
Office of Utilities Regulation

CAN-CARA Development Limited
Water and Sewerage Rates

Determination Notice



2024 April 25

DOCUMENT TITLE AND APPROVAL PAGE

1. DOCUMENT NUMBER: 2024/WAS/006/DET.002

2. DOCUMENT TITLE: CAN-CARA DEVELOPMENT LIMITED WATER AND SEWERAGE RATES

3. PURPOSE OF DOCUMENT

This document sets out the Office's decisions on Can-Cara Development Limited's application for an increase to their water and sewerage rates.

4. ANTECEDENT PUBLICATIONS

Publication Number	Publication Title	Publication Date
2018/WAS/003/DET.003	Can-Cara Development Limited Water and Sewerage Rates Determination Notice	2018 January 10
2014/WAS/001/DET.001	Can-Cara Development Limited Water and Sewerage Rates for Meadows of Irwin and Western Spanish Town Determination Notice	2014 March 12
WAS20122001_DET001	Can-Cara Development Limited-Meadows of Irwin St. James Water and Sewerage Rate Determination Notice	2012 August 9
WAT 2007/01	Can-Cara Development Limited-Review of Water Rates Application for Reconsideration with regards to Document No. WAT 2006/03	2007 August 15
WAT 2006/003	Can-Cara Development Limited- Review of Water Rates, Determination Notice	2006 December 22
WAT 2005/02	Can-Cara Development Limited- Review of Sewerage Rates, Determination Notice	2005 December 23

5. Approval

This document is approved by the Office of Utilities Regulation and the decisions therein become effective on 2024 April 25

On behalf of the Office:


.....
Director General
Ansord E. Hewitt

2024 April 25

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Definitions, Acronyms and Abbreviations

Application	-	Tariff Application
CDL	-	Can-Cara Development Limited
CEL	-	Can-Cara Environment Limited
CPI	-	Consumer Price Index
EE	-	Energy efficiency
Government	-	Government of Jamaica
GS	-	Guaranteed Standards – Quality of Service
Licences	-	CDL Sewerage Licences and Water Licences
Licensed Business	-	The supply of water and the provision of sewerage services by the Licensee as authorized pursuant to the Licences
Licensee/CDL	-	Can-Cara Development Limited
Minister	-	Minister of Government with portfolio responsibility for Water and Sewerage Services
MTAOP	-	Meter Testing Administrative and Operational Protocol for The Electricity and Water Sectors in Jamaica, 2017 Document No. 2016/GEN/004/RUL.001
NEPA	-	National Environment and Planning Agency
NRCA	-	Natural Resources Conservation Authority
NWC	-	National Water Commission
OUR Act	-	The Office of Utilities Regulation Act
OUR/Office	-	Office of Utilities Regulation
RBWC	-	Runaway Bay Water Company Limited
Sewerage Licences	-	Can-Cara Development Limited Sewerage Services Licence, 2004 and Can-Cara Development Limited Sewerage Services Licence, 2011
Water Supply Licences	-	Can-Cara Development Limited Water Supply Licence, 2004 and Can-Cara Development Limited Water Supply Licence, 2011
WRA	-	Water Resources Authority
WSP	-	Water Service Provider

1. Executive Summary

- 1.1. Can-Cara Development Limited (CDL) is a privately owned limited liability company incorporated in Jamaica. The company was granted two (2) water supply licences in 2005 and 2012 and two (2) sewerage services licences in 2004 and 2012, respectively. The water supply and sewerage services are provided to areas in Western Spanish Town, St Catherine and Meadows of Irwin Housing Development located in St. James respectively.
- 1.2. On 2022 November 04, CDL submitted its tariff application (“Application”) for an increase in its water and sewerage rates. CDL also hinted at its intention to extend its service area which will allow the company to expand its customer base to other developments in St. Catherine.
- 1.3. The OUR’s preliminary review of the Application revealed that the Application was deficient as the company’s financial accounts contain costs and/or assets associated with the activities of the development and the water and sewerage company, which would impair the OUR’s ability to arrive at an informed decision in its tariff determination based on a “cost-based” approach. Consequently, the OUR requested additional information from CDL in support of its Application. The additional information (some of which remains outstanding) was received via emails over the periods 2003 January to 2023 September.
- 1.4. CDL’s tariff request is for the OUR to give its non-objection endorsement to the company’s proposed volumetric residential and commercial rates. These rates are less than that of the National Water Commission (NWC) for equivalent rate categories. The company also proposed a reduction in the number of tiers in its rate structure from the current six tiers to four, to align it with the rate structure used by NWC and other small players in the industry.
- 1.5. CDL proposed an average volumetric increase ranging from approximately 45% for its water customers and 85% for its sewerage customers.
- 1.6. A request to have the fixed service charge increased from \$739.28 to \$1,004.76 was also made. The company further requests that its miscellaneous fees be increased.
- 1.7. According to Schedule 3 of CDL’s Licences, the computation of the company’s tariffs should be based on the rate of return (or “cost plus”) methodology. However, in the context of limited availability of costs and operational data, the OUR has, over the years applied what has been referred to as the “No Objection Principle” to the approval of rates for private water and sewerage service providers.
- 1.8. The No Objection Principle is based on the notion that if the rates proposed by a private water or sewerage provider are below those being charged by the NWC for comparable services, the Office would not object to the implementation of the proposed rates.
- 1.9. Having completed the analysis of the Application and all the additional information presented by CDL, the OUR has decided to approve the rates proposed by CDL based on the No Objection Principle. In evaluating the Application, CDL’s rates were also benchmarked against that of the NWC and Runaway Bay Water Company Limited (RBWC).

1.10. In all volumetric rate categories, the CDL rates were 11% lower than that of the NWC and 17% higher than that of RBWC volumetric rates.

1.11. The details of the approved volumetric rates are shown in Table 1.1 below.

Table 1.1. OUR Approved Rates

Volumetric Service Blocks	CDL Proposed	OUR Approved
	Rate	Rate
WATER	(\$/1000 liters)	(\$/1000 liters)
0 to 14,000	133.08	133.08
For the next 13,000	236.84	236.84
For the next 14,000	258.15	258.15
Over 41,000	440.37	440.37
Commercial Rate Water		
0 to 9,100	508.55	508.55
Over 9,100	296.42	296.42
SEWERAGE	(\$/1000 liters)	(\$/1000 liters)
0 to 14,000	153.70	153.70
For the next 13,000	273.56	273.56
For the next 14,000	298.16	298.16
Over 41,000	508.61	508.61
Avg. Volumetric Charge	308.51	308.51
Commercial Rate Sewerage		
0 to 9,100	587.38	587.38
Over 9,100	342.38	342.38
Service Charge (JS/Month)	CDL Proposed	OUR Approved
5/8 inch / 15mm	1,044.76	1,044.76

1.12. The Office also approves the following:

- a) Unmetered water and sewerage services inclusive of (service charge): \$5,107.82
- b) Unmetered sewerage services inclusive of (service charge): \$2,936.70
- c) Reconnection Fee: \$4,500 for water and \$13,000 for sewerage
- d) Connection Fee: \$11,000 (water and sewerage)

1.13. The approved rates shall become effective 2024 May 01 and shall remain in effect for a period of no less than two (2) years.

