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# **Office of Utilities Regulation**

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## **CONSULTATION DOCUMENT**

### **Review of the Billing Cycle for the National Water Commission**



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**OFFICE OF UTILITIES REGULATION**

2025 October 15

## Abstract

Bills represent a regular form of communication between businesses and their customers by providing pertinent information on the services rendered/used, how much is owed, and when payment is due. This is also true for the regulated utility service providers.

The National Water Commission (NWC) is Jamaica's main water and sewerage service provider. To account for the services rendered, the NWC currently uses a monthly billing cycle, meaning, it prepares and dispatches bills to its customers every month. However, based on its assessment and complaints received, the OUR has recognised that the number of days in each monthly billing cycle varies, which can negatively impact customers, particularly residential customers. In some instances, the number of billing days is less or greater than thirty (30) calendar days, which is the widely used standard across various businesses.

To thoroughly assess whether the NWC should adopt a standard number of days in its billing cycle, the OUR has decided to undertake this public consultation to examine, among other things, the impact of the number of billing days on consumption charges and the reasonableness of establishing a maximum number of days for the NWC's billing cycle.

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## Consultation Process

Persons who wish to express opinions on this Consultation Document are invited to submit comments in writing to the Office of Utilities Regulation (“OUR”) by post, delivery, facsimile or e-mail addressed to:

Office of Utilities Regulation  
P.O. Box 593,  
36 Trafalgar Road,  
Kingston 10

**Attention: Collette Goode, Consumer Affairs Specialist (Policy)**

Fax: (876) 929-3635

E-mail: [collette.goode@our.org.jm](mailto:collette.goode@our.org.jm) and Cc: [rim@our.org.jm](mailto:rim@our.org.jm)

**Responses are requested by 2025 November 27**

Confidential information in responses should be submitted separately and clearly identified as such. In the interest of promoting transparent debate, however, respondents are requested to limit, as far as possible, the use of confidentiality markings. Responses which are not confidential, pursuant to any relevant legislation, will be posted to the OUR’s website ([www.our.org.jm](http://www.our.org.jm)). Respondents are therefore encouraged to supply their responses in electronic form to facilitate such postings.

### COMMENTS ON RESPONSES

There will be a specific period for respondents to view other responses (non-confidential) and comment on them. The comments may take the form of either correcting factual error(s) or putting

forward counter-arguments. As in the case of the responses, comments which are not confidential will be posted to the OUR's website.

**Comments on responses are requested by 2025 December 11.**

### **Arrangement for viewing responses**

This Consultation Document and the responses and comments received by the OUR will also be made available to the public through the OUR's Information Centre ("OURIC"). Persons who wish to review the Consultation Document, responses, and comments should make an appointment to do so by contacting:

**Ms. Colleen Mignott**  
**Coordinator, OURIC/Information Officer**  
**Telephone: (876) 968-6053**  
**Email: [colleen.mignott@our.org.jm](mailto:colleen.mignott@our.org.jm)**

### **Consultation Timetable**

The timetable for the Consultation is summarized in the Table below:

Event	Date
Publish Consultation Document	2025 October 15
Deadline for receipt of responses to the Consultation Document	2025 November 27
Deadline for receipt of comments to responses to the Consultation Document	2025 December 11
Publication of Determination Notice inclusive of OUR's Response to Comments	2026 March 31

## Acronyms and Definitions

In this Consultation Document, unless the context otherwise requires, the following will have the meaning specified below:

1. “Billing cycle standard” means the billing frequency, that is, weekly, fortnightly, monthly, quarterly, semi-annually and annually
2. “BWA” means Barbados Water Authority
3. “JPS” means the Jamaica Public Service Company Limited
4. “NWC” or “Commission” means the National Water Commission
5. “OUR Act” means the Office of Utilities Regulation Act
6. “OUR” or “Office” means the Office of Utilities Regulation
7. “Ofwat” means the water sector regulator in England and Wales
8. “Prescribed Utility Service” means the provision of telecommunication or sewerage services, the generation, transmission, distribution or supply of electricity, or the supply or distribution of water
9. “Service Providers” means JPS, NWC, C&WJ and Columbus Communications operating as Flow, Digicel, and Small Water and Sewerage Service Providers.

