - | 118.6 | 127.8 | 0.62 | 7.757% | 4.81% |
| Electricity | JS/kWh | 54.41 | 55.92 | 0.20 | 2.775% | 0.56% |
| ANPAM | | | | | | 5.11% |

4.8. Consistent with the base indices approved in the National Water Commission Annual Price Adjustment Mechanism 2022 Rate Adjustment Determination Notice², issued 2022 April 25, the baseline data for FX, CPI and electricity, as shown in Table 4.1, shall be adjusted to \$154.89, 127.80 and \$55.92/kWh respectively.

Realignment of PAM Incentive Mechanism (Change in Existing Weights)

- 4.9. By letter dated 2022 December 28, the NWC requested the OUR to consider a possible restructuring of its existing PAM. The NWC suggested that the weights used to calculate the PAM no longer reflect its current cost structure and therefore, should be revised. The Commission also requested that an extraordinary tariff review be included as a component of its regulatory regime.
- 4.10. The NWC stated that after the approval of its last tariff in the Interim Tariff Determination Notice, the Commission has been experiencing increased costs, particularly in relation to electricity usage. Consequently, there has been a change in the ratio of electricity costs to its cost of sales (“COS”).
- 4.11. The Commission argued that since 2021, oil prices on the global market have been trending upwards. Additionally, the impact of the global health pandemic and the geopolitical tension between Russia and Ukraine has further exacerbated the situation. These events, the NWC contended, have impacted its ability to offset its electricity cost given the weight assigned to the electricity component of the PAM.
- 4.12. NWC claimed that this increase in electricity cost has impacted its overall cost structure and has resulted in the ratio of electricity COS increasing to 28% on average per month in 2022.
- 4.13. In making its point, the NWC presented its computation of the financial loss it suffered from the misalignment of the electricity component of the PAM mechanism (see Table 4.2).

²Doc. No.: 2022/WAS/002/DET.001,
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According to NWC, over the 17-month period, 2021 April to 2022 August, the electricity component of the PAM, was under-recovered, by \$1.21 billion.

Table 4.2: NWC Calculation of the Electricity PAM Under-Recovery

| Month | P.A.M. revenue | P.A.M % | Electricity P.A.M. % | Base electricity cost | Electricity cost | Electricity cost increase/ (decrease) over base | Revenue from P.A.M. Electricity | Electricity (Over)/ Under recovery |
|--------|------------------|---------|----------------------|-----------------------|-------------------|---|---------------------------------|------------------------------------|
| Apr-21 | 162,377 | 6.05% | 2.44% | 741,434 | 739,843 | (1,591) | 65,550 | (67,141) |
| May-21 | 52,299 | 2.00% | 1.64% | 741,434 | 873,260 | 131,826 | 42,036 | 89,790 |
| Jun-21 | (41,565) | -1.59% | -2.08% | 741,434 | 751,790 | 10,356 | (55,284) | 65,640 |
| Jul-21 | 53,741 | 1.89% | 0.74% | 741,434 | 767,116 | 25,682 | 21,050 | 4,632 |
| Aug-21 | 6,298 | 0.24% | -1.26% | 741,434 | 744,950 | 3,516 | (36,267) | 39,783 |
| Sep-21 | 43,359 | 1.68% | -1.24% | 741,434 | 793,139 | 51,705 | (31,979) | 83,684 |
| Oct-21 | 80,569 | 3.02% | -0.43% | 741,434 | 724,302 | (17,132) | (11,580) | (5,552) |
| Nov-21 | 122,642 | 4.57% | 0.21% | 741,434 | 889,218 | 147,784 | 5,864 | 141,920 |
| Dec-21 | 129,716 | 5.05% | -0.21% | 741,434 | 1,036,575 | 295,141 | (5,337) | 300,478 |
| Jan-22 | 235,209 | 7.54% | 1.71% | 741,434 | 954,779 | 213,345 | 53,659 | 159,686 |
| Feb-22 | 305,695 | 11.61% | 5.34% | 741,434 | 905,084 | 163,650 | 143,196 | 20,454 |
| Mar-22 | 282,135 | 10.50% | 3.78% | 905,084 | 1,134,115 | 229,031 | 102,249 | 126,782 |
| Apr-22 | 338,652 | 11.70% | 4.27% | 905,084 | 915,318 | 10,234 | 126,925 | (116,691) |
| May-22 | 96,776 | 3.02% | 2.36% | 905,084 | 995,110 | 90,026 | 73,406 | 16,620 |
| Jun-22 | 6,102 | 0.15% | -0.58% | 905,084 | 1,006,511 | 101,427 | (18,113) | 119,540 |
| Jul-22 | 68,633 | 2.22% | 1.21% | 905,084 | 1,017,342 | 112,258 | 37,147 | 75,111 |
| Aug-22 | 57,956 | 1.78% | 0.57% | 905,084 | 1,075,672 | 170,588 | 18,276 | 152,312 |
| | 2,000,594 | | | | 15,324,124 | 1,737,846 | 530,800 | 1,207,046 |

