



OFFICE OF UTILITIES REGULATION

Regulating Utilities for the Benefit of All

DETERMINATION NOTICE

**TITLE: Rose Hall (Developments) Limited Annual
Price Adjustment Mechanism 2025 Rate Adjustment**
Document Number: 2025/WAS/008/DET.001

2025 MAY 30

DOCUMENT TITLE AND APPROVAL PAGE		
1. DOCUMENT NUMBER: 2025/WAS/008/DET.001		
2. DOCUMENT TITLE: Determination Notice – Rose Hall (Developments) Limited Annual Price Adjustment Mechanism 2025 Rate Adjustment		
3. PURPOSE OF DOCUMENT: This document sets out the Office’s determination on the applicable Annual Price Adjustment Mechanism percentage to be applied to the Rose Hall (Developments) Limited’s sewerage base rates.		
SUPERSEDES DOCUMENT(s):		
SECTOR WATER AND SEWERAGE	SUB-SECTOR:	APPLICABLE LICENCE:
4. ANTECEDENT DOCUMENTS:		
Number	Title	Date
2025/WAS/006/DET.001	NATIONAL WATER COMMISSION ANNUAL PRICE ADJUSTMENT MECHANISM 2024 RATE ADJUSTMENT DETERMINATION NOTICE	2025 APRIL 28
2024/WAS/008/DET.002	ROSE HALL (DEVELOPMENTS) LIMITED ANNUAL PRICE ADJUSTMENT MECHANISM 2024 RATE ADJUSTMENT DETERMINATION NOTICE	2024 JUNE 25
WAS2011002_DET002	ROSE HALL UTILITIES COMPANY LIMITED SEWERAGE RATE DETERMINATION	2011 MARCH 04

5. APPROVAL:

This document is approved by the Office of Utilities Regulation and this Determination Notice becomes **effective 2025 June 01**.

On behalf of the Office:



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Ansord E. Hewitt

Director- General

2025 May 30

Table of Contents

I. Tables 1

II. Abbreviations, Acronyms, Definitions 2

Executive Summary 3

1. Introduction 4

2. Legal and Regulatory Framework 5

3. OUR Analysis and Determinations..... 6

I. Tables

[3.1 NWC's ANPAM Calculation	7]
[3.2 RHDL's 2025 Rate Schedule	9]

II. Abbreviations, Acronyms, Definitions

ANPAM	Annual Price Adjustment Mechanism
CPI	Consumer Price Index
Determination Notice	Rose Hall Utilities Company Limited – Sewerage Rate Determination, document number: WAS2011002_DET002, issued on 2011 March 4
FX	Foreign Exchange
J\$	Jamaican Dollars
kWh	Kilowatt Hour
Licences	Rose Hall (Developments) Limited Sewerage Service Provider Licence 2015, Rose Hall Developments Limited Water Supply Licence 2011
Licensee/RHDL	Rose Hall (Developments) Limited
NWC	National Water Commission
OUR/Office	Office of Utilities Regulation
OUR Act	Office of Utilities Regulation Act
PAM	Price Adjustment Mechanism
US\$	United States Dollars

Executive Summary

On 2025 May 12, Rose Hall (Developments) Limited (RHDL) made an application to the Office of Utilities Regulation (OUR), for an Annual Price Adjustment Mechanism (ANPAM) adjustment of 3.62%, to be applied to its sewerage rates.

This adjustment is in keeping with the requirements specified in the **Rose Hall Utilities Company Limited – Sewerage Rate Determination**, Document Number WAS2011002_DET002, which addresses the application of the Price Adjustment Mechanism (PAM), and its relationship to the National Water Commission's (NWC's) Price Adjustment Mechanism

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).

RHDL's ANPAM mirrors that of the NWC. The adjustment is applicable to customers' 2025 May consumption, which will be reflected in the 2025 June bills.

The new base indices for the PAM are as shown below:

- Foreign Exchange Rate: J\$158.11 to US\$1.00
- Consumer Price Index: 141.80
- Electricity Charge: J\$50.59/kWh.

These revised base indices will remain in effect until the next programmed reset of the ANPAM in 2026 May, or the implementation of new tariffs, whichever is earlier.

1. Introduction

- 1.1. On 2025 May 12, RHDL made an application to the OUR for an ANPAM rate adjustment of 3.62%. The request is consistent with the determination made in the **Rose Hall Utilities Company Limited – Sewerage Rate Determination**, Document Number WAS2011002_DET002, issued on 2011 March 4 (the “Determination Notice”).
- 1.2. In the Determination Notice, RHDL was granted approval for a PAM component to be a part of its’ rate structure, which consisted of sewerage rates and service charges. The aim of the mechanism is to correct for movements in the three indices namely, the Consumer Price Index (CPI), the Jamaican dollar exchange rate relative to the United States Dollar (FX) and Electricity Prices (kWh).
- 1.3. The PAM rate adjustment, which was granted to RHDL, should be equivalent to that of the NWC’s PAM. However, the application of this rate adjustment would have a one-month lag of the NWC’s PAM. Typically the PAM has a feature where there is a reset on the anniversary date of the Determination Notice. In this case the anniversary date would be that of the NWC’s Determination Notice. This annual reset of the PAM is termed as the Annual Price Adjustment Mechanism (ANPAM).
- 1.4. The ANPAM allows for an adjustment of base rates by the rolling-in of the cumulative monthly PAM rate adjustments into the base rates. The main objective of this annual reset is to minimize the monthly PAM differential adjustment, which accounts for the variance between the current and the base values for the three (3) PAM indices on customers’ bills.

