

Capacity Building / Technical Assistance for the Review
of the Triennial Tariff Review Application
to be submitted by the Water and Sewerage Company Inc.
(WASCO)



Task 6: Amended Determination Report

Presented by:



Presented to:



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PRESENTATION

This document constitutes the report for Task 6: “Final Determination Report” under the contract executed between Econtec Consultores and Castalia (as subcontractor) with the National Utilities Regulatory Commission (NURC). This task is part of the consultancy services provided for Capacity Building and Technical Assistance for the review of the Triennial Tariff Review (TTR) Application submitted by the Water and Sewerage Company Inc. (WASCO).

1 INTRODUCTION AND OBJECTIVES

The document focuses on evaluating the Triennial Tariff Review Application submitted by WASCO and recommending a tariff structure that is technically justified, financially sound, and socially equitable.

The main objective is to recommend a tariff level and structure that ensures the financial sustainability of WASCO while promoting efficiency in consumption and safeguarding affordability for users. To achieve this, the task pursues the following specific objectives:

- I. Determine the revenue requirement for the upcoming regulatory period using the methodology defined in the Water and Sewerage (Tariff) Regulations, ensuring consistency with cost-of-service principles and the Net Present Value (NPV) approach.
- II. Evaluate WASCO’s tariff proposal, as submitted in its Triennial Tariff Review (TTR) application, including its projections of operating and capital costs, calculation of the regulatory asset base, discount rate assumptions, investment plan, and the estimated tariff increase and smoothing mechanism (K factor).
- III. Identify and address methodological and data-related limitations in WASCO’s submission, proposing adjustments to cost projections, capital base valuation, and timing assumptions, justified based on regulatory standards and sound financial practice.
- IV. Develop a transparent and replicable methodology for calculating the K factor, to ensure smooth implementation of tariff adjustments while maintaining equivalence between the NPV of required revenues and the NPV of expected tariff revenues.
- V. Assess the affordability and social impacts of the proposed tariff adjustments by modelling stylized households across different income groups and service usage

patterns, using indicators such as the Residential Indicator, and proposing mitigation strategies where necessary.

- VI. Recommend a technically and socially justified tariff structure, including mechanisms for indexation, service standards, and affordability protection measures that balance cost recovery with equitable service provision.

These objectives are pursued with a dual focus: providing NURC with a technically sound basis for regulatory decision-making and supporting WASCO in implementing a tariff framework that enhances both financial viability and service equity.

On the other hand, and in line with the reviews and comments presented in the document, it is important to highlight the relevance of certain key aspects in the tariff determination process, such as having a detailed and properly justified investment plan, maintaining up-to-date audited financial statements that allow for the review and projection of actual service costs, and, once the calculations have been completed, conducting the corresponding public consultations with the aim of presenting and substantiating the proposed tariff increases.

These elements are essential to ensure the technical soundness, transparency, and legitimacy of the tariff-setting process.

In line with the above, and taking into account the socialization sessions carried out between NURC, WASCO and different stakeholders between February 9 and 17, 2026, this document incorporates complements and adjustments to the final results and conclusions presented.

2 REGULATORY METHODOLOGY FOR TARIFF SETTING

The regulatory methodology used in this triennial tariff review is grounded in the legal and technical framework established by the Water and Sewerage Act - Cap. 9.03, particularly Sections 78 and 81, as well as the detailed procedures set out in the Water and Sewerage (Tariff) Regulations, especially Part 3 and Annex 3.

Section 81 of the Act mandates the National Utilities Regulatory Commission (NURC) to carry out a comprehensive review of the tariff scheme and tariff levels applicable to the service licensee, considering new service goals and investment plans for the upcoming triennium. It establishes the timeline, procedural steps, and public consultation

requirements for the triennial review. Meanwhile, Section 78 outlines the general principles for tariff setting, including cost recovery, fairness, transparency, and the allowance of reasonable return on capital.

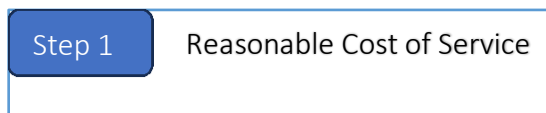
The specific methodological procedures for tariff determination are detailed in the Water and Sewerage (Tariff) Regulations – Part 3, “Triennial Tariff Review”, and the Annex 3, “Triennial Tariff Adjustment”. Regulation 7 introduces the use of a Net Present Value (NPV) framework to ensure that the present value of tariff revenues is equivalent to the present value of efficiently incurred costs plus a fair and reasonable return on capital. This regulation also establishes the use of a K factor to smooth tariff increases over the regulatory period.