Electricity cost increase = current month - based electricity cost (February)

OUR’s Examination of NWC Cost Structure and Subsequent PAM Weights

- 4.14. Given the evidence which exists concerning financial and commodity markets, the OUR concedes that the global economic landscape has changed. The tightening financial conditions, the lingering economic effects of the COVID 19-pandemic, and Russia’s invasion of Ukraine, have disturbed the equilibrium of the global economy.
- 4.15. Although the rate design approved by the OUR includes a PAM, which seeks to preserve NWC’s revenues in real terms, the movement of the three components of the mechanism occurs at different rates. Consequently, with the passing of time, the mechanism operates imperfectly, and this may lead to over or under-recovery. In this regard, it is agreed that the structure of the PAM mechanism ought to be reviewed periodically.
- 4.16. Following the issuing of the Interim Tariff Determination Notice in 2019 December, it was anticipated that another tariff review would have taken place in 2021. The NWC however indicated that it had challenges meeting that timeline but is expected to make a submission in the middle of 2023. The current PAM structure has therefore been in place without review for a much longer period than the OUR contemplated.
- 4.17. It is, therefore, in this context, that the OUR recognizes the possibility that the electricity component of the PAM mechanism may be under-recovering. Notwithstanding, the OUR questions the accuracy of NWC’s calculation. For instance, in Table 4.2 the OUR questions the calculation of “Electricity PAM” in column 4. Theoretically, this should be equivalent to the “PAM” percentage in column 3 multiplied by the current electricity weight in the PAM, which is 20%. However, based on the figures in column 4, the “Electricity PAM”

appears to be incorrect. In addition, it is not clear how the NWC derives the “Base Electricity Cost”. The NWC is, therefore, encouraged to review its revenue recovery calculation.