1.14. CDL is required to maintain separate operating cost and asset accounts for its water and sewerage businesses and a summary of these accounts shall be submitted to the OUR for review within three (3) months of the end of each fiscal year.

1.15. Given the existence of unmetered service among its customers, CDL is required to submit a detail meter replacement and rollout plan for all its unmetered customers. The plan should specify the number and types of meters to be installed and costs associated with its installation. This document shall be submitted to the OUR at least six (6) months after the effective date of this Determination Notice.

1.16. Notwithstanding the decisions set out herein, the OUR intends to employ the cost-based approach stipulated in the company's licence at CDL's next rate review. In this regard, CDL will be required to have its books of accounts, financial statements all relevant records presented in a manner that supports the rate review exercise.

1.17. As part of the tariff process, a Public Consultation was held on 2023 January 08. This aspect of the process is designed to provide an opportunity for CDL's stakeholders to engage with the company on matters relating to the quality of service and the proposals set out in the Application.

1.18. Consequently, the Office has determined that:

1. CDL shall adhere to the revised Overall Standard D – Planned and Unplanned Interruptions specified in paragraph 7.3 on page 29, which states as follows:

Planned and Unplanned Interruptions

- At least 24 hours' notice shall be given to customers for at least ninety percent (90%) of planned service interruptions.
 - At least ninety percent (90%) of unplanned service interruptions should be restored within the time communicated by CDL to customers. CDL shall keep records of all planned and unplanned interruptions detailing: dates, times, affected areas, number of affected customers, reason/s for the unplanned interruption and notice provided to them.
2. CDL shall adhere to the revised Guaranteed Standards stipulated in Table 7.1 of this Determination Notice and all the other standards in its Licences and service contracts.
 3. CDL shall continue to submit quarterly reports to the Office on its performance against the Guaranteed Standards within thirty (30) working days of the end of the reporting period. These reports shall indicate the number of breaches committed against each standard and the potential and actual payout for each breach.
 4. Compensation for breaches of:
 - (a) Wrongful Disconnection, Reconnection after Wrongful Disconnection and Reconnection after Payment of Overdue Amounts will attract Special Compensation of \$4,179.04; and
 - (b) All other Guaranteed Standards will be \$3,134.28.
 5. Within two (2) months of this Determination Notice, CDL must update and submit to the OUR for approval, its Customer Service Charter which shall continue to include its service delivery commitments, customers' rights and responsibilities, emergency procedures, Complaints Handling Procedure, and contact details.

6. CDL shall within three (3) months of this Determination Notice explore and establish additional options for customers to make bill payments. This shall include CDL establishing arrangements with commercial banks and/or bill payment agencies that will increase the available options for bill payment.
7. Additionally, CDL shall within four (4) months of this Determination Notice, submit a report to the OUR outlining the solutions implemented to expand the bill payment options.

2. Introduction

- 2.1. Can-Cara Development Limited (CDL) is a privately owned limited liability company incorporated in Jamaica. The company was granted two (2) water supply licences in 2005 and 2012 and two (2) sewerage services licences in 2004 and 2012, respectively. The water and sewerage services are provided to areas in Western Spanish Town, St Catherine and the Meadows of Irwin Housing Development located in St. James respectively. For clarity, although the respective CDL's water supply and sewerage licences bear the year 2011 in the titles, they were issued in 2012. Notwithstanding, they will be collectively referred to as the "2011 Licences".
- 2.2. Through the Water Resource Authority (WRA) four (4) licences were issued to Can-Cara Environment Limited (CEL) for the abstraction of water, three (3) of which relate to its operations in St. Catherine and the other connected to its operations in St. James. The three (3) wells located in St. Catherine, namely Lime Walk #3, Lime Walk #1 and Craigallachie, are licensed to abstract the following amounts per day respectively 4,500m³, 2976m³ and 13,627.48 m³. The well located in St. James, Irwin # 2 is licensed to abstract 1,200m³.
- 2.3. The customer count for CDL is 2,155 within the parish of St. Catherine and 732 in the parish of St. James.
- 2.4. On 2022 November 04, CDL submitted its tariff application ("Application") for an increase in its water and sewerage rates. The company also mentioned several additional developments in St. Catherine that it wishes to serve once approval is given for an extension of its service area.
- 2.5. Following the preliminary review of the Application, additional data was required to inform the decisions relating to the proposed tariff. This additional information was received on 2023 February 03. Audited financial statements for the year 2020 were also submitted for CEL. The OUR examined these financials along with the additional data and realized that the operations of CDL and its subsidiaries are intertwined and therefore the data reflected in the audited accounts of the company needed further explanation.
- 2.6. Consequently, the OUR requested that CDL provide separated accounts, these accounts were submitted to the OUR via an email on 2023 September 25. The content of the accounts was examined and the OUR found the submission to be incomplete and lacked the disaggregation essential to the analytical focus required for the water and sewerage aspect of the business. For the purpose of tariff reviews and good management, CDL is required to maintain separated accounts for its water and sewerage business and the summary of these accounts is to be submitted to the OUR for review within three (3) months of the financial year.
- 2.7. As part of the tariff process, a Public Consultation was held on 2023 January 08. This aspect of the process is designed to provide an opportunity for CDL's stakeholders to engage with the company on matters relating to the quality of service and the proposals in Application.

- 2.8. This Determination Notice outlines CDL's proposal, the OUR's analysis and determinations on CDL's proposed water and sewerage rates. It also summarizes customers' feedback from the consultation with the stakeholders. The Determination Notice further outlines the service and guaranteed standards that CDL is required to observe for the tariff review period.
- 2.9. The final determinations outlined in this document were informed by the application of best practices by the industry where necessary, as well as the views and submission from stakeholders.