2. Legal and Regulatory Framework

2.1. RHDL is regulated by the Office of Utilities Regulation Act and operates under the following licences (collectively referred to as the Licences):

- Rose Hall Developments Limited Water Supply Licence, 2011
- Rose Hall (Developments) Limited Sewerage Service Provider Licence, 2015

2.2. 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.

2.3. 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:

“(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.”

2.4. In exercise of its powers to determine rates, the OUR issued the Rose Hall Utilities Company Limited Sewerage Rate Determination Document No. WAS2011002_DET02 dated 2011 March 04, which sets out the approved rates and charges for RHDL’s sewerage service. The Determination Notice also makes allowance for an annual price adjustment, where RHDL’s ANPAM rates are tied to that of the NWC. On 2025 April 28 the Office issued its decision on the NWC’s application for an ANPAM rate adjustment.

2.5. In keeping with the determination regarding the annual reset of the PAM, RHDL has now applied for an ANPAM rate adjustment of its base rates.

3. OUR Analysis and Determinations

3.1. The OUR's review and determination of rates is guided by the principle of establishing rates that are sufficient to cover prudently incurred costs. As such, the monthly and annual price adjustment mechanisms are designed to align RHDL established rates with input costs that are outside of the company's control.

3.2. The PAM allows RHDL to adjust its rates monthly to account for the effect of changes in input cost that are exogenous to its operations. It therefore seeks to preserve RHDL rates in real terms against monthly fluctuations in its input costs, due to changes in inflation, foreign exchange rate movements and changes in electricity rates.

3.3. 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.

3.4. 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.

3.5. Mathematically, the new base rates may be expressed as follows:

$$\text{New Base Rate} = \text{Current Base Rate} * (1 + \text{ANPAM adjustment rate})$$

3.6. In keeping with the Office's decision to apply an ANPAM rate equivalent to that of the NWC to the RHDL, the OUR verified the proposed 3.62% ANPAM against the ANPAM rate that was approved for the NWC.

3.7. The sources of the input data for the ANPAM granted to NWC are as follows:

1. Statistical Institute of Jamaica (STATIN) for Consumer Price Index (CPI)
2. Bank of Jamaica (BOJ) for foreign exchange (FX) rate (J\$:US\$); and
3. NWC's electricity bills for the month of 2025 February to ascertain the electricity component.

3.8. The details of the computation of the NWC's ANPAM rate of 3.62% are shown in Table 3.1 below.

Table 3.1 NWC's ANPAM Calculation

Index	Unit	Current Base Rates April 2024	New Base Rates April 2025	Weighting	Percentage Change	ANPAM
FX	J\$/US\$	157.21	158.11	0.18	0.572%	0.10%
CPI	-	135.8	141.8	0.62	4.418%	2.74%
Electricity	J\$/kWh	48.7	50.59	0.20	3.881%	0.78%
ANPAM						3.62%

3.9. On 2025 April 28, the Office issued the National Water Commission Annual Price Adjustment Mechanism 2025 Rate Adjustment Determination Notice, Document Number 2025/WAS/006/DET.001 in which it approved the ANPAM rate adjustment of 3.62%. The ANPAM rate adjustment will be applied to bills issued by the NWC in 2025 May for services rendered in the month of 2025 April.

3.10. Given the Office's decision in the RHDL's 2011 Determination Notice to align its ANPAM to that of the NWC, it therefore holds that the approved ANPAM rate adjustment of 3.62% for the NWC is applicable to RHDL. Accordingly, in keeping with the Determination Notice, the current baseline rates as shown in Table 3.1 above, shall be adjusted to reflect the new baseline parameters of FX: \$158.11, CPI: 141.80 and Electricity: \$50.59/kWh. This translates to the base rates adjustment of 3.62%.

3.11. The new base sewerage rates for RHDL are displayed in Table 3.2 below. The approved sewerage rates will become effective on customers' 2025 June bills.

3.12. In the 2011 Determination Notice, no approval was granted for rates to "primary schools". Consequently, RHDL's request for the ANPAM rate adjustment to be applied to primary school rates is not approved.

Determination 1

Having reviewed the RHDL's proposal for its ANPAM rate adjustment the Office approves the following:

1. The ANPAM rate adjustment of 3.62%, which shall apply to RHDL's base sewerage rates.
2. The application of the ANPAM rate adjustment becomes effective on customers' 2025 June bills.
3. RHDL new base rates will remain in effect until the next programmed reset of the ANPAM or the implementation of new tariffs, whichever is earlier.
4. That ANPAM rate adjustment to primary school rate is not approved.

Table 3.2: RHDL 2025 Rate Schedule

Rate Schedule Effective 2025 June	
Sewerage Rates	
Consumption Bands (Gallon)	J\$/1000 gallon
Commercial	
For up to 2,000,000	3,109.27
Over 2,000,000	1,812.36