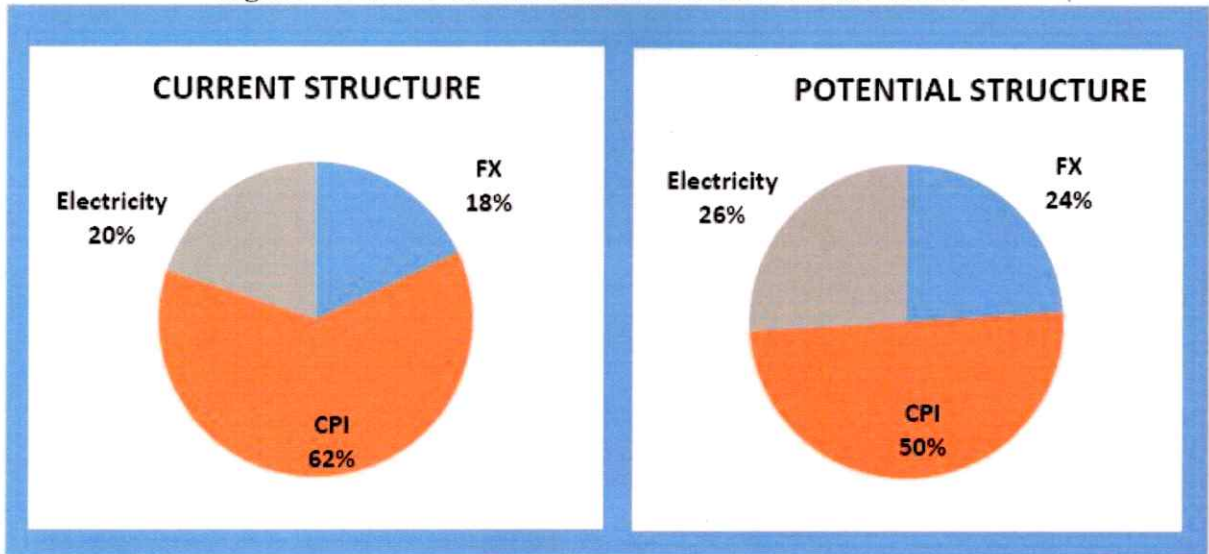
- 4.18. It is also worth noting that beyond the calculation presented, the application of the PAM on customers’ bills is based on a 2-month lag and therefore does not represent a one-to-one match between actual costs and revenue recovery.
- 4.19. The main weakness in NWC’s request for structural realignment is that its analysis was based solely on the effects of the electricity component of the PAM. The structure of the PAM is of such, that an increase in the weight of one component requires a decrease in the weight of at least one of the other two (2) components in the mix. Consequently, it is important to understand the full effect of the change on all components in the structure, instead of narrowly focusing on one.
- 4.20. In light of this, the OUR examined what the “potential PAM structure” would have been. The “potential PAM structure” should not be confused with the “current PAM structure”. The “current PAM structure” refers to the existing structure applied to NWC’s rate based on the OUR’s Interim Tariff Determination Notice of 2019. The “potential PAM structure” on the other hand refers to what the structure would be if at this point in time the structure was recomputed. The “potential PAM structure” was derived by recalculating the contribution of each factor to the cost of service, based on NWC’s most recent audited financial statement (FY 2021).
- 4.21. Table 4.3 below shows the derivation of the potential PAM structure, based on NWC’s cost structure on its 2021 audited financial statement.

Table 4.3 NWC Operating Cost Structure as at FY 2021

| Price Adjustment Mechanism | | | | | |
|---|-----------------|-----------------------|-------------------|----------------|--|
| OUR Determined Price Adjustment Mechanism Weights | | | | | |
| Cost of Service Components | Units | Audited FY 2021 Value | Recommended Index | Weight | |
| Electricity | JMD '000 | \$8,859,777 | Electricity | 25.57% | |
| Depreciation | JMD '000 | \$5,890,844 | Foreign Exchange | 17.00% | |
| Loan interest | JMD '000 | \$2,602,840 | Foreign Exchange | 7.51% | |
| Salaries Wages and related expenses | JMD '000 | \$9,115,481 | CPI | 26.31% | |
| Repair and Maintenance | JMD '000 | \$5,308,535 | CPI | 15.32% | |
| Administration | JMD '000 | \$1,735,737 | CPI | 5.01% | |
| Telephone | JMD '000 | \$263,343 | CPI | 0.76% | |
| Fuel and lubrications | JMD '000 | \$435,943 | CPI | 1.26% | |
| Purchase Water | JMD '000 | \$435,943 | CPI | 1.26% | |
| Total Cost of Service | JMD '000 | \$34,648,443 | | 100.00% | |

- 4.22. Based on the costs shown in the table above, electricity cost represents approximately 26%, and CPI and FX represent 50% and 24% respectively. Figure 4.1 shows the NWC’s current and potential PAM structure.
- 4.23. A comparison of the current and potential PAM structure shows that the CPI weight declined from 62% to 50%, while the electricity and foreign exchange (FX) components have each increased by 6 percentage points.

Figure 4.1 NWC Current and Potential PAM Structure



- 4.24. It is also important to note that while electricity prices in general moved upwards, the FX rate appreciated. Consequently, an examination of the effects on the potential structure on NWC’s bill, at this point, is critical to a full appreciation of the impact of a change in structure.
- 4.25. The OUR calculated a sample water bill to determine the effect that the possible realignment of the PAM weights would have on NWC’s Billed Revenues. Table 4.4 shows the effects of the current and potential PAM structures on a typical consumer, that uses 6,000 litres per month. The bill reflects 2023 April billing data.