3. Legal Framework

- 3.1. The OUR is a multi-sector utility regulator established pursuant to the Office of Utilities Regulation Act (“OUR Act”), with regulatory oversight of the provision of prescribed utility services in Jamaica. Section 4(1)(a) of the OUR Act indicates that it is the function of the Office 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 as defined in section 2 and the First Schedule of the OUR Act.
- 3.2. Section 4 (4) of the OUR Act expressly empowers the OUR to determine the rates charged for the provision of a prescribed utility service. This section reads:
- “(4) 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.”*
- 3.3. The Licenses issued to CDL by the Minister with portfolio responsibility for the water and sewerage sectors, authorize the company to supply and distribute water and provide sewerage services to the specified service areas in the parishes of St. Catherine and St. James. Specifically, CDL’s Water Supply and Sewerage Licences respectively reinforce the OUR’s statutory powers to regulate the Licensed Business by providing that:
- “The Licensee in carrying out the Licensed Business shall be subject to regulation by the Office pursuant to the OUR Act and any other applicable Act and all regulations and rules made pursuant thereto.”*
- 3.4. With respect to price control, Clauses 16.17 1. and 2. of the 2011 Licences and Clauses 18 1. and 2. of the 2004 and 2005 Licences respectively provide that:
- “16.17 1. *The Licensee is subject to the conditions in Schedule 3*
- 2. The rates to be charged by “the Licensee” in respect of the prescribed utility service shall be subject to such limitation as may be imposed from time to time by “the Office”.*”
- “18 1. *The Licensee is subject to the conditions in Schedule 3*
- 2. The rates to be charged by “the Licensee” in respect of the prescribed utility service shall be subject to such limitation as may be imposed from time to time by “the Office”.*”
- 3.5. The Sewerage and Water Supply Licences stipulate that the rates and charges as determined by the OUR should provide a reasonable opportunity for the Licensee to make a reasonable return on capital employed after taking into account all reasonable costs incurred in the provision of services. Extracts from Schedule 3 of the Licences, provide as follows:
- “The rates for the supply of services by the Licensed Business shall be set such that the rates provide a reasonable opportunity for the Licensee to make a*

reasonable return on capital employed after taking into account all reasonable costs incurred in the provision of the services.

Revenue Requirement = operating costs + depreciation + taxes + return on investment, with each component defined as follows:

“Operating costs”: All prudently incurred costs which are not directly associated with investment in capital plant...

“Return on Investment”: ...The return on investment shall be calculated by multiplying the allowed rate-of-return by the Licensee’s total investment base (“Rate Base”) for the test year. The allowed rate of return is the Licensee’s Weighted Average Cost of Capital (WACC). The WACC (“K %”) will balance the interests of both consumers and investors and be commensurate with returns in other enterprises having corresponding risks which will assure confidence in the financial integrity of the enterprise so as to maintain its credit and to attract capital...”

- 3.6. The Licensee is permitted to apply to the Office for a tariff review as needed, but no more frequently than once in every two (2) years. Schedule 3 of the Licences provide that:

“At such intervals as “the Licensee” may determine but no more often than once in every two (2) years, the Licensee may submit an application for a tariff review. The Application must be supported with data and information as “the Office” will determine.”

- 3.7. The last tariff approval for CDL was 2018 January 10.
- 3.8. Notwithstanding the provisions of Schedule 3 of the Licences, the Office has applied a “No-Objection Policy” to small private water and sewerage providers, whereby rates proposed by these providers are approved on a “no objection” basis, if they are below those being charged by the NWC for comparable services.
- 3.9. Schedule 2 of the Licences expressly states that the Licensee shall observe prescribed service standards and it also authorizes the OUR to introduce new or vary existing guaranteed standards that will encourage and facilitate minimum standards of customer service.

4. Summary of Tariff Proposal

- 4.1. CDL in its Application requested an increase to its rates and charges. The company purported that the increase is needed as it has been operating at a loss of J\$66.7M. This loss was further exacerbated in 2020 when the company experienced a drastic decline in its profits due to the COVID-19 pandemic.
- 4.2. Tables 4.1 & 4.2 below reflect the existing and proposed rates and charges for CDL.

Table 4.1: CDL Existing and Proposed Volumetric Rate

Can-Cara Development Limited - Volumetric Rates					
Water Rates					
Consumption Bands (litres)	Existing Charges	Proposed Charges	Rate Change		
	JS/Month	JS/Month	JS	%	
Residential					
0 to 14,000	92.67	133.08	40.41	43.61%	
14,001 to 27,000	163.41	236.84	73.43	44.94%	
27,001 to 41,000	176.44	258.15	81.71	46.31%	
Over 41,000	225.22	440.37	215.15	95.53%	
Commercial					
0 to 9,100,000		508.55	508.55		
Over 9,100,000		296.42	296.42		
Sewerage Rates					
Consumption Bands (litres)	Existing Charges	Proposed Charges	Rate Change		
	JS/Month	JS/Month	JS	%	
Residential					
0 to 14,000	84.11	153.70	69.59	82.74%	
14,001 to 27,000	148.30	273.56	125.26	84.46%	
27,001 to 41,000	160.13	298.16	138.03	86.20%	
Over 41,000	204.39	508.61	304.22	148.84%	
Commercial					
0 to 9,100,000		587.38	587.38		
Over 9,100,000		342.38	342.38		

Table 4.2: CDL Existing and Proposed Service Charges and Miscellaneous Fees

Can-Cara Development Limited - Service Charge and Miscellaneous Fees				
	Existing Charges	Proposed Charges	Rate Change	
	JS/Month	JS/Month	JS	%
Service Charge (Water & Sewerage)	739.28	1,044.76	305.48	41.32%
Reconnection Fee (Water)	3000-6000	4500-8000	1500 - 2000	33% - 50%
Reconnection Fee (Sewerage)	10,000.00	15,000.00	5,000.00	50.00%
Unmetered Water & Sewerage Service (inclusive of service charge)	3,077.00	5,107.82	2,030.82	66.00%
Unmetered Sewerage Service (inclusive of service charge)	1,879.00	2,936.70	1,057.70	56.29%
Laid Connection Fee	6,900.00	15,000.00	8,100.00	117.39%
Unlaid Connection Fee	15,000.00	20,000.00	5,000.00	33.33%

- 4.3. In addition to its proposed rate increase, CDL requested that its rate bands be reduced from six (6) to four (4) tiers.
- 4.4. The company further asked that its fixed service charge continues to be a part of its tariff structure. Given that the company has expanded over the years, CDL requested that approval be granted to introduce commercial rates in its new tariff structure.

Summary of CDL Main Costs

- 4.5. The company stated that the year 2020 should be used as its test year, as such, it submitted the corresponding audited financials to support its claim. This was also used as the basis for the request made for the various costs outlined below.

Operation and Maintenance Cost

- 4.6. CDL stated that its operation and maintenance cost spreads across supplies, security, repairs & maintenance, motor vehicle expenses and travelling, quality testing and licenses and permits, which includes, a National Environment and Planning Agency (NEPA) fees of J\$3.9M for the sewerage pond.

Property and Utility Cost

- 4.7. The main concern for CDL under this cost category is the company’s electricity cost, which it has projected to be over J\$5M. The company also has a rental cost of J\$245,125 as well as the costs of their telephone service and stationery supplied.

Cost of Sales

- 4.8. The cost of sales sets out the production wages which are linked to the sales of the services offered by the company. Included in this category are the costs for the field staff, senior operation officers and independent meter reader. The category also includes an electricity cost spanning the period 2022 January to October, as well as the cost of chlorine which the company states is purchased nine times during the year.

Banking and Other Cost

- 4.9. The itemized costs are associated bank charges, audit and legal fees, finance charges which are linked to loan interests and insurance, which are linked to the generators, pumps, and chlorinator.