Regulations 8 through 17 outline the specific procedural and analytical requirements for the review, including the submission of audited accounting information (Reg. 9), the assessment and adjustment of capital expenditures (Regs. 10–12), depreciation (Reg. 13), operating and maintenance costs (Regs. 14–15), and other tariff parameters (Reg. 16). Regulation 17 specifies the requirements for publishing the results of the review.

Annex 3 further details the technical methodology, including the calculation of the regulated asset base, permissible return, depreciation, allowed O&M costs, and the determination of the allowed revenue and the K factor. This annex provides the formulaic structure that underpins the entire financial component of the review and forms the backbone of the recommendations developed in this report.

While the Water and Sewerage Act provides the overarching legal basis for the triennial tariff review, it is the Tariff Regulations, particularly Part 3 and Annex 3, that articulate the methodological steps and principles to be followed. This report adheres to both instruments, applying the prescribed methodology to evaluate WASCO’s proposal, determine the required revenue, and recommend a new tariff scheme consistent with regulatory and social objectives.

The methodology for calculating rates in a triennial review consists of three steps:



This first step focuses on calculating the total cost incurred by the service licensee in providing services efficiently.

The following formula is used:

$$C = (RAV \times RoR) + Dep + Opex$$

The objective of this step is to establish a solid financial basis that represents the real and necessary costs for service provision, including a fair return on invested capital.

Step 2

Allowed Real Revenue

This step aims to determine the total revenue that the service licensee will be allowed to obtain through tariffs over the next three years, ensuring that the Net Present Value (NPV) of the reasonable costs of the service is equal to the NPV of total expected revenues:

$$NPV(C) = NPV(R)$$

The primary goal is to ensure that the service licensee can recover efficiently incurred costs and obtain a reasonable return on capital over the triennial period. The K Factor allows for a gradual implementation of the necessary tariff adjustments.

Step 3

Setting the Tariff Rates

In this final step, the goal is to establish the specific tariffs that customers will pay for services, based on the allowed real revenue determined in the previous step and considering demand forecasts. The allowed real revenue will be converted into a clear and applicable tariff structure for customers, considering equity principles, non-discrimination, and cost recovery, while allowing for direct or cross-subsidies if permitted.

It is important to mention that the formulas and calculation procedures applied throughout this review are directly extracted from Annex 3 of the Tariff Regulations, which provides a standardized methodology for regulatory consistency.

2.1 Reasonable Cost of Service

As shown in step 1, to calculate the Reasonable Cost of Service, it is necessary to consider the following key components: RAV (Regulatory Asset Value), RoR (Allowed Rate of Return), Dep (Depreciation) and Opex (Operating and Maintenance Costs).

Each of these elements must be estimated based on the guidelines set out in the Water and Sewerage (Tariff) Regulations, particularly Annex 3, which defines the triennial tariff adjustment methodology.

2.1.1 Regulatory Asset Value (RAV)

$$C = (RAV \times RoR) + Dep + Opex$$

The formula to determine the Regulatory Asset Value (RAV) is the following:

$$RAV = \text{Opening Assets} + \text{Forecast Capital Expenditure} - \text{Forecast Depreciation} - \text{Forecast C\&G Contributions}$$

Each of its components must be estimated with technical rigor and in accordance with regulatory criteria, as explained in detail below.

2.1.1.1 Opening Assets

Opening Assets represent the value of the regulated asset base at the start of the tariff review period and constitute the initial reference point for calculating the Regulatory Asset Value (RAV).

They are calculated as follows:

$$\text{Opening Asset Value} = \left(OA_{t-3} + \sum_{t=1}^3 \text{Actual Capital Expenditure} \right) - \left(\sum_{t=1}^3 \text{Actual Depreciation} - \sum_{t=1}^3 \text{Actual C\&G Contributions} \right)$$

↓

Opening Asset Value from the previous tariff review.

↓

Sum of all investments made in the last three years.

↓

Total depreciation recorded over the last three years. It is subtracted because it reflects the loss of asset value due to usage.

↓

Assets paid for by external sources (customers/government) over the last three years. These assets should not be included in the tariff base.