## PART 1: INTRODUCTION

### Background

- 1.0 Pursuant to the Office of Utilities Regulation Act (OUR Act), the Office of Utilities Regulation (OUR or Office) is responsible for regulating the provision of utility services in the electricity, telecommunications and water and sewerage sectors. Among the powers and functions set out in the OUR Act, the OUR is empowered to take measures it considers necessary or desirable to, inter alia, protect the interests of consumers. Specifically, it may give directions to providers of prescribed utility services as defined in the OUR Act, to ensure that the needs of consumers of the services are met. Also, the OUR is authorised to undertake research deemed *“necessary or desirable for the purposes of the performance of its functions...”*
- 1.1 Service providers that operate within the electricity and telecommunications sectors offer both prepaid and postpaid services. However, service providers within the water and sewerage sectors currently only provide a postpaid service whereby the utility service providers prepare and dispatch bills to their customers after the service is used. For instance, a bill for a postpaid service that is generated in any month represents the service used in the previous period/month. Conversely, for prepaid services, a purchase is required for a specific amount of credit for telecommunications or electricity services before the service is made available to the customer.
- 1.2 Bills generated for postpaid services cover a specific number of days. For example, the main telecommunications providers generate bills on a particular date each month, be it the 1<sup>st</sup> or 5<sup>th</sup> day, which represents charges from the same date of the previous month. Accordingly, these bills do not exceed a thirty-one (31) day period. Also, for the Jamaica Public Service Company Limited (JPS), the OUR issued a Memorandum (Document No. Ele 2008/11:Mem/02) dated 2008 October 10 (JPS Memorandum) requiring that no bill generated and dispatched to the customer should reflect usage of a billing period greater than thirty-one (31) days. The JPS Memorandum resulted from an investigation conducted by the OUR into customers’ complaints

of significantly high bills. From the investigations, it was identified that there is a direct correlation between the number of billing days and the associated charges. Accordingly, the JPS Memorandum sought to prescribe the maximum number of days for a billing period.

- 1.3 However, the main water and sewerage service provider, the National Water Commission (NWC), is not limited in the number of days it can bill customers.
- 1.4 The OUR has also noted that the NWC billing contacts received over the period 2020 January – 2024 December average about 69% of NWC’s total contacts per year. A total of 6,059 contacts were received from NWC customers over this period, with 4,177 representing billing issues. The billing complaints received from NWC customers include high consumption, disputed charges, estimated billing and billing adjustments. Among the high consumption billing complaints are those that relate to bills which cover billing cycles in excess of thirty-one (31) days. Consequently, the OUR has decided to undertake an in-depth assessment of the impact of the absence of a maximum number of days for the NWC billing period.

#### Purpose of the Consultations

- 1.5 In light of the foregoing, this consultation is being conducted with a view to:
  - (a) garner the public’s views/experience on the impact of the NWC billing period exceeding the number of days within one (1) month;
  - (b) assess the impact of the NWC billing period exceeding the number of days within one (1) month; and,
  - (c) establish a definition for ‘month’ based on the maximum number of days for the NWC’s billing period.

#### Structure of Document

- 1.6 The remainder of this Consultation Document is structured as follows:



- Part 2: Legal Framework
- Part 3: Purpose of Utility Bills and the Billing Cycle
- Part 4: Billing Cycle Assessment for the NWC, Other Local Sectors and Other Jurisdictions

## PART 2: LEGAL FRAMEWORK

2.0 Pursuant to section 4 of the OUR Act, the Office, as part of its overall functions, regulates “*prescribed utility services*”. The First Schedule of the OUR Act defines “*prescribed utility services*” to include the generation, transmission, distribution and supply of electricity; supply or distribution of water; and the provision of sewerage services.