Property Tax

- 4.10. This is the tax associated with all the properties that are owned by CDL, which are used in the company's operation.

5. Evaluation of the Application

- 5.1. In its Application, CDL proposed a methodology that is based on the No Objection Principle. This principle is predicated on the fact that if a small private provider's rate is less than that of the NWC for equivalent rate categories, then the rates will be approved using benchmarking analysis. Although this approach requires that the OUR departs from the 'known and measurable' principles employed in performing rate reviews, the OUR is mindful that water and sewerage companies in the sector may not have the necessary data needed to set tariffs based on the cost-based approach.
- 5.2. Given that CDL has been in operation for some time, coupled by the fact that the company has already been through several tariff processes, the OUR expected that CDL would be in a position to have the necessary baseline data needed for a cost-based tariff. Thus, the OUR in its evaluation started its analysis in accordance with Schedule 3 of CDL's Licences.
- 5.3. Schedule 3 of the Licences prescribes the methodology for determining the rates to be charged by CDL. The Licences prescribe that the Rate of Return methodology is to be used in the rate review process. The methodology includes, but is not limited to the following:
- Establishing a test year, this is the latest twelve (12) months that have audited accounts.
 - Adjusting the test year cost if necessary, so that the normal operating conditions are reflected.
 - Determining the rate base to reflect net investments with adjustments where appropriate.
 - Determining the revenue requirement (RR) as follows:
- $$RR = \text{operating costs} + \text{depreciation} + \text{taxes} + \text{fair return on investment}$$
- $$\text{Where Price/Tariff} = \text{Revenue Requirement/Quantity Demanded}$$
- 5.4. This approach to the rate review process is aimed at setting rates for the supply of services, which provide an opportunity for the utility to make a reasonable return on capital employed in the business based on cost efficiency.
- 5.5. Notwithstanding OUR's attempt to determine cost-based tariff, it became evident that CDL's data was not captured in a way to facilitate this type of analysis. The OUR requested and CDL presented the separated accounts, but the costs, revenues and fixed assets submitted remained ambiguous and questionable. Consequently, it would not have allowed the OUR to make an informed decision to derive rates that are effective and efficient.

Issues with the Current Tariff Application

Test Year Audited Financials

- 5.6. In accordance with the Licences, CDL submitted its 2020 audited financial statements. The analysis of the financial statements revealed that the information represents cumulative costs, revenues, and assets for the company. CDL explained that information presented

included the activities of Can-Cara Environment Limited (CEL). CEL is a company incorporated to oversee the water and sewerage services activities undertaken by CDL and therefore, the company’s financial statements should be used to substantiate the cost incurred by the water and sewerage arm of the company.

- 5.7. The OUR, having examined CEL’s financial statement, was unclear as to the assets and costs that would have been used to efficiently and effectively calculate CDL rates.
- 5.8. The matrix below (Figure 1) outlines the major challenges associated with using each of the audited financials submitted.

Figure 1. Issues identified in CEL and CDL Financial Statements

Item	CEL 2020 Audited Financials	CDL Audited Financials	Comments
1. Property Plant Equipment for Rate Base	The PPE reported (\$11.96M) does not include the cost associated with the major water and sewerage infrastructure.	The PPE reported (\$1,139M) includes the fundamental water and sewerage assets for the licensed business. However, this category contains assets for both the regulated and unregulated business.	Using the CEL PPE would understate the rate base. Using CDL could possibly overstate the rate base. Can the OUR objectively set rates using the financials of a unregulated company? Can both financials be combined and used?
2. OPEX	Total operation expenses amounting to \$16.6M (CEL) does not include some major operational costs for the licensed business, such as: electricity cost (\$16M) for all the plants and lift stations, Licence and Permit fees for NEPA and WRA, staff costs for all employees working in the licensed business.	In the absence of a clear account separation, it is difficult to accurately decipher what portion of \$136.8M (CDL) is attributable to the licensed business.	Using CEL will exclude majority of the operational costs associated with the licenced business while using CDL will overstate the OPEX as non-regulated business expenses are included and there are no clear cost drivers which could be used to apportion each expense.
3. Revenues	Total revenue reported by CEL is \$38.8M and only consist of interest income and managerial fees, both received from CDL. Although CEL is the company	Total revenue of \$92.27M reported in CDL’s financials was not detailed in the financial notes to state what portion was revenues earned from water and sewerage services.	The Audited Revenue is needed to decide by how much the existing rates are to be increased to recover the approved revenue requirement.

- 5.9. After evaluating both financial statements, the OUR requested the submission of the separated costs based on the audited accounts for the Licensed Business. The company provided some semblance of separated costs, but most of these costs were not linked to those presented in its test year audited financial statement.
- 5.10. Given the reasons discussed above, the OUR takes the view that benchmarking is necessary to establish an interim tariff for CDL. During the interim period, the OUR will guide CDL on how to keep regulated accounts that are necessary for rate setting.

OUR's Benchmarking Analysis

- 5.11. Benchmarking technique is a powerful comparative tool, as it allows the regulator to reduce information asymmetries about the feasible scope of cost reductions and rate levels achievable, by comparing the utility to the best practices of other companies in the industry.
- 5.12. Based on the 'No-Objection' approach, CDL's rates are assessed against the NWC's water and sewerage rates to determine if the proposed tariffs can be approved. In addition, for benchmarking purposes, CDL's proposed rates were assessed against the tariffs of the Runaway Bay Water Company (RBWC), a comparable water and sewerage utility.

Volumetric Rates

- 5.13. Table 5.1 below compares CDL's proposed rates with that of the NWC. CDL's proposed rates are 10.6% lower than NWC's current rate across water and sewerage services.

Table 5.1: The Comparison of the Existing and Proposed Rates for Can-Cara Development Limited and the National Water Commission

Consumption Blocks (Litres)	Existing CDL Rates	Proposed CDL Rates	Proposed Percentage Increase	NWC Rates	Percentage Difference (Proposed CDL vs. NWC Rates)
	\$/000' litres	\$/000' litres	%	\$/000' litres	%
Water					
Residential					
0 to 14,000	92.67	133.08	43.61%	147.24	-10.6%
For the next 13,000	163.41	236.84	44.94%	262.04	-10.6%
For the next 14,000	176.44	258.15	46.31%	285.62	-10.6%
Over 41,000	225.22	440.37	95.53%	487.23	-10.6%
Commercial					
0 to 9,100,000		508.55		562.66	-10.6%
Over 9,100,000		296.42		327.96	-10.6%
Sewerage					
Residential					
0 to 14,000	84.11	153.7	82.74%	170.05	-10.6%
For the next 13,000	148.3	273.56	84.46%	302.67	-10.6%
For the next 14,000	160.13	298.16	86.20%	329.89	-10.6%
Over 41,000	204.39	508.61	148.84%	562.73	-10.6%
Commercial					
0 to 9,100,000		587.38		649.87	-10.6%
Over 9,100,000		342.38		378.81	-10.6%

- 5.14. Table 5.1 above also shows the comparison of the proposed volumetric rates for CDL against its existing rates. Even though the rate increase varies at different consumption levels, the larger rate increase is partially the result of the company reducing its consumption band from six tiers to four to be consistent with other players in the industry.
- 5.15. The OUR takes the view that CDL should be allowed to implement a volumetric rate structure comparable to that of the NWC and other providers for purposes of standardization. The four-tier volumetric structure as proposed by CDL is applicable to water and sewerage customers and allows for standardization of consumption band among water and sewerage service providers in the industry.
- 5.16. To further examine CDL's rate using the benchmark approach, the company rates were compared against the RBWC's rates. Table 5.2 below shows the comparison between both rates.

