

National Water Commission

2019-2021

TARIFF APPLICATION

- The National Water Commission on October 2, 2018 submitted an application for a tariff review to the Office of Utilities Regulation (OUR) for the 3-year period 2019-2021.
- The last tariff review for the National Water Commission took place in 2013 based on a request submitted in April of that year and the current tariff taking effect in **October 2013** and continuing for the past 5 years.
- Providing water to Jamaica's variously distributed population over hilly terrain with many communities far removed from adequate, reliable sources is costly. On average it costs just under \$1,400 to provide 1,000 gallons of water. Historically, NWC has never had a tariff that fully covers the cost of service, resulting in under-funding of routine operations and improvement initiatives.
- NWC does not receive money from taxes or the budget for providing water service; water services are expected to be paid for by the customers who receive the service.
- The main elements of the NWC tariff request for 2019-2021 are:
 - Changing the residential rate structure from six (6) blocks to three (3) blocks, where:
 - The first block would apply to the 'basic needs' volume of 0-2,000 gallons, with a heavily subsidized rate of \$495 for water and \$483 for sewerage per 1,000 gallons. Some **142,000** customers fall in this consumption band, representing 41% of residential accounts;
 - The second block would apply to consumption volumes from 2,000-7,000, with a still subsidized rate of \$1,032 for water and \$1,007 for sewerage per 1,000

gallons. About XXXX customers usually use within this band, XXX% of the residential customer base;

- The third block would apply to excess usage volumes of over 7,000 gallons, with a rate set at \$1,720 for water and \$1,678 for sewerage per 1,000 gallons, slightly above average cost to promote efficiency and deter waste.
- Keeping the increase for the water rate for the first residential block and the service charge for the smallest connection size to just 5%, to ensure affordability of a basic needs consumption of water for poor customers;
- Introduction of a decreasing block tariff for commercial consumption above 2 million IG/month, to spur economic development and an overall increase in the use of our products;
- Introduction of a standby charge for major commercial users who only retain their NWC connections to use the NWC network as a backup water supply;
- Introduction of a sewerage service charge to reflect NWC’s fixed costs of providing customers with sewerage services;
- Changing the single commercial rate block into two commercial (2) blocks, 0-2,000 gallons and over 2,000 gallons while retaining the single block structure for condominiums and schools;
- Increasing water tariffs for commercial (first block), condominiums, and schools by an average of 36% for water and 46% for sewerage, though still just below full cost.

The specific customer impact will vary widely depending on the particulars of the individual customer account. Nonetheless, the below table gives some examples of the dollar impact of these proposed tariff changes:

Customer Using 2,000 Gallons				Customer Using 7,000 Gallons				Customer Using 10,000 Gallons			
Water Only		Water & Sewerage		Water Only		Water and Sewerage		Water Only		Water and Sewerage	
Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
2,097.17	2,160.06	3,109.48	3,744.76	6,666.07	8,145.78	11,824.99	15,571.07	10,144.26	14,131.51	18,585.11	27,397.44
	\$ change		\$ change		\$ change		\$ change		\$ change		\$ change
	% change		% change		% change		% change		% change		% change
	= 3%		= 20%		= 22%		= 32%		= 39%		= 47%

- Even with the proposed increases, the rates for water services remains the cheapest average utility cost in Jamaica by far.
- In fact, the first 2,000 gallons of water supplied to residential customers is supplied at \$0.49, about 1,000 times cheaper than the average bottled water cost, even with the proposed increases.