

DAIRY SPRING LIMITED
(Water Resources & Water Utility Services)
 1B Easton Avenue, Cottage #1, Kingston 5, Jamaica
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Dear Customer,

DAIRY SPRING LIMITED (DSL) - Application for Increase in Water Rates

Please be advised that Dairy Spring Ltd (DSL) has applied to the Office of Utilities Regulation (OUR) for an increase in water rates charged to our Customers, as follows:

Supply Category	Present			Proposed		
	Effective Date	Rate per		Effective Date	Rate per	
		1,000 gals	1 cubic meter		1000 gals	1 cubic meter
Commercial	2020 Mar 05	1,050.00	231.00	2025 Mar 01	2,100.00	462.00
Export	2020 Mar 05	1,500.00	330.00	2025 Mar 01	3,000.00	660.00

Also, be advised that DSL has maintained its capacity to produce and distribute its licensed abstraction capacity of 3,406 m³/d, with a near 100% reliability. Water supplied to customers continues to be of high quality and adequate pressure, as determined by our daily monitoring of the distribution system. Non-revenue water over 2023 has averaged 6%. Neither have we breached any of the conditions attached to the OUR's 2020 Rate Determination.

The proposed 100% increase in rates is intended to recover losses in earnings, increased costs resulting from a **33% increase in inflation** (2020 January to 2024 June, STATIN, 2024), and a **21.5% devaluation** of the Jamaican dollar with respect to the US Dollar (Bank of Jamaica - 2020 Jan 02 to 2024 Oct 31). Also, it is intended to facilitate loan repayments, allow planned capital improvements, and continue our efficient operations.

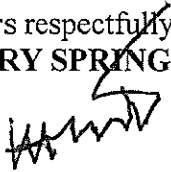
The proposed increase would be applied over a 6-month period, to minimize the impact of this substantial increase i.e., 50% at award, and 50% after 6-months.

Despite the 100% increase, our rates remain very competitive, as compared to the Commercial Water Rate of the National Water Commission (NWC), which was **\$718.42** per cubic metre in October 2024. The NWC rate includes (a) Water Charge; (b) Service Charge; (c) Price Adjustment Mechanism (PAM); (d) X-Factor, and (e) K-Factor. The DSL commercial rate at 100% increase is **\$462.00** per cubic metre, some **\$256.42 (36%)** less than that of the NWC. Also, note that the NWC rate is subject to annual, if not monthly increases.

Further, be advised that DSL on **08April 2010**, submitted an application to the OUR for the expansion of our Water Supply Service Area, which was denied by the Minister on **17 Dec 2018**, and is the subject of a legal challenge for which a trial was held **05 Jan 2021**. The judgement is still pending. This situation has prevented the growth in our revenue, our profitability, and denied potential customers of a more competitive water rate, and higher quality of service. Also, the expansion in the DSL Water Supply Service Area, has implications for lower rate increases in the future.

Please be assured that DSL will continue to provide a high-quality service, at a competitive price - to all of its Customers.

Yours respectfully,
DAIRY SPRING LIMITED



Michael N. White
MANAGING DIRECTOR