

FOR IMMEDIATE RELEASE

OUR Finalises Decisions on NWC’s 2023 Annual Price Adjustment Mechanism

(Kingston, Jamaica: 2023 May 2): The Office of Utilities Regulation (OUR) has issued its decisions on the 2023 Annual Price Adjustment Mechanism (ANPAM) for the National Water Commission (NWC). These decisions are contained in the National Water Commission Annual Price Adjustment Mechanism 2023 Rate Adjustment Determination Notice issued on 2023 April 27.

Having reviewed and verified the information presented in the NWC’s ANPAM submission of 2023 March 27, the regulator has confirmed that the rate of 5.11% is applicable to the NWC’s base rates. In accordance with the NWC’s request, no adjustment will be made to its miscellaneous/reconnection fees.

It should be noted that the ANPAM change is not a rate increase to NWC. It is simply an adjustment to NWC’s base tariff which reduces the level of monthly PAM adjustments customers see on their bills.

The annual reset of the PAM, called ANPAM, is the process by which the OUR verifies and confirms the monthly PAM adjustments over the preceding period and rolls the cumulative PAM adjustments since the last reset, into the base rates approved for each of the three indices– Foreign Exchange Rate, Consumer Price Index and Electricity Charge. This effectively updates the base rates making them reflective of current costs.

With the monthly application of the PAM, customers’ bills are already reflective of current rates and movements in each of the three indices. The ANPAM, therefore, is merely a ‘true up’ mechanism to ensure that the approved base rates for the indices going into the next year catch up with, and are more reflective of, the rates already being applied to customer billing.

The new base indices for the PAM are as follows:

- Foreign Exchange Rate: JM\$154.89 to US\$1.00;
- Consumer Price Index: 127.80
- Electricity Charge: \$55.92/kWh.

These revised base rates are to remain in effect until the next programmed reset of the ANPAM in 2024 April, or if new rates, by way of a five-year tariff review are decided earlier.

The OUR also examined NWC’s request for a realignment of its PAM structure. In its request, NWC argued that it had witnessed a significant increase in the cost of electricity, an expense that is outside of its control, but the current PAM structure did not allow for the full recovery of these costs. Even though the current PAM structure has been in effect since 2019, the OUR takes the view that any realignment should be done at the utility provider’s next five-year tariff submission, when a comprehensive analysis can be done. Furthermore, the OUR’s initial assessment suggests that a new structure would likely have a negligible effect on NWC’s revenues. Consequently, the OUR took the decision that the existing PAM structure would remain intact.

The OUR’s National Water Commission Annual Price Adjustment Mechanism 2023 Rate Adjustment Determination Notice may be examined on its website: www.our.org.jm.