2.1 Section 4(1)(a)(c) of the OUR Act provides as follows:

*“4(1) Subject to the provisions of this Act, the functions of the Office shall be to –*

*(a) regulate the provision of prescribed utility services by licensees or specified organizations...*

*---*

*(d) conduct such research as it thinks necessary or desirable for the purposes of the performance of its functions under this Act...”*

2.2 Further, pursuant to section 4(2)(a) of the OUR Act, the OUR, where it considers it necessary, may give directions to any licensee with a view to ensuring that the needs of consumers are met. Section 4(2)(a) of the OUR Act provides:

*“The Office may, where it considers necessary, give directions to any licensee or specified organization with a view to ensuring that –*

*(a) the needs of the consumers of the services provided by the licensee or specified organization are met...”:*

2.3 Additionally, section 4(3)(b) of the OUR Act empowers the OUR to take measures as it considers necessary or desirable to protect the interests of consumers in relation to the supply of a prescribed utility service. Section 4(3)(b) states:

*“4(3) In the performance of its functions under this Act the Office shall undertake such measures as it considers necessary or desirable to: –*

*...*

*(b) protect the interests of consumers in relation to the supply of a prescribed utility service...”*

## Part 3: Purpose of Utility Bills and the Billing Cycle

- 3.0 The Oxford Dictionary defines a bill as a “statement of charges for goods and services”. While this is the general purpose of bills prepared and dispatched by utility companies, they are also used to communicate and/or provide other vital information to their customers, such as any customer-specific initiatives. For instance, information on the consumption trend for the previous twelve (12) months is provided on the monthly bills by the JPS and NWC.
- 3.1 Bills are beneficial to both the utility provider and the customer. In addition to detailing the usage breakdown and the costs associated with it, they also aid in maintaining, among other things, accountability and transparency throughout the relationship between service providers and their customers. Specifically, bills assist both the service provider and customers with:
1. **Usage Awareness:** Utility bills show how much of a resource, such as electricity or water, was used during a billing cycle. This helps customers and businesses monitor their consumption and identify trends, such as seasonal spikes or increases in consumption, that may indicate inefficiencies or leaks.
  2. **Cost Transparency:** Bills detail how your charges are calculated, including usage rates, taxes, and any additional surcharges. This transparency allows customers and the service provider to verify that the bill is accurate and fair.
  3. **Financial Management:** By providing a predictable record of monthly expenses, utility bills are essential for budgeting. They help customers and utility providers plan their finances, avoid late fees, and track recurring costs over time.
  4. **Problem Detection:** Sudden changes in usage or cost can alert customers and utility providers to issues like leaks. Early detection can save money and prevent further high charges.
  5. **Proof of Residence or Identity:** Utility bills are often used as official documents for verifying customers’ addresses in the know your customer/client (KYC) verification process.

3.2 In short, utility bills are not just invoices but are tools for control, awareness, and accountability.

### Purpose and benefits of the various utility billing elements

3.3 Utility bills detail various elements which can help customers understand what they are paying for, how the total was calculated and dispute resolution. The billing elements include:

- **Customer/Account Holder Data.** This information indicates the name and address of the account holder as well as the assigned account number. The account holder is the person with whom the contract is established with the utility provider.
- **Usage Details.** This provides information on the amount used for the period, stating: the specific billing cycle (inclusive of the number of days), previous and current meter readings, and the basis on which the usage was determined, whether through meter readings or estimates.
- **Rates, Charges and Payments.** This details the rates (fixed and variable) and charges associated with usage for the billing cycle. Information is also provided on the previous payment made and any outstanding balance. The due date for payment of the current charges is also stated.
- **Other details.** Utility bills also provide other vital information such as the type of account (for example, residential or commercial), any adjustments made to the account and compensation for Guaranteed Standards breaches.

### Limitations of Utility Billing

3.4 Despite the benefits mentioned above, limitations have been identified with utility billing. For instance, while the details provided on the bills can help customers, some may find it confusing. Additionally, for post-paid services, bills will reflect the usage for periods that have already passed. As such, the bills do not provide real-time consumption information, which may indicate whether an issue needs to be addressed.

## The Billing Cycle

- 3.5 A billing cycle represents the standardised period for invoicing and collecting payments, with the structure being dependent on the industry, customer type and service model (such as utilities, subscriptions). While the most commonly used billing cycle typically spans one month, the exact length can vary depending on the company or service being billed. Additionally, billing cycles start and end on a specific date. For example, a billing cycle may start on the 5<sup>th</sup> of one month and end on the 4<sup>th</sup> of the subsequent month. Further details on the widely used standards for billing cycles are provided in Table 1 below.