Table 5.2 Comparison between CDL's Proposed and RBWCL Existing Water and Sewerage Rates

Consumption Blocks (Litres)	Existing CDL Rates	Proposed CDL Rates	Proposed Percentage Increase	RBWC Rates	Percentage Difference (Proposed CDL vs. RBWC Rates)
	\$J,000' litres	\$J,000' litres	%	\$J,000' litres	%
Water					
Residential					
0 to 14,000	92.67	133.08	43.61%	109.95	17.4%
For the next 13,000	163.41	236.84	44.94%	195.54	17.4%
For the next 14,000	176.44	258.15	46.31%	213.24	17.4%
Over 41,000	225.22	440.37	95.53%	363.43	17.5%
Commercial					
0 to 9,100,000		508.55		419.76	17.5%
Over 9,100,000		296.42		244.68	17.5%
Sewerage					
Residential					
0 to 14,000	84.11	153.7	82.74%	127.89	16.8%
For the next 13,000	148.3	273.56	84.46%	226.32	17.3%
For the next 14,000	160.13	298.16	86.20%	248.08	16.8%
Over 41,000	204.39	508.61	148.84%	423.36	16.8%
Commercial					
0 to 9,100,000		587.38		488.91	16.8%
Over 9,100,000		342.38		284.98	16.8%

- 5.17. Based on Table 5.2 above, the rates proposed by CDL is on average 17.5% and 16.9% more than the rate approved for RBWCL water and sewerage tariff respectively, based on RBWCL's last Annual Price Adjustment Increase in 2023.

- 5.18. Notwithstanding, the OUR’s decision to employ the ‘No-Objection’ methodology in this rate review, the OUR has an obligation to employ the cost-based approach stipulated in the Licences. In this regard, CDL will be required to have its books of accounts, financial statements all relevant records presented in a manner that supports the rate review exercise. The OUR emphasizes that the company water and sewerage services accounts must be separated from the development arm of the business.
- 5.19. In addition, all audited financial statements and records presented to support a tariff application for water and sewerage services must contain detailed information for the Licensed Business. Furthermore, CDL must be able to furnish readily, full information as to any items included in any of its accounts presented. Entries of revenues, expenses, assets, and liabilities must be presently unambiguously for CDL’s water and sewerage arm of the business respectively and CDL must be able to present detailed information about these entries, if and where necessary.

Service Charge

- 5.20. CDL proposed a service charge of \$1,044.76, representing the recovery of the costs in the billing process and meter reading activities. The OUR takes the view that a service charge is a critical component to a water utility’s rate structure. Service charges are usually fixed rates that are applied to a bill and cover those administrative overheads that are incurred in a water utility’s operations.
- 5.21. The OUR has no objection to the service charge proposed by CDL, as it is within the range charged within the industry. Table 5.3 below shows the approved service charge for four service providers in the industry, many of which were granted approval for a service charge at least three years ago.

Table:5.3 Service Charge Comparison between CDL and other Water Providers

Service Charge (JS/Month)	CDL Approved	NWC	DEML	RBWC	RESL
5/8 inch / 15mm	1,044.76	1,155.92	866.98	859.56	715

- 5.22. In this regard, a monthly service charge of \$1,044.76 is approved for residential customers with 5/8-inch meter.

Miscellaneous Fees

- 5.23. In its Application, CDL stated that its miscellaneous fees consist of flat rate and charges for water and sewerage services as well as reconnection and connection fees. Table 5.4 below shows CDL’s existing and proposed miscellaneous fees and charges.

Table 5.4 CDL Proposed Miscellaneous Fees

CDL Environmental Services Limited - Miscellaneous Fees			
Description	Existing Charges	Proposed Charges	Change
	J\$/Month	J\$/Month	%
Unmetered water and sewerage services (inclusive of service charge)	3077	5107.82	66.00%
Unmetered sewerage services (inclusive of service charge)	1879	2936.7	56.29%
Reconnection Fees			
Water	3,000-6,000	4500-8000	33.33% - 50.00%
Sewerage	10,000.00	15,000.00	50.00%
Water Meter Connection :			
Laid Connection	6900	15000	117.39%
Unlaid Connection	15000	20000	33.33%
Connection Fee	-	11,000.00	

- 5.24. CDL’s miscellaneous charges consist of flat rate charges for water and sewerage services as well as reconnection and connection fees. These charges are for services required within the industry, even though they are described using different jargons.
- 5.25. Under certain circumstances, the OUR has no objection to the concept of flat rates proposed by CDL. However, it must be emphasized that from a rate making perspective, this is neither fair nor efficient way of recovering variable revenues. CDL argued in its Application¹ that in future months the company’s revenues will improve because of the elimination of its existing flat rates but currently some customers are not metered, and it is important that a volumetric rate be levied on them.
- 5.26. The OUR encourages CDL to expeditiously undertake its metering exercise because industry standards require that customers be billed based on consumption. Furthermore, CDL’s subsidized flat rate can be seen as inequitable to other customers. The Office requires that CDL submit a detailed meter replacement and rollout plan for all its unmetered customers. The plan should specify the number and types of meters to be installed and costs associated with its installation. This document should be submitted to the OUR within six (6) months after the effective date of this Determination Notice.
- 5.27. CDL explained that occasionally it incurs costs associated with connecting new customers as well as reconnection fees. The OUR recognizes that there are costs associated with reconnecting and connecting service for customers. Consequently, CDL provided a breakout of the cost components of water reconnection and connection fees.
- 5.28. Table 5.5 below lists the costs faced by CDL to connect and reconnect customers.