If $t - 3 = 0$, the 'Opening Assets' will refer to the Legacy Asset Value of the Service Licensee at the time of the privatization transaction.

2.1.1.2 Forecast Capital Expenditure

This component encompasses the projected capital investments required over the regulatory period. It includes:

- Investments in new infrastructure aimed at expanding or improving service coverage and quality.

- Expenditures for the renewal, replacement, or major maintenance of existing assets to preserve operational integrity.
- Adjustments related to the regulatory treatment of capitalized assets, including any revaluations or disallowances.

The inclusion of forecast capital expenditure ensures that the Regulatory Asset Value (RAV) accurately reflects the anticipated investment needs essential for sustaining and enhancing service delivery in accordance with regulatory standards

2.1.1.3 Forecast Depreciation

Forecast depreciation represents the estimated reduction in asset value over the regulatory period due to physical deterioration, obsolescence, or the passage of time. It is typically calculated using a straight-line method based on the asset's useful life, consistent with regulatory accounting principles.

Deducting forecast depreciation from the RAV ensures that the asset base is not overstated and reflects only the residual value of assets that continue to contribute to service provision. This adjustment is essential to avoid double recovery of capital costs and to maintain intertemporal equity in tariff setting.

$$\sum_{t=1}^3 \text{Forecast Depreciation}$$

2.1.1.4 Forecast C&G Contributions

Forecast Customer and Government Contributions (C&G) refer to capital expenditures financed through third-party sources, such as direct payments from customers (e.g., connection fees) or public subsidies and grants.

These contributions are excluded from the Regulatory Asset Value (RAV), as they do not represent costs incurred by the service provider. Deducting forecast C&G contributions ensures that tariffs recover only the capital investments actually financed by the utility, thereby preventing over-remuneration and promoting fairness in cost allocation.

$$\sum_{t=1}^3 \text{Forecast C\&G Contributions}$$

It is important to mention that RAV ensures that tariffs reflect only the assets used in service provision, balancing investment recovery and cost efficiency.

2.1.2 Allowable Rate of Return (RoR)

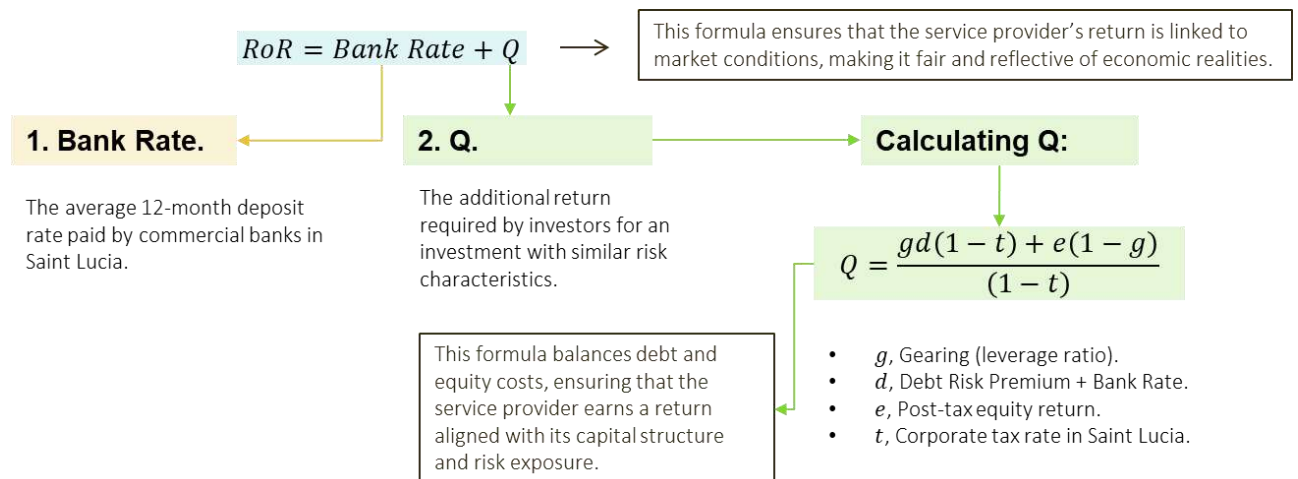
$$C = (RAV \times RoR) + Dep + Opex$$

The Allowable Rate of Return (RoR) is the pre-tax rate of return that the service provider is permitted to earn on its Regulatory Asset Value (RAV). It reflects the opportunity cost of capital invested in the regulated business, considering both debt and equity financing.