**Table 1: Widely Used Billing Cycle Standards**

<b>Billing Cycle Standard</b>	<b>Features/Characteristics</b>
Monthly Billing	<p>Length is one calendar month, which is either based on a fixed date (e.g. the 1<sup>st</sup> or 5<sup>th</sup> of each month) or the sign-up anniversary (e.g. if the subscription began on the 10<sup>th</sup>, each billing cycle will begin on the 10<sup>th</sup>).</p> <p>The monthly billing cycle is commonly used in industries such as utilities, rentals, and memberships.</p>
Quarterly Billing	<p>Length is three (3) months, such as January–March, April–June, etc.</p> <p>The three-month billing cycle is commonly used in industries such as financial services (investment reporting) and high-value Business-Business services.</p>
Annual Billing	<p>Length is twelve (12) months, with payments being made for the year, often with a discount.</p> <p>The annual billing cycle is commonly used for software licenses and the insurance industry.</p>

## Benefits and Limitations of the widely used billing cycle standards

- 3.6 The widely used billing cycle standards have benefits and limitations for both the customer and the business or service provider. One benefit of the monthly billing cycle is that it is better aligned with other monthly expenses for customers, making it predictable and easier for budgeting. However, for businesses, the monthly billing cycle requires them to wait up to thirty (30) days for payment, impacting their liquidity.
- 3.7 The quarterly billing cycle reduces the administrative workload for businesses, since only four (4) invoices are processed per year. However, a quarterly billing cycle may lead to bill shock for customers due to higher consumption charges over a longer billing cycle, resulting in delayed or non-payment.
- 3.8 The annual billing cycle provides incentive pricing opportunities for customers, such as discounts on the annual charges. For businesses, it improves liquidity since upfront payments are required. However, the upfront costs are higher for the customer, despite the discounts offered, in an annual billing cycle. Also, customers who are locked into an annual billing cycle may feel restricted or dissatisfied over time, especially if their needs change. The benefits and limitations of these widely used billing standards are highlighted in Table 2 below.

**Table 2: Benefits and Limitations of the widely used Billing Cycle Standards**

Billing Cycle Standard	Benefits	Limitations
Monthly Billing Cycle	Generally aligns with other customer monthly expenses and salary schedules, making it predictable and easier for budgeting	Businesses are required to wait up to thirty (30) days for payment, impacting liquidity
	Offers predictable revenue streams and easier forecasting for businesses.	A large single payment may feel burdensome, especially for low-income customers.

Quarterly Billing Cycle	Reduced administrative workload for businesses since only four invoices per year is processed	Increased risk of bill shock for customers due to a longer billing period.
	Provides opportunities for offering incentives/discounts to customers, thereby improving cash flow for businesses	Does not align well with services (such as those that are consumption-based) that fluctuate from one month to the next.
Annual Billing Cycle	Provides opportunities for offering incentives/discounts to customers, thereby improving cash flow for businesses	The high up-front costs can deter price-sensitive customers
	Full upfront payment results in more immediate revenue and liquidity for businesses	Locked-in customers may feel restricted and dissatisfied overtime, especially if their needs change
	Customers are locked in for twelve (12) months, thereby encouraging longer-term customer retention	Refund to customers may be complicated where customers want to cancel mid-year, especially if discounts were applied.

### Benefits and Limitations of a consistent or variable number of days in a monthly billing cycle

3.9 While the monthly billing cycle generally suggests that bills will represent the number of days in that month, this may vary depending on, for instance, the number of days in the calendar month, or businesses stating their definition of a month to include the number or range of billing days. Varying the number of days within a billing cycle versus maintaining a consistent number has implications for customers and businesses.

3.10 One benefit of varying the number of days within the monthly billing cycle is the simplicity it offers customers, as it aligns with the calendar month. This alignment makes the due dates for payment and bill planning predictable. For example, bills may always become due on the first

day of each month. Also, for months with fewer days, customers may benefit from lower charges because of proration.

3.11 However, varying the number of days in a billing cycle may result in customers' usage varying due to the difference in the length of the billing cycle. This variation may also result in unpredictability for customers due to the variation in charges, particularly where they are consumption-based. For businesses, varying the number of days in the billing cycle may affect revenue accruals and expense recognition if prorations are not done properly.