Table 4.4 Sample Water Bill Current and Potential PAM Weights

| New Base with CURRENT PAM Structure | | | | |
|-------------------------------------|--------------------|----------|-------|-------------|
| Water Charge | \$ 883.41 | PAM | 5.11% | 156.35 |
| Sewerage Charge | \$ 1,020.32 | X Factor | -5% | \$ (160.80) |
| Service Charge | \$ 1,155.92 | K Factor | 20% | \$ 611.04 |
| Bill Total | \$ 3,666.25 | | | |

| New Base with POTENTIAL PAM Structure | | | | |
|---------------------------------------|--------------------|----------|-------|-------------|
| Water Charge | \$ 883.41 | PAM | 4.26% | \$ 130.34 |
| Sewerage Charge | \$ 1,020.32 | X Factor | -5% | \$ (159.50) |
| Service Charge | \$ 1,155.92 | K Factor | 20% | \$ 606.10 |
| Bill Total | \$ 3,636.60 | | | |

- 4.26. As shown in Table 4.4, the change from the current to the potential weights results in a marginal reduction in the total sample bill from \$3,666.25 to \$3,636.60. Additionally, the PAM under the current structure is 5.11%, while it would be 4.26% under the potential structure. This implies that there would be a small reduction in NWC’s billed revenues.
- 4.27. The OUR takes the view that except in extraordinary circumstances, there is no need for a reset of the PAM structure outside the framework of the formal Tariff Review.
- 4.28. The OUR acknowledges that a confluence of events over the past three (3) years may have amounted to a phenomenon that warrants a reexamination of the PAM structure. However, the OUR’s simulation of the impact of a structural change to the PAM indicates that the NWC would neither benefit nor suffer further losses from a reset. Consequently, the NWC’s request for a realignment of the PAM weights will not be done at this time. As such, a comprehensive review of the PAM weights will be done as part of the formal Tariff Review expected later this year.
- 4.29. Further, the NWC’s request for the inclusion of extraordinary rate reviews as part of its tariff framework is worthy of consideration. However, an examination of a detailed proposal from NWC on the issue is more appropriately done as part of the said formal Tariff Review.
- 4.30. As it relates to the substantive issue of the re-basing of the 2023 ANPAM, it has been determined that the revised base rates are those shown in Table 4.5. These new rates shall be applicable to the services consumed by NWC’s customers in 2023 April. Hence, the changes to the base rates shall be reflected in the NWC bills issued in 2023 May.

- 4.31. In its ANPAM application, NWC requested that there be no adjustments to the current reconnection fees. The Office has no objection to this request.
- 4.32. The company also indicated that the *Penalty Charge per 1000 litres* of \$221.05 under the **Standby Charges** category in the 2022 ANPAM Determination Notice was incorrect. The OUR agrees that an error made and the correct value should have been \$234.42. Accordingly, the ANPAM adjustment of 5.11% has been applied to the amount of the corrected *Penalty Charge* of \$234.42 per 1000 liters. Consequently, the new value for the *Penalty Charge per 1000 litres* that took effective as at 2023 April is \$246.39. This figure is correctly captured in the rate schedule below.

Determination 1

- a) The Office has approved the ANPAM rate adjustment of 5.11%, which shall be applied to the NWC's base rates and Standby charges. The specific charges are shown in NWC's 2023 rate schedule in Table 4.5 below.
- b) The application of the ANPAM rate adjustment shall be applied to services consumed by NWC's customers in 2023 April. Accordingly, the changes to the base rates shall be reflected in the bills issued by the NWC in 2023 May.
- c) The new base indices for the monthly PAM are as follows:
 - Foreign Exchange Rate: J\$154.89 to US\$1.00
 - Consumer Price Index: 127.80
 - Electricity Charge: \$55.92/kWh.
- d) These base indices will remain unchanged until the next programmed reset of the ANPAM in 2024 April or the implementation of new water and sewerage tariffs, whichever is earlier.
- e) The Office has denied the NWC's request for a realignment of the structure of the PAM mechanism as the change is not warranted at this time.
- f) The OUR will consider NWC's request for an extraordinary rate review provision in the regulatory framework, at the time of the next formal Tariff Review.