¹ See p.15 of Can-Cara’s Tariff Application
 Can-Cara Development Limited Water and Sewerage Rates
 Determination Notice
 Document No. 2024/WAS/006/DET.002
 Date: 2024 April 25

Table 5.5: Calculation of CDL’s Water Connection and Reconnection Fee

CDL Miscellaneous Fees Calculation		
Description	Reconnection Fee	Connection Fee
	JS Cost	JS Cost
Administrative Charges	1,200	1,200
Labour Charges	1,600	4,000
Material Cost	600	3,700
Transportation	1,100	2,100
Total	4,500	11,000

- 5.29. Even though CDL’s calculation for water reconnection and connection appears to be notional, rather than based on actual cost, they appear reasonable. Further, CDL has not shown any exceptional circumstances that would justify the OUR’s approving the fees requested and stated in Table 5.5 above. In this regard, an analysis was done of CDL’s proposed reconnection and connection fees against NWC’s comparable charges and the OUR has approved the fees arising from CDL’s calculations. Accordingly, CDL’s approved water reconnection fee will be set at \$4,500 and the water connection fee at \$11,000 (see Table 5.5 above).
- 5.30. CDL proposed a sewerage reconnection fee of \$15,000. Currently, the upper limit of NWC’s charge for that service is \$13,000. The OUR has therefore decided that it should be capped at the maximum fee charged by NWC. Consequently, CDL’s approved sewerage reconnection fee is \$13,000 (see Table 5.6 below).

Table 5.6: CDL’s Proposed and OUR’s Approved Miscellaneous Fees

CDL - Miscellaneous Fees			
Description	CDL Proposed	NWC Existing	OUR Approved
	JS	JS	JS
Reconnection Fees			
Water	4,500-8,000	1,000-13,000	4,500
Sewerage	15,000	1,000-13,000	13,000
Connection Fees :			
Water & Sewerage			
-Laid Connection	15,000	N/A	11,000
-Unlaid Connection	20,000	N/A	

- 5.31. In keeping with CDL’s water connection fee calculation and in the absence of a specific calculation for sewerage connection fee, the OUR has decided that the connection fee applicable to water services should be applied to connection services both for ‘Laid’ and ‘Unlaid’ connections.

The Bill Impact of Approved Rates

- 5.32. In analysing the bill impact for CDL, the OUR examined the effects on customers' bills if average consumption for residential water and sewerage customers are at the lifeline rate of 14,000 litres monthly.
- 5.33. For a typical water only customer with an average consumption of 14,000 litres/month, with the approved rates, the total bill will increase by approximately 43%. See Table 5.7 below.

Table 5.7 CDL Bill Impact with OUR Approved Rates for Water Customers

14,000 liters Description	*Current* Bill			*New* Bill		Bill Impact	
	'000 litres	Rate (J\$)	Total	Rate (J\$)	Total	JMD Change	% Change
14							
1st 14000	14	92.67	\$ 1,297.38	133.08	1863.12	\$ 565.74	0.44
Service Charge		739.28	\$ 739.28	1,044.76	\$ 1,044.76	\$ 305.48	0.41
TOTAL			\$ 2,036.66		\$ 2,907.88	\$ 871.22	42.78%

- 5.34. For residential customers who have both water and sewerage services, and who uses the lifeline rate of 14,000 litres/month these customers will see a 57% increase in his/her monthly bills.
- 5.35. It is important to point out that the rate structure is an increasing block structure and therefore the increase in rates on customer's bills will largely be dependent on the customers' ability to conserve water monthly. That is, a large percentage of the bills are dependent on variable consumption charge over which the customer has full control. The details of the bill impact is shown in Table 5.8 below.

Table 5.8 CDL Bill Impact with OUR Approved Rates Water and Sewerage

14,000 liters Description	*Current* Bill			*New* Bill		Bill Impact	
	'000 litres	Rate (J\$)	Total	Rate (J\$)	Total	JMD Change	% Change
14							
1st 14000	14	92.67	\$ 1,297.38	133.08	1863.12		
TOTAL			\$ 1,297.38		\$ 1,863.12	\$ 565.74	43.61%
Sewerage							
1st 14000	14	84.11	\$ 1,177.54	153.7	2151.8		
Service Charge		739.28	\$ 739.28	1,044.76	\$ 1,044.76	\$ 305.48	41.32%
TOTAL			\$ 3,214.20		\$ 5,059.68	\$ 1,845.48	57.42%

- 5.36. The approved rates shall become effective on 2024 May 01 and is to remain in effect for a period of no less than two (2) years. Table 5.9 below shows the details of the approved rates.
- 5.37. Going forward, CDL is again reminded to separate all water and sewerage costs and assets to facilitate a fulsome analysis of the tariff components. The absence of clearly defined costs and assets will result in the OUR's rejection of that tariff application.

Table 5.9 OUR Approved Rates and Charges

Volumetric Service Blocks	CDL Proposed	OUR Approved
	Rate	Rate
WATER	(\$/1000 liters)	(\$/1000 liters)
0 to 14,000	133.08	133.08
For the next 13,000	236.84	236.84
For the next 14,000	258.15	258.15
Over 41,000	440.37	440.37
Commercial Rate Water		
0 to 9,100	508.55	508.55
Over 9,100	296.42	296.42
SEWERAGE	(\$/1000 liters)	(\$/1000 liters)
0 to 14,000	153.70	153.70
For the next 13,000	273.56	273.56
For the next 14,000	298.16	298.16
Over 41,000	508.61	508.61
Avg. Volumetric Charge	308.51	308.51
Commercial Rate Sewerage		
0 to 9,100	587.38	587.38
Over 9,100	342.38	342.38
Service Charge (JS/Month)	CDL Proposed	OUR Approved
5/8 inch / 15mm	1,044.76	1,044.76

Determination 1:

- a) In accordance with the No-Objection Principle, the Office approves the water and sewerage rates as proposed by CDL. These rates are set out in Table 5.9.
- b) The Office also approves the following charges and fees:
 - Unmetered water and sewerage services inclusive of (service charge): \$5,107.82
 - Unmetered sewerage services inclusive of (service charge): \$2,936.70
 - Reconnection Fee:
 - Water: \$4,500
 - Sewerage: \$13,000
 - Connection Fee:
 - Water: \$11,000
 - Sewerage: \$11,000
- c) The Office has determined that CDL is required to submit a detail meter replacement and rollout plan for all its unmetered customers. The plan should specify the number and types of meters to be installed and costs associated with its installation. This document shall be submitted to the OUR within six (6) months after the effective date of this Determination Notice.
- d) Notwithstanding, the OUR decision intends to employ the cost-based approach stipulated in the company's Licences at CDL's next rate review. In this regard, CDL will be required to have its books of accounts, financial statements all relevant records presented in a manner that supports the rate review exercise.
- e) For the purpose of facilitating tariff reviews and good management, CDL is required to maintain separated accounts for its water and sewerage businesses and the summary of these accounts is to be submitted to the OUR for review within three (3) months of the financial year.