- This rate is typically determined using the Weighted Average Cost of Capital (WACC) methodology, which incorporates:
 - The cost of equity, based on market risk and sector-specific factors.
 - The cost of debt, reflects prevailing interest rates and credit risk.
 - The target capital structure (debt/equity ratio) is established by the regulator.

The RoR directly influences the revenue requirement through the term $(RAV \times RoR)$ in the cost calculation formula. A properly set RoR ensures that tariffs provide a fair return on investment, incentivizing efficient service provision while avoiding excessive charges to users.

According to the Water and Sewerage Act, the RoR is calculated as:



2.1.3 Depreciation (Dep)

$$C = (RAV \times RoR) + Dep + Opex$$

Depreciation is a fundamental component in the calculation of the Reasonable Cost of Service (C), as it reflects the systematic allocation of an asset's cost over its useful life. This accounting measure captures the wear and tear, obsolescence, or aging of infrastructure assets.

Including depreciation in the tariff structure ensures that the utility recovers the capital invested in assets progressively, enabling asset replacement and long-term financial sustainability. It also aligns with the principle of intergenerational equity, by ensuring that current users contribute to the consumption of assets they benefit from.

According to the regulatory framework, depreciation is calculated using the straight-line method, which means:

$$\text{Annual Depreciation} = \frac{\text{Asset Value}}{\text{Asset Useful Life}}$$

This method assumes that assets lose value at a constant rate over their useful life.

2.1.4 Operating and Maintenance Expenditure (Opex)

$$C = (RAV \times RoR) + Dep + Opex$$

The Allowable Operating and Maintenance Expenditure (Opex) represents all operational and maintenance costs that are reasonably incurred by the service provider to ensure the continuous and efficient provision of services to consumers.

- ✦ Opex is a critical part of the Reasonable Cost of Service formula, ensuring that tariffs cover the true cost of operations.
- ✦ Only necessary and justified expenses are included to maintain fair pricing.
- ✦ Unrelated costs (branding, goodwill, and excessive overheads) are excluded to ensure that consumers are only charged for necessary service-related expenses.

Table 1 Regulatory- Understanding Opex: Included vs. Disallowed Costs

Included (Allowed Opex)	Excluded (Disallowed Opex)
Salaries for operational staff	Advertising and marketing
Energy and chemical costs	Sponsorships and goodwill
Maintenance and repairs	Costs unrelated to service provision
Customer service and billing expenses	Excessive executive bonuses
Regulatory compliance costs	Luxury office expenses

2.2 Allowed Real Revenue

The second step of the triennial tariff-setting methodology, as defined in Part 3 and Annex 3 of the Water and Sewerage (Tariff) Regulations, consists of determining the Allowed Real Revenue (ARR) that the service licensee will be permitted to collect over the tariff review period. The fundamental regulatory objective is to ensure that tariff revenues are sufficient to recover the efficient cost of providing service.

2.2.1 Net Present Value (NPV) Condition

To determine the ARR, the regulatory framework requires the application of the Net Present Value (NPV) principle, according to which:

$$NPV(C) = NPV(R)$$

Where:

- ✦ NPV(C) is the present value of the Reasonable Cost of Service, which includes the Regulatory Asset Value (RAV) multiplied by the Allowed Rate of Return (RoR), plus depreciation and allowable operating expenses.
- ✦ NPV(R) is the present value of the total revenue collected from customers through tariffs over the three-year regulatory period.

This condition ensures that the total projected revenues under the new tariff scheme will be financially equivalent, in present value terms, to the forecasted efficient costs of providing service.

2.2.2 Calculation of NPV(C) and NPV(R)

Table 2 Equations: NPV(C) and NPV(R)

Calculation of NPV(C)	Calculation of NPV (R)
$NPV(C) = \sum_{t=1}^3 \frac{C_t}{(1+r)^t}$	$NPV(R) = \sum_{t=1}^3 \frac{RT_t \times Q_t}{(1+r)^t}$
Where:	Where:
<ul style="list-style-type: none"> ✦ C_t - Reasonable Cost of Service in year t ✦ r - Allowed Rate of Return 	<ul style="list-style-type: none"> ✦ RT_t - Tariff rate applied in year t (in current prices) ✦ Q_t - Forecasted demand volume in year t

2.2.3 Application of the K Factor

To avoid abrupt year-on-year tariff fluctuations, the regulatory framework allows for the application of a smoothing mechanism, the K Factor. This parameter ensures that the tariffs, while recovering the full NPV of efficient costs, are implemented in a gradual and predictable manner over the triennium.

