

OUR Approves Increased Rates for Richmond Environmental Services Ltd

(KINGSTON, Jamaica; 2023 July 13) The Office of Utilities Regulation (OUR) has approved new water and sewerage rates to be charged by Richmond Environmental Services Limited (RESL) to customers of the Richmond Development community (Richmond Estates) in Llandoverly, St. Ann and its immediate environs.

It is estimated that with the approved rates, customers with an average consumption of 9,760 litres per month will see bills moving from \$1,655.21 to \$3,216.75, which is an increase of 94.34%. This contrasts with the 229.31% increase proposed by the utility provider.

In assessing RESL's application, the OUR was guided by the rate of return methodology in Schedule 3 of RESL's Licences. This approach aims to provide an opportunity for the utility to make a reasonable return on capital employed in the business based on cost efficiency.

The OUR approved the implementation of a monthly Price Adjustment Mechanism (PAM) to be applied to customers' bills monthly. The approved weightings for the three (3) economic indicators in the PAM are:

- Foreign Exchange Rate (FX): 8%
- Consumer Price Index (CPI): 64%
- Electricity Rate: 28%.

The approved base indices are to remain in effect until the anniversary of the PAM or until the next tariff review - whichever is earlier. The base indices are:

- Foreign Exchange Rate (FX): \$155.10 to US\$1.00
- Consumer Price Index (CPI): 128.20
- Electricity Rate: \$57.32/kWh.

OUR's decisions on the rates followed a review of RESL's water and sewerage tariff application submitted on 2022 August 19. An Interim Determination Notice was issued on 2020 April 3 as more information was required for a fuller assessment of the application.

The OUR requires RESL to exercise reasonable diligence and take urgent action to address the existing ownership situation involving the fixed assets of the relevant water and sewerage system. As such, at the next tariff review, RESL is expected to provide supporting evidence and documentation to demonstrate a legal interest in the sewerage and water infrastructure and facilities and that Richmond Development Company Limited (RDCL), which is a separate legal entity, is absorbing the costs (electricity, repairs and maintenance, etc.) for the percentage of the water it utilises from the system.

On 2022 October 30, the OUR hosted a virtual public consultation with the customers of RESL as part of its tariff review process. This facilitated the capture of customers' perspectives on the tariff application and their experience regarding the provider's quality of service. The latest Determination Notice made Several modifications to the Quality of Service schemes.

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Amendments included the removal of a claim submission requirement (by affected customers) to enable payment of the applicable compensation for Guaranteed Standards breaches.

The regulator also approved the introduction of a service charge of \$715.00 which will be applied to bills for the utility's 1,038 residential customers, and \$6,000 for its 4 large-scale customers.

Reconnection fees of \$4,470 for residential customers and \$12,000 for commercial customers were approved. These are equivalent to fees charged by the NWC for removing and replacing a meter. The regulator allowed RESL's proposed \$12,000 fee for illegal connection of all customer types – unchanged from the Interim Determination Notice.

The RESL Determination Notice can be viewed on the OUR's website: www.our.org.jm.

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Contact: Public Affairs Unit: 876-968-6053