3.12 Having a fixed number of days within a billing cycle means billing for the same number of days (for example, twenty-eight (28) or thirty (30) days) regardless of the number of days within the month. This allows for:

- fairness in measuring and billing for consumption-based services
- easier proration of discounts and charges during the billing cycle
- easier and more accurate calculations in the event of cancellations/service disconnections or terminations
- increased likelihood of revenue recognition due to standardised periods simplifying accounting compliance

3.13 However, billing cycles with a fixed number of days may make it harder for businesses to reconcile their month-end processes or produce monthly financial statements.



## Part 4: Billing Cycle Assessment for the NWC, Other Local Sectors and Other Jurisdictions

- 4.0 NWC’s practice is to bill customers using a monthly billing cycle. However, the number of days within that monthly billing cycle varies. While the NWC has established a billing range of twenty-seven (27) to thirty-three (33) days, it does, in instances, bill customers outside of this range. It is also important to note that the NWC will prorate specific charges, such as the Service Charge, where the number of days in a billing cycle is outside the 27 – 33-day range.
- 4.1 The monthly billed consumption can be based on an actual meter reading, estimation, or a fixed consumption. Where the service is metered, in keeping with the provisions of the Guaranteed Standards Scheme (GS Scheme), to avoid a breach and compensation payment (WGS 10a – Meter Reading), the NWC should send no more than two (2) consecutive estimated bills, if it has access to the meter. Estimated bills may be necessary due to circumstances, which include no meter access or the occurrence of a force majeure event that affects the NWC’s ability to read meters. Fixed consumption billing is used by the NWC where the supply is unmetered and is determined by the occupancy level and activity undertaken at the property.
- 4.2 Currently, the NWC’s rate structure is comprised of tiers for each customer category, with each tier having its assigned rate. Table 3 below provides details on the NWC’s 2024 rate structure as determined by the OUR in the document titled: *National Water Commission Annual Price Adjustment Mechanism 2024 Rate Adjustment – Determination Notice*, Document Number 2024/WAS/003/DET.001 dated 2024 April 24.

**Table 3: NWC Rate Structure as at 2024 April and Percentage Change per Tier**

<b>Customer Category/ Tiers</b>	<b>Water Rate</b>	<b>Sewerage Rate</b>	<b>Water Rate % Change per tier</b>	<b>Sewerage Rate % Change per Tier</b>
<b>Residential (Imperial Metered)</b>				
For up to 3,000 gallons	\$679.88	\$785.27		
For the next 3,000 gallons	\$1,210.00	\$1,395.56	78%	78%
For the next 3,000 gallons	\$1,318.82	\$1,523.24	9%	9%
Over 9,000 gallons	\$2,249.65	\$2,598.34	71%	71%
<b>Residential (Metric Metered)</b>				
For up to 14,000 litres	\$149.55	\$172.72		
For the next 13,000 litres	\$266.15	\$307.42	78%	78%
For the next 14,000 litres	\$290.10	\$335.06	9%	9%
Over 41,000 litres	\$494.87	\$571.56	71%	71%
<b>Commercial (Imperial Metered)</b>				
For up to 2,000,000	\$2,598.00	\$3,000.69		
Over 2,000,000	\$1,514.32	\$1,749.07	-42%	-42%
<b>Commercial (Metric Metered)</b>				
For up to 9,100,000	\$571.48	\$660.06		
Over 9,100,000	\$333.11	\$384.75	-72%	-72%
<b>Condominiums</b>				
Imperial Metered	\$1,288.76	\$1,488.54		
Metric Metered	\$283.48	\$327.45		

- 4.3 In addition to the tiered billing structure, each customer category is required to pay a Monthly Service Charge (MSC), which is determined based on the meter size associated with the service. Details of the NWC's MSC are outlined in Table 4 below.