The K Factor is determined through the following process:

1. Annual revenue targets are first established to match the Reasonable Cost of Service for each year of the review period.
2. Tariff levels are initially calculated by dividing each year's revenue requirement by the respective demand forecast.
3. If tariff fluctuations between years are deemed excessive, a smoothing process is applied to establish a constant K Factor, which adjusts the tariff path while maintaining the equality between NPV(C) and NPV(R).

4. The result is a uniform percentage adjustment applied to current tariffs (the K Factor), which yields a stable revenue stream equivalent in present value to the projected cost path.

2.3 Setting the Tariff Rates

The final step of the tariff review process consists of the approval of the specific tariff rates to be applied over the upcoming regulatory period. The Commission will review the proposed rates, ensuring consistency with:

- ✦ The Allowed Real Revenue previously established,
- ✦ The principles set out in Division 5 of Part 3 of the Water and Sewerage Act, including cost recovery, fairness, transparency, and non-discrimination, and
- ✦ The procedural requirements under Part 3 of the Water and Sewerage (Tariff) Regulations.

If the proposed tariffs meet these criteria, they are approved and become effective for the triennium. Otherwise, the Commission may request a revised proposal. Once approved, the tariffs are published in the Government Gazette and in at least two widely circulated local newspapers.

3 TECHNICAL ASSESSMENT OF WASCO'S TARIFF REVIEW APPLICATION AND PROPOSED ADJUSTMENTS FOR THE 2024–2027 REGULATORY PERIOD

The assessment of WASCO's tariff review application for the triennial period September 2024 to August 2027 will be conducted using the cost and revenue requirement formulas outlined in the previous chapter. This includes the calculation of the Reasonable Cost of Service (C), based on the Regulatory Asset Value (RAV), the Allowable Rate of Return (RoR), forecast depreciation, and operating expenditures (Opex).

The analysis will be guided by internationally recognized regulatory principles and practices, ensuring transparency, efficiency, cost recovery, and affordability. Particular attention will be given to the consistency of WASCO's underlying assumptions, the accuracy of cost projections, and the justification of proposed adjustments, in alignment with the established tariff framework.

Unless otherwise stated, all tables, figures, and section references cited throughout this chapter refer to the document titled “2024 Triennial Tariff Review Application – Final Report”, submitted by the Water and Sewerage Company Inc. (WASCO) as part of its official tariff proposal to the National Utilities Regulatory Commission (NURC).

Additionally, for these aspects, we present some findings along with adjustment recommendations and the results of the rate increase applying the proposed adjustments.

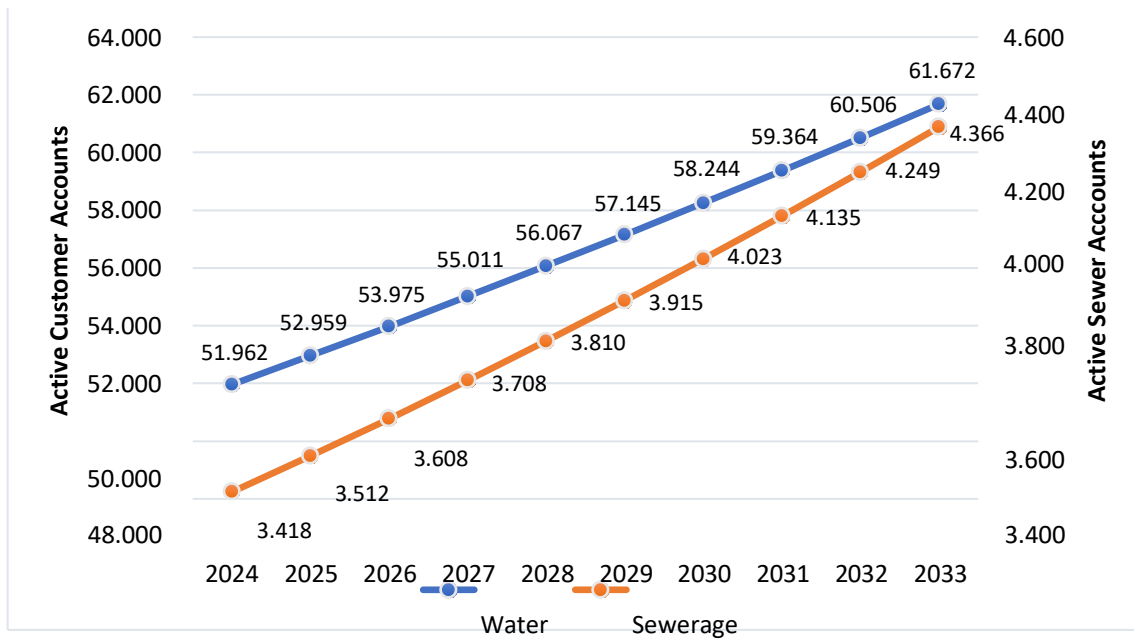
It should be noted that, according to the analysis conducted (and presented later in this section), WASCO does indeed require a rate increase, even if an investment plan were not considered and only the recovery of depreciation and profitability of its initial asset base and its annual administration, operation, and maintenance costs were considered.