6. Public Consultation

- 6.1. The OUR, in keeping with its mandate and practice, hosted a virtual public consultation on 2023 January 8 with the customers of CDL as part of its tariff review process. The virtual public consultation was attended by CDL customers from the following communities: Meadows of Irwin – St. James, Chedwin Park, Jacaranda Homes, Magil Palms and White-Water Meadows in St. Catherine. The consultation provided an avenue through which CDL customers were made aware of the various aspects of their service provider's tariff proposals and an opportunity for the OUR to obtain comments on the Application, as well as the quality-of-service experience of the customers.
- 6.2. In presenting the basis for its Application, CDL indicated that the main cost driver is an over 200% increase in electricity rates since 2018. CDL stated that the increased electricity rates represented about 69% of the company's expenses. Other increases have also been realised in maintenance costs, loan interest, and security expenses since 2018. CDL also stated that the proposed increase in the sewerage rates is greater than that for water rates because the cost to operate the sewerage system is higher than those to supply potable water. In addition, CDL stated that it intends to undertake initiatives to improve its customer service delivery. However, this is dependent on the approval of its Application.

HIGHLIGHTS OF CUSTOMERS' CONCERNS

- 6.3. The following highlights the concerns raised by customers regarding the Application at the virtual public consultation and in writing:

Rate, rationale and high level of the proposed increase.

- 6.4. Customers asked CDL to confirm the percentage increases in the rates being requested, as it was not evident in CDL's presentation or tariff submission. Customers further queried the rationale for the level of increases being requested, which based on their calculations, amounted to approximately 31% and 45% for water and sewerage rates, respectively. Customers disagreed with the levels of increases being requested, as they are not commensurate with their salary increase levels and would therefore become a financial burden, if granted.
- 6.5. Customers further noted the lack of infrastructure improvement projects in CDL's rate increase submission. One customer noted that the Magil Palms community is without a gravity-fed tank which results in service disruption whenever the pump is inoperable, which needs to be addressed.

CDL's Response

- 6.6. CDL was unable to indicate the percentage increase being requested for its water and sewerage services. However, CDL noted that the over 200% increase in electricity rates since 2018 has resulted in increased operational costs for the company and forms the basis for its requested rate increase proposal. CDL further advised that the proposed rate increase remains below the rates being charged by the NWC.

Customer Service Concerns

- 6.7. Customers highlighted a number of service delivery concerns that should be addressed and noted that improvements in customer service should not be dependent on the requested rate increase being approved. The customer service concerns raised by customers included:
- The limited options available for bill payment;
 - Unsuitable facilities and the limited number of customer service representatives available to handle customer interface, issues and/or queries;
 - Complaints not being addressed in a timely manner. For example, customers reported undue delay in CDL addressing complaints about overflowing water chambers and sewerage;
 - The limited use of technology in service delivery. For example, there should be the option to receive bills via email instead of what currently obtains; and
 - The need for CDL to expand the communication channels used.

CDL's Response

- 6.8. CDL stated that the bill payment issues pertaining to Meadows of Irwin will be addressed once the ongoing renovations at the Stonehouse are completed. Additionally, CDL indicated that it is again in discussions with bill payment agency, Paymaster, to provide services, given that the increase in its customer base has allowed the company to meet Paymaster's requirements. CDL also reiterated its intention to undertake initiatives to improve its customer service delivery, once it is provided with the financial resources required.
- 6.9. However, CDL advised that the current process of printing and delivering bills at the premises is to ensure that occupants receive them, since accounts are held in the name of the property owner who may not be the occupant.
- 6.10. CDL further advised that the lack of a designated customer service area at its Spanish Town office is due to safety and security concerns. As an alternative, CDL advised that customers can also submit their complaints/queries via email.

Energy Reduction Initiatives

- 6.11. Customers queried the measures being taken by CDL to reduce its reported high energy costs. Customers further probed whether CDL had explored incorporating alternate energy sources in its operations. They also queried the level of increase of CDL's electricity cost, noting that the over 200% is not commensurate with the level of rate increase for the Jamaica Public Service Company Limited (JPS) over the same period.

CDL's Response

- 6.12. CDL advised that it is exploring alternative energy sources. However, research indicates that significant capital is required to acquire and install this technology. As such, the research being conducted includes ways to incorporate alternative energy sources at the least cost.
- 6.13. With regard to its increased energy costs, CDL advised that this is associated with an increase in its customer base, which requires the company to increase its pumping activity. However, CDL stated that despite the increased customer base, customers' delinquency in making their bill payments on time and in full has negatively affected the company's finances.

Sewer System Concerns

- 6.14. Customers raised concerns regarding CDL's operations and maintenance of its sewer system. Complaints regarding incidents of sewerage overflow and odour in their communities were raised by customers from both Meadows of Irwin and Magil Palms.

CDL's Response

- 6.15. CDL pointed out that maintenance activities are conducted on its sewer systems every three (3) months. However, the problems of overflow and odour is as a result of foreign objects being placed in the system which results in the system becoming clogged and overwhelmed. CDL encouraged customers to assist them in keeping the sewer system clear by not placing foreign objects in the systems.

7. Quality of Service Standards and Performance Criteria

7.1. In keeping with its regulatory mandate and provisions of CDL's Licences, the Office had established Quality of Service (QoS) standards to be attained by the water and sewerage service provider. The QoS standards comprise the Overall and Guaranteed Standards.

Overall Standards

7.2. The Overall Standards represent several general performance criteria to be met by CDL but will not result in compensatory payments to customers where the targets are not met. However, CDL must submit quarterly reports on its performance against these targets.

Amendment to Overall Standard D – "Planned and Unplanned Interruptions"

7.3. As part of this tariff review exercise, and in keeping with its right to introduce additional standards or make amendments to the existing ones from time to time, the OUR has reviewed the Overall Standards as set out in Schedule 2 of CDL's Licences and the Can-Cara Development Limited Water and Sewerage Rates Determination Notice (Document No.: 2018/WAS/003/DET.003), dated 2018 January 10 (2018 Determination Notice). Consequent on its review, the OUR has determined that the Overall Standards as stated in the 2018 Determination Notice, will continue to apply except for the Overall Standard related to "Water Supply", which has been modified. The changes to the Water Supply Overall Standard are intended to ensure that the requirements for unplanned interruptions of service are reasonable and allow CDL the time needed to assess the reason for the unplanned outage and indicate a restoration timeline.

Overall Standard – Water Supply shall be replaced as follows:

"Planned and Unplanned Interruptions

At least 24 hours' notice shall be given to customers for at least ninety percent (90%) of planned service interruptions.

At least ninety percent (90%) of unplanned service interruptions should be restored within the time communicated by CDL to customers. CDL shall keep records of all planned and unplanned interruptions detailing: dates, times, affected areas, number of affected customers, reason/s for the unplanned interruption and notice provided to them."

Guaranteed Standards

7.4. The Guaranteed Standards (GS) prescribe service levels such as Service Connection, Billing, Complaint Investigation, Metering, Disconnection, Reconnection and

Compensation Payment to be met by CDL. Any failure by CDL to adhere to any individual GS will result in compensatory payment to the affected customer.

