



The National Water and Sewerage Commission (NWSC) through the power vested by the Water and Sewerage Act of 2005, as amended in 2008 section 37 (C), hereby makes the final determination for the new tariffs for water and sewerage for the Water and Sewerage Company (WASCO) for the provision of water and sewerage services. The new tariffs shall take effect during WASCO's next billing cycle.

Ref: New Tariff for the Water and sewerage Company Inc. (WASCO)

Summary of Decision



Agency: National Water and Sewerage Commission (NWSC)

Water Company: St. Lucia Water and Sewerage Company (WASCO)

Activity: Tariff Review

Type of Review: Extraordinary

Duration of New Tariff: The end of the Triennial period (September 2012 to August 2015)

Stage: Final Determination Notice

Public Comments / Consultation

The National Water and Sewerage Commission invited the public to comment on the proposed tariff increase for water and sewerage pursuant to Section 82 (4) of the Water and Sewerage Act of 2005 as amended in 2008. This section of the act stipulates that the National Water and Sewerage Commission shall publish the draft (Extraordinary Tariff) report in the Gazette and at least 2 newspapers in general weekly circulation in St. Lucia and shall invite comments from the public within at least 2 weeks from the date of publication. Section 82 (5), states that the Commission shall consider the comments made by the public under section (4) and shall make the changes as it sees fit to the report.

A summary of the Draft Determination was published in the Gazette and two newspapers as follows:

- Voice Newspaper of February 19 and March 2, 2013,
- Star Newspaper of February 20 and March 2, 2013
- St. Lucia Gazette of February 25 and March 4, 2013

The Draft Determination was also placed on the Government of St. Lucia website (www.govt.lc)

Although the Water and Sewerage Act of 2005 as amended in 2008 and the Water and Sewerage (tariff) Regulations 2008 does not make mention of public consultation for the purposes of an extraordinary tariff review, the Commission received and accepted two invitations to take part in public consultations. The consultations were as follows:

- National Consumers Association (NCA) at the Castries City Council, Castries (February 28, 2013)
- St. Lucia Hotel and Tourism Association (SLHTA), Bay Gardens Hotel,(March 8, 2013)

The NWSC also took part in a number of joint press appearances with WASCO, they include the following:

- News Spin (Radio Caribbean International), February 26, 2013
- News Maker Live (DBS television), February 27, 2013
- Ninety Minutes (Radio St. Lucia) February 27, 2013

During each press appearance, WASCO cited several reasons for their submission, some of which are as follows:

- The existing tariff does not allow it to meet its obligations
- The existing tariff was implemented in 2000
- The costs of energy has increased significantly from 2000
- The extensive damages suffered from Hurricane Tomas and the drought of 2009/2010

Views on the Proposed Tariff Increase (Water)

At the town hall meeting organized by the NCA, there was a clear consensus for supporting an increase in the water tariff. Persons at the meeting were sympathetic to the idea of an increase. Some even made the point that they were willing to pay more for water, but that they were against all forms of privatization. A number of persons argued, that an increase in the water rate is necessary, so that the company can undertake the necessary improvement to the water network by replacing damaged and outdated water mains.

Some of the members of the SLHTA who attended the meeting at Bay Gardens Hotel, believe that the proposed tariffs are too high at this time and consideration should be given to phasing the rate over a three year period and that such phasing of rate should be done against marked improvements in the service delivery. It is the view of some of the SLHTA members who attended the meeting that this will be an incentive for WASCO to generate internal efficiency.

A number of private individuals submitted comments to the Commission on the proposed new tariffs. While most persons understand the need for the tariffs increasing, most believe that WASCO should shoulder some of the responsibility for the poor service delivery, poor water quality and the lack of consistent water supply.

Sewerage

The individuals and businesses that will be most affected by the proposed new rate for sewerage, have raised serious concerns about the significant increase in the rate. Further, they do not agree with the argument put forward by WASCO that the low connectivity (less than seven percent of the island is connected to the sewerage main) causes the unit cost to be high and as such the cost per household / business will be significant.

According to WASCO because of the low connectivity, it is impossible to recoup cost from sewerage. The consumers on the other hand argue that WASCO is trying to maximize revenue from a small group of consumers, mainly persons / Businesses who are located in Castries and Gros Islet. This argument is also supported by the hotels who also argue that they need sufficient time to deal with the new cost since hotel bookings are done way in advance.

Commission Comments

The National Water and Sewerage Commission (NWSC), has given due consideration to the comments made during the two weeks period as prescribed both by the Act and Regulations. The Commission is now in a position to issue a final rate determination for the Water and Sewerage Company (WASCO) for water and sewerage rates consistent with the Water and Sewerage Act of 2005 as amended in 2008 and the Water and Sewerage (Tariff) Regulations of 2008.

Water

The National Water and Sewerage Commission (NWSC) has decided based on the presentation made during the two weeks period as prescribed by law, that as it relates to the tariff for water, the rate shall be increased by 66.15%. It shall be allocated as follows: 10.43 % will be allocated for the dredging of the John Compton Dam and 55.72% as the new rate.