**Table 4: NWC Monthly Service Charge as at 2024 April**

Meter/Service Connection Size	Charge
5/8 inch/ 15mm	\$1,174.05
3/4 inch/ 20mm	\$2,568.11
1 inch/ 25mm	\$3,353.65
1 ¼ inches/ 30mm	\$6,314.54
1 ½ inches/ 40mm	\$6,314.54
2 inches/ 50mm	\$8,943.06
3 inches/ 75mm	\$16,239.51
4 inches/ 100mm	\$26,240.02
6 inches/ 150mm	\$39,971.83

- 4.4 Calculating an NWC bill includes applying the rates per customer category to the associated consumption tier and MSC. From Table 3 above, it is apparent that as consumption increases from one tier to the next for Residential Customers, so do the rates from a low of 9% to a high of 78%.
- 4.5 It is recognised that a customer’s consumption for a billing cycle can be impacted by several factors, which include usage, leak, and the number of days in the cycle. It is also recognised that some factors, such as usage and leaks, fall within the customers’ sphere of control, while other factors, such as the number of days in the billing cycle, are solely in the control of the NWC. For example, based on the excerpts from NWC bills shown in Figures 1 and 2 below, the increase in the number of days in the 2024 June billing cycle for two separate accounts resulted in a 7% increase in charges, despite similar consumption. The increased charges were due to the prorating of specific charges, such as the Monthly Service Charge, to account for the additional days above the NWC’s stated billing cycle range.

**Figure 1: NWC Bill Excerpt for 2024 June with a 29-day billing cycle**

		<b>Deposit</b> \$0.00	<b>Billing Cycle</b> 08	<b>No. of Days</b> 29
<b>From:</b> 15-May-2024		<b>To:</b> 13-Jun-2024		
<b>Meter Type</b>	<b>Reading Type</b>	<b>Current Reading</b> '000	<b>Previous Reading</b> '000	<b>Current Consumption</b> '000
Metric	Actual	52	47	5
<b>CURRENT CHARGES</b>				
Water Charge		\$747.75	PAM -1.76%	-\$49.02
Sewerage Charge		\$863.60	X Factor -5.00%	-\$136.82
Service Charge		\$1,174.05	K Factor 20.00%	\$519.91
<b>Total Current Charges</b>				<b>\$3,119.47</b>

**Figure 2: NWC Bill Excerpt for 2024 June with a 35-day billing cycle**

		<b>Deposit</b> \$0.00	<b>Billing Cycle</b> 03	<b>No. of Days</b> 35
<b>From:</b> 06-May-2024		<b>To:</b> 10-Jun-2024		
<b>Meter Type</b>	<b>Reading Type</b>	<b>Current Reading</b> '000	<b>Previous Reading</b> '000	<b>Current Consumption</b> '000
Metric	Estimated	766	761	5
<b>CURRENT CHARGES</b>				
Water Charge		\$747.75	PAM -1.76%	-\$52.47
Sewerage Charge		\$863.60	X Factor -5.00%	-\$146.43
Service Charge		\$1,369.73	K Factor 20.00%	\$556.44
<b>Total Current Charges</b>				<b>\$3,338.62</b>

- 4.6 Based on the review of the NWC's tiered billing structure and bill excerpts, the OUR has concluded that an increase in the number of days, particularly beyond the maximum number of days within the NWC's billing cycle range, impacts the Residential Customers' consumption/bill charges as follows:

- (i) **Consumption moving from lower to higher tier.** As the number of days increases in a billing cycle, the likelihood of the consumption moving into a higher tier also increases. In this event, there is an automatic increase in the consumption charges. For instance, where a residential imperial or metric customer's consumption moves up to the 4,000 gallons or 15,000 litres, respectively, solely due to the number of days exceeding the NWC's billing cycle range, the billing rates automatically move into the higher tier, thereby increasing the charges for that billing period.
- (ii) **Changes in the Monthly Service Charge.** Among the rates determined by the OUR for the NWC are Monthly Service Charges (MSC) for varied meter sizes. Similar to the electricity sector, the Monthly Service/Customer Charge is established to provide the service providers with some financial resources to offset certain known and fixed monthly charges. These charges include overheads, bill preparation and distribution, and metering. Also, the fixed MSC is the basic amount that the customer is required to pay as long as there is an established account/contract with the respective service providers.

However, the OUR is aware that the NWC will prorate/vary the MSC depending on the number of billing days. By so doing, the MSC can be less or more than the rate determined by the OUR, which ultimately impacts the consumption charges.