- 7.5. In keeping with its power to introduce additional or modify the Guaranteed Standards from time to time, the OUR has also reviewed the GS as set out in Schedule 2 of CDL’s Licences and the 2018 Determination Notice. Consequent on the review, the OUR has decided to substantially restate the GS as outlined in the 2018 Determination Notice, with some refinement being made to six (6) of them to improve clarity in the description of the particular GS.
- 7.6. In light of the foregoing, the GS to be met by CDL, are outlined in Table 7.1 below:

Table 7.1: Guaranteed Standards

Code	Guaranteed Standard	Mode of Compensation
GS1 – Connection of New Customers	CDL must connect all new customers with working meters, where water supply is available at the property boundary, within three (3) working days after signing the contract for connection.	Automatic
GS2 – Issue of First Bill	CDL must issue (print and mail/deliver) a bill to a customer based on a meter reading within thirty (30) working days after the account is opened.	Automatic
GS3(a) – Response to complaints - Acknowledgements	CDL must acknowledge written customer complaints within three (3) working days of receipt.	Claim
GS3(b) – Response to Complaints - Investigations	CDL must complete investigations within fifteen (15) working days of receipt of a complaint and inform the customer of the results.	Claim

Code	Guaranteed Standard	Mode of Compensation
GS3(c) – Investigations involving 3rd party	CDL must complete investigations into a complaint involving a 3 rd party within thirty (30) working days.	Claim
GS4 (a) – Wrongful Disconnection	CDL shall not disconnect the service of an account with no overdue amount or where an amount is in dispute and is the subject of an investigation internally or by the OUR.	Automatic
GS4 (b) – Reconnection after Wrongful Disconnection	CDL must reconnect any supply that the company wrongfully disconnects and a written apology extended, within twelve (12) hours of disconnection.	Automatic
GS5 – Repair or Replacement of Faulty Meter	CDL must, within ten (10) working days after detection, or after being informed of a meter defect, repair or replace any malfunctioning meter.	Automatic
GS6 – Meter Readings	Where the service is metered, CDL must render a bill based on an actual meter reading each month.	Automatic
GS7 – Reconnection after Payment of Overdue Amount	CDL must reconnect customers disconnected for any outstanding balance within twenty-four (24) hours of receipt of all applicable payments (reconnection fee, etc.).	Automatic

Code	Guaranteed Standard	Mode of Compensation
GS8 – Payment of Compensation	<p>CDL shall credit customers' accounts within one (1) billing period after a breach of any of the prescribed Guaranteed Standards.</p> <p>For the avoidance of doubt, if CDL does not compensate the customer within the specified time, this results in another breach. Where applicable, customers must submit claims within one hundred and twenty (120) days after the breach.</p>	Automatic

Guaranteed Standards Compensation

- 7.7. The compensation mechanism for CDL will continue to include the application of automatic payments for some breaches, while the submission of a Claim Form will be required for the remaining breaches, as outlined in Table 7.1 above.
- 7.8. Customers are not required to submit a claim form for breaches that attract automatic compensation. Instead, CDL will verify the occurrence of the identified or reported breach and apply the applicable credit to the affected customer's account.
- 7.9. However, for breaches attracting the submission of a Claim Form, customers shall complete and submit the form to CDL within one hundred and twenty (120) days after the date of the breach.
- 7.10. The Office has further determined that, except for standards identified for Special Compensation, compensation for breach of a GS will be three (3) times the approved service charge which is \$3,134.28.

Special Compensation

- 7.11. Special Compensation is determined for breaches in relation to Reconnection after payment of overdue amounts, Wrongful Disconnection and Reconnection after Wrongful Disconnection. These will attract compensation of \$4,179.04, which is four times the fixed service charge.

Reporting Requirement

- 7.12. CDL shall adhere to the performance criteria for GS, outlined in Table 7.1 above, along with Overall Standards and all the other standards in CDL Licences and service contracts.
- 7.13. CDL shall continue to submit quarterly reports to the Office on its performance against the GS within thirty (30) working days of the end of the reporting period. These reports shall indicate the number of breaches committed against each standard and the potential and actual payout for each breach.
- 7.14. The OUR has decided to defer any further amendments to CDL's GS Scheme to its upcoming comprehensive review of the GS Scheme for all small water and/or sewerage providers. The review will be done through a consultative process from which decisions regarding changes to the GS Scheme will be made.

Issues for Policy Development

- 7.15. The Office is of the view that some of the concerns relating to service delivery that were highlighted by customers for improvement are more appropriately addressed through the development of policies. Accordingly, CDL, under the guidance of the OUR, is required to update and/or undertake the following activities for implementation:

- **Customer Service Charter and Complaints Handling Procedure**

- 7.15.1. Within two (2) months of the effective date of this Determination Notice, CDL must update and submit to the OUR for approval, its Customer Service Charter which shall continue to include its service delivery commitments, customers' rights and responsibilities, emergency procedures, Complaints Handling Procedure, and contact details.

- **Expand the Bill Payment Options**

- 7.15.2. In light of customers' complaints about the limited options available for bill payments, CDL shall within three (3) months of the effective date of this Determination Notice explore options with a view to establishing additional options for making bill payments. This shall include CDL establishing arrangements with commercial banks and/or bill payment agencies that will increase the available options for bill payment.
- 7.15.3. Additionally, CDL shall within four (4) months of the effective date of this Determination Notice, submit a report to the OUR outlining the solutions implemented to expand the bill payment options.

Determination 2:

The Office has determined that:

1. CDL shall adhere to the revised Overall Standard D – Planned and Unplanned Interruptions specified in paragraph 7.3 on page 29, which states as follows:

Planned and Unplanned Interruptions

- At least 24 hours' notice shall be given to customers for at least ninety percent (90%) of planned service interruptions.
 - At least ninety percent (90%) of unplanned service interruptions should be restored within the time communicated by CDL to customers. CDL shall keep records of all planned and unplanned interruptions detailing: dates, times, affected areas, number of affected customers, reason/s for the unplanned interruption and notice provided to them.
2. CDL shall adhere to the revised Guaranteed Standards stipulated in Table 7.1 and all the other standards in its Licences and service contracts.
 3. CDL shall continue to submit quarterly reports to the Office on its performance against the Guaranteed Standards within thirty (30) working days of the end of the reporting period. These reports shall indicate the number of breaches committed against each standard and the potential and actual payout for each breach.
 4. Compensation for breaches of:
 - (a) Wrongful Disconnection, Reconnection after Wrongful Disconnection and Reconnection after Payment of Overdue Amounts will attract Special Compensation in the amount of \$4,179.04; and
 - (b) All other Guaranteed Standards will be \$3,134.28
 5. Within two (2) months of the effective date of this Determination Notice, CDL must update and submit to the OUR for approval, its Customer Service Charter which shall continue to include its service delivery commitments, customers' rights and responsibilities, emergency procedures, Complaints Handling Procedure, and contact details.
 6. CDL shall within three (3) months of the effective date of this Determination Notice explore and establish additional options for customers to make bill payments. This shall include CDL establishing arrangements with commercial banks and/or bill payment agencies that will increase the available options for bill payment.