Table 4.5: NWC 2023 Rate Schedule

| Rate Schedule Effective 2023 April | | |
|---|-------------------|----------------------|
| <i>Service Charge</i> | | |
| Meter/Service Connection Size | Charge | |
| 5/8 inch/ 15mm | \$ | 1,155.92 |
| 3/4 inch/ 20mm | \$ | 2,528.45 |
| 1 inch/ 25mm | \$ | 3,301.86 |
| 1 1/4 inch/ 30mm | \$ | 6,217.03 |
| 1 1/2 inch/ 40mm | \$ | 6,217.03 |
| 2 inch/ 50mm | \$ | 8,804.96 |
| 3 inch/ 75mm | \$ | 15,988.74 |
| 4 inch/ 100mm | \$ | 25,834.82 |
| 6 inch/ 150mm | \$ | 39,354.59 |
| <i>Volumetric Rate</i> | | |
| Consumer Category | Water Rate | Sewerage Rate |
| Residential (Imperial Metered) | | |
| For up to 3,000 gallons | \$ 669.38 | \$ 773.14 |
| For the next 3,000 gallons | \$ 1,191.32 | \$ 1,375.98 |
| For the next 3,000 gallons | \$ 1,298.45 | \$ 1,499.72 |
| Over 9,000 | \$ 2,214.91 | \$ 2,558.22 |
| Residential (Metric Metered) | | |
| For up to 14,000 litres | \$ 147.24 | \$ 170.05 |
| For the next 13,000 litres | \$ 262.04 | \$ 302.67 |
| For the next 14,000 litres | \$ 285.62 | \$ 329.89 |
| Over 41,000 | \$ 487.23 | \$ 562.73 |
| Commercial Imperial Metered) | | |
| For up to 2,000,000 | \$ 2,557.88 | \$ 2,954.35 |
| Over 2,000,000 | \$ 1,490.94 | \$ 1,722.06 |
| Commercial (Metric Metered) | | |
| For up to 9,100,000 | \$ 562.66 | \$ 649.87 |
| Over 9,100,000 | \$ 327.96 | \$ 378.81 |
| Condominiums | | |
| Imperial Metered | \$ 1,268.86 | \$ 1,465.55 |
| Metric Metered | \$ 279.10 | \$ 322.39 |

| | | |
|--|----------------|-------------|
| Primary Schools | | |
| Imperial Metered | \$ 1,013.67 | \$ 1,170.78 |
| Metric Metered | \$ 222.99 | \$ 257.52 |
| | | |
| Commercial Consumers - Standby (Water Services) | Charges | |
| Imperial Metered | | |
| Annual Contracted Capacity Change | \$ | 1,056.00 |
| Volumetric (per 1000 gallons) | \$ | 1,120.19 |
| Penalty (per 1000 gallons) | \$ | 1,120.19 |
| | | |
| Metric Metered | | |
| Annual Contracted Capacity Change | \$ | 232.30 |
| Volumetric (per 1000 litres) | \$ | 246.39 |
| Penalty (per 1000 litres) | \$ | 246.39 |
| | | |
| <i>Miscellaneous Fees</i> | | |
| Disconnection and Reconnection Type | Fees | |
| Domestic Unmetered Service (Locked) | \$ | 1,000.00 |
| Removal and Replacement of Service (Unmetered) | \$ | 4,470.00 |
| Domestic Metered Service (Locked) | \$ | 1,000.00 |
| Domestic Metered Service Removed and Replaced 5/8 inch/ 15mm and 3/4 inch/ 20mm | \$ | 9,000.00 |
| Domestic Metered Service Removed and Replaced 1 inch/ 25mm and over | \$ | 13,000.00 |
| Commercial Metered Service (Locked) | \$ | 1,000.00 |
| Commercial Metered Service Removed and Replaced | \$ | 13,000.00 |