**Question 1:**

Considering the impact on the monthly charges, what are your views on NWC's current practice to prorate the Fixed Monthly Service Charge depending on the number of billing days?

## The number of days in a billing cycle in other local regulated sectors

### Electricity Sector

- 4.7 Within the electricity sector, there is one licensed supplier, namely the Jamaica Public Service Company Limited (JPS), for which the OUR has regulatory authority. In 2008, OUR undertook an investigation into customers' high bills complaints. From the investigations, the OUR concluded that one of the factors that resulted in customers receiving bills that were higher than normal was an increase in the number of days within the billing period. Accordingly, the OUR issued a Memorandum (Document No.: Ele 2008/11:Mem/02) dated 2008 October 10, which states:

*“...JPS shall ensure that at least ninety-nine percent (99%) of bills be based on actual readings issued to customers reflect usage no greater than a billing period of thirty-one (31 days).”*

- 4.8 Additionally, in its Standard Terms and Conditions, Sheet No 205, JPS states that it will determine bills monthly and defines “month” to mean *“...the elapsed time of approximately thirty days.”*

### Telecommunications Sector

- 4.9 There are two main and several private/smaller service providers within the telecommunications sector. To assist in this assessment, a review was conducted on the billing practices, specifically the billing period used by the two main telecommunications service providers, Digicel Jamaica Limited (Digicel) and Cable & Wireless Jamaica Limited (C&WJ) and Columbus Communications Limited operating as Flow.
- 4.10 The review indicated that both service providers use the Monthly Billing Cycle, with each establishing a fixed date on which customers' bills are generated each month. For example, Digicel and C&WJ (Flow) generate bills on the 1<sup>st</sup> and 5<sup>th</sup> day of each month, respectively. This

results in the number of days in the billing period for each of these service providers not exceeding thirty.

#### The number of days in a billing period in the local banking sector

- 4.11 Banking is one other sector that is known for generating monthly bills for its customers, particularly credit card bills. A review of the billing practices, specific to the billing period for Jamaica's two main banks, the National Commercial Bank Jamaica Limited (NCB) and Scotiabank Jamaica Limited (Scotiabank), reveals practices like those used in the telecommunications sector. For these banks, credit card bills are generated on the same date each month (Monthly Billing Cycle), with customers given the option to select their preferred bill dates. This results in the billing cycle for these banks not exceeding thirty-one (31) days.

#### Water and Sewerage Service Providers' Billing Period in Other Jurisdictions

- 4.12 The OUR appreciates that in different jurisdictions, service providers are allowed to choose a duration for the billing cycle that suits their operations. However, it is important to consider customer preference and convenience when determining the length of time. Therefore, it is understandable that the billing period for water and sewerage service providers in other jurisdictions varies. Similar to Jamaica, other Caribbean islands, such as Barbados, have a monthly billing period for their water and sewerage service providers. Specifically, the Fair Trading Commission (FTC), which is the regulator for the water sector in Barbados, has included in its Guaranteed Water Standards (WGS 10)<sup>1</sup> a requirement for the Barbados Water Authority (BWA) to provide "*a minimum quantity of running water over a thirty (30) day period (a billing period)*". Failure of the BWA to meet this requirement results in the "*refund of the domestic 30 day minimum charge*" for both residential and commercial customers.

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<sup>1</sup> [https://www.ftc.gov.bb/library/sos/bwa/2022-05-20\\_final\\_proposed\\_bwa\\_sos.pdf?utm\\_source=chatgpt.com](https://www.ftc.gov.bb/library/sos/bwa/2022-05-20_final_proposed_bwa_sos.pdf?utm_source=chatgpt.com)

- 4.13 However, the billing cycle is noticeably longer in the more developed countries. In Australia, billing cycles for utilities are primarily governed by state and territory regulations, which set minimum billing requirements to ensure transparency, protect customers, and allow utilities some flexibility in their billing practices. While the regulations vary across the territories, the quarterly billing cycle is the prevalent standard used in Australia. For example, Unitywater<sup>2</sup>, which serves the Queensland area, uses a quarterly billing period.
- 4.14 Also, in the United Kingdom and Wales<sup>3</sup>, Ofwat, the regulator for the water sector, does not prescribe the billing cycle standard for the service providers. Instead, it allows the service providers the latitude to offer all customers varying payment options, which include weekly/fortnightly, monthly, and annual/half-yearly/quarterly for their selection and agreement.
- 4.15 Notwithstanding, the most widely used billing standard in England and Wales for water services is biannual (twice per year) billing, especially for customers without a water meter (unmetered customers). However, the billing frequency can vary based on whether the customer has a metered or unmetered supply. For instance, unmetered customers are typically billed annually or biannually, with charges being based on the estimated value of the property and not actual water usage. The quarterly billing cycle is typically used for premises with meters.