The rate of 10.43% shall be a separate line item (If possible) on the monthly water bill and shall apply until the end of the Triennial period (September 2012 to August 2015). The rate for water shall increase by 55.72 % across all categories.

New Tariff

Water

Water Rates		Existing Rates per 1000 gallon	% Increase	New Tariff
Category		EC \$	66.15%*	EC \$
Domestic				
	First 3000 Gallons	\$7.35	\$4.86	\$12.21
	In excess of 3000 Gallons	\$15.00	\$9.92	\$24.92
	Minimum Charge 2000 Gallons	\$14.70	\$9.72	\$24.42
Commercial / Industry		\$20.00	\$13.23	\$33.23
Hotels		\$22.00	\$14.55	\$36.55
Government		\$14.00	\$9.26	\$23.26
Ships		\$40.00	\$26.46	\$66.46

*This include the 10.43% for the dredging of the dam

Sewerage

The National Water and Sewerage Commission considered three factors in arriving at a final tariff for sewerage:

1. Avoidance of a “rate shock”
2. Providing WASCO with a reasonable tariff, which would allow it to recoup some of the sewerage costs
3. Utilizing a Balanced approach in the determination of the final tariff.

The NWSC has decided based on the presentations made to the Commission during the two weeks period as prescribed by law and given due considerations to the three points highlighted above that the rate for sewerage shall increase by 50.8% and shall apply until the end of the Triennial period (September 2012 to August 2015).

New Tariff

Sewerage

Sewerage Rates			
Category	Existing Rates per 1000 gallon	% Increase	New Tariff
	EC \$	50.80%	EC \$
Domestic			
The First 3,000 Gallons	\$5.45	\$2.77	\$8.22
In excess of 3,000 Gallons	\$10.35	\$5.26	\$15.61
Minimum Charge 2000 Gallons	\$10.90	\$5.54	\$16.44
Commercial / Industry	\$13.70	\$6.96	\$20.66
Hotel	\$14.60	\$7.42	\$22.02
Government	\$8.50	\$4.32	\$12.82

Efficiency Improvements

By approving the new tariffs for WASCO, the NWSC expects to see some level of improvement at WASCO and will therefore be engaging the company immediately to establish performance targets, which must be achieved during the tariff period. These are some of the areas that will be given consideration:

- Non-Revenue Water
- Increased efficiency of WASCO
- Increased response to customers complaints
- More reliable and consistent service delivery
- Reduction of inactive customers. There is a wide gap between total customers (59,998) and active customers (40,976). The NWSC believes that WASCO needs to find ways to reduce this difference (19,022 inactive customers). The Government has provided one avenue through the amnesty that was announced by the Prime Minister and Minister for Finance in the Budget presentation of 2012-2013.

The above is a non-exhaustive list

Service Standards

As part of this new tariff, a number of service standards will be implemented. These service standards will be negotiated with WASCO, once an agreement has been reached, these standards will be published in a number of newspapers. The public will be invited to make comments before these regulations can be enacted by the Minister who has responsibility for Sustainable Development; Energy; Science and Technology.

Charge

A charge of EC \$500,000.00 shall be paid to the NWSC annually by WASCO.

Fees

WASCO shall pay a license fee of EC\$200,000.00 annually to the NWSC.

Dredging of the Roseau Dam

As part of the tariff increase, 10.43% has been allocated for the purpose of the dredging of the John Compton Dam. This sum shall appear as a separate line item (if possible) on the monthly bill and shall be until the end of the triennial period (September 2012 to August 2015).

Conditions for Managing the Dredging Fees

1. Good, services and works must be procured through competitive bidding, where it is possible to do so.
2. A detailed expenditure report (the NWSC may request audited financial report) must be presented to the NWSC on a quarterly basis on the operation of the Dredging Fee.
3. The Dredging Fee shall only be used for the dredging of the dam. Approval must first be obtained from the NWSC to utilize the dredging fee for any other purpose.
4. Continuation of the Dredging Fee beyond the triennial period (September 2012 to August 2015) must be justified with documentary evidence
5. The Dredging Fee may be a line item on the monthly water bill

Quarterly Report

WASCO will need to submit Quarterly Reports to the NWSC with the following information:

1. Non Revenue Water (NRW)
2. Outstanding Debts (inactive customers)
3. Information on the Amnesty Program
4. Staffing information (including recruitment and categories)
5. Customer complaints
6. Accounting System
7. Customer Information System
8. Total number of customers (active or otherwise) and category
9. Service interruption (areas; duration and reasons)

10. Detailed information on maintenance expenses (administrative expense)

11. Detailed information on selling expenses

Financial Statement

WASCO must have its Financial Statements up to date and audited. Only audited Financial Statements shall be presented to the NWSC henceforth.

Monitoring; Compliance and Enforcement

The NWSC will establish a unit that will be tasked with monitoring; compliance and enforcement of regulations, service standards; efficiency and other critical areas that are necessary to cause improvement and increase efficiency at WASCO.