### OUR's Position on the Impact of NWC's Billing Cycle and Proposal

- 4.16 Considering the foregoing, the OUR is of the view that the NWC should maintain its monthly billing cycle standard, since it allows for, among other things:
- i. More frequent collections
  - ii. Enhanced predictability and budgeting for customers

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<sup>2</sup> <https://www.unitywater.com/residential/accounts-and-billing/understanding-your-bill/your-quarterly-bill-explained>

<sup>3</sup> [https://www.ofwat.gov.uk/regulated-companies/vulnerability/paying-fair-guidelines/paying-fair-guidelines-to-support-all-customers/?utm\\_source=chatgpt.com](https://www.ofwat.gov.uk/regulated-companies/vulnerability/paying-fair-guidelines/paying-fair-guidelines-to-support-all-customers/?utm_source=chatgpt.com)



- iii. Reduced likelihood of bill shock to customers
- iv. Better alignment with customers' regular monthly expenses and income cycles.

4.17 Based on its paper titled: *Performance Improvement Planning: Developing Effective Billing and Collection Practices, 2008 April*<sup>4</sup>, the World Bank also posits the view that an effective billing system has a monthly billing cycle. Although the paper is dated, it nevertheless provides valuable insights. The World Bank further stated that “...water providers must accord adequate detail for also ensuring appropriate and structured monthly billing by validating bills that are raised, especially when it comes to invoicing the correct person and for the right amount. Sending a bill to the wrong person or posting inaccurate bills could push payments off by 30–60 days since all processes would need to be repeated, thus undermining the effectiveness of a monthly billing system”.

4.18 In keeping with its position regarding the retention of NWC's monthly billing cycle, the OUR is of the view that, similar to JPS, the monthly billing cycle should be defined by a maximum number of days. As was previously shown, the number of days in a billing cycle directly impacts consumption charges. Therefore, an increased number of days in a billing cycle results in higher charges.

4.19 The OUR is cognizant that the converse is also true, in that, lower number of days also results in lower consumption charges. However, the OUR recognises that the negative impact is greater with the higher billing period and increased charges to consumers, who may experience bill shock in these circumstances. It is also important to note that where the average consumption level is consistent, consumption charges are more predictable within a defined timeframe for customers, who will have the opportunity to budget and plan for their water and sewerage payments.

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<sup>4</sup> <https://documents1.worldbank.org/curated/en/713571468138288578/pdf/Performance-improvement-planning-developing-effective-billing-and-collection-practices.pdf>

4.20 Consequently, the OUR believes that, like JPS, NWC's monthly billing cycle should be defined by a maximum number of days. The OUR also believes that, in keeping with what obtains in the other local regulatory and banking sectors, and the negative impact on customers when billing cycle days are extended, the NWC billing cycle should be restricted to no more than thirty-one (31) days.

**Questions:**

2. What are your views on maintaining a monthly billing cycle standard for NWC?
3. Do you agree that a maximum number of days should be established for NWC's billing cycle? Please provide details to support your response.
4. What are your views on defining/restricting the NWC's billing period to no more than thirty-one (31) days? Please provide details to support your response.

## Appendix 1: Summary of Questions

1. Considering the impact on the monthly charges, what are your views on NWC's current practice to prorate the Fixed Monthly Service Charge depending on the number of billing days?
2. What are your views on maintaining a monthly billing cycle standard for NWC?
3. Do you agree that a maximum number of days should be established for NWC's billing cycle? Please provide details to support your response.
4. What are your views on defining/restricting the NWC's billing period to no more than thirty-one (31) days? Please provide details to support.