3.1 Demand Forecasts: Billed Consumption and Customer Projections

For water services, WASCO forecasts a steady annual increase in the number of active accounts. The company assumes a 2% annual growth rate for domestic users and a 1% rate for commercial customers, with constant assumptions applied to all other categories (Table 23). Under these assumptions, the total number of active water accounts is expected to rise from 51,962 in 2024 to 61,672 in 2033 (representing a cumulative increase of approximately 18.7% over the ten-year forecast period).

In the case of sewerage services, a slightly more dynamic growth trajectory is projected, with customer accounts increasing from 3,418 in 2024 to 4,366 in 2033. This reflects annual growth rates ranging between 2.73% and 2.78% across all customer classes (2024 Triennial Tariff Review Application – Final Report, Table 24), driven by gradual expansion of the sewerage network and improved service coverage.

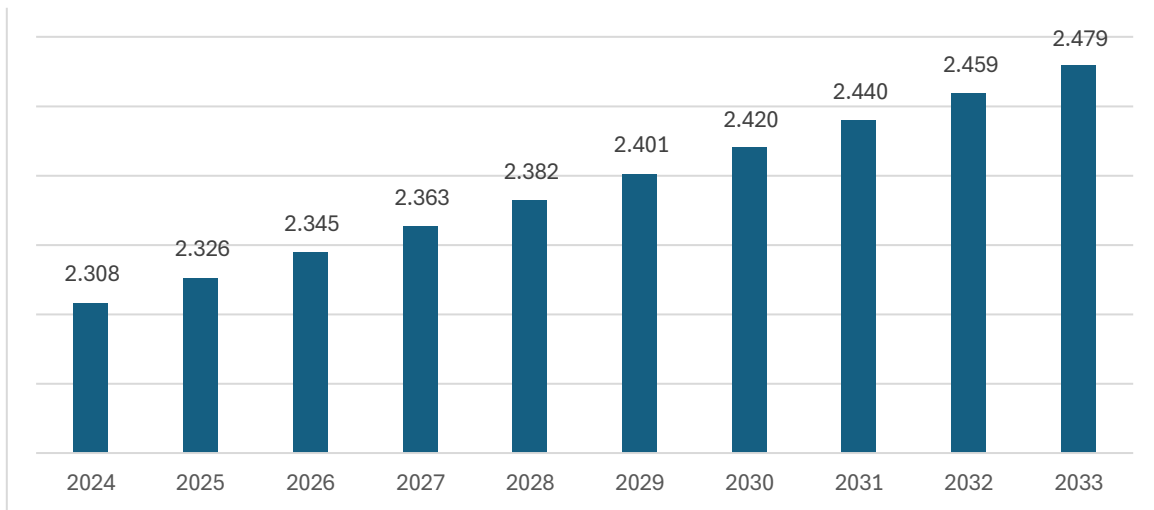
Graph 1 Projected Consumer and Demand for Wasco (2024 – 2033)



Regarding consumption volumes, WASCO projects annual water usage to increase in line with the growth in customer accounts (2% per year for domestic users and 1% for commercial customers (2024 Triennial Tariff Review Application – Final Report, Table 27)). Sewerage volumes are expected to follow a similar pattern, reflecting the close correlation between water consumption and wastewater generation (2024 Triennial Tariff Review Application – Final Report, Table 28).

These projections are further supported by historical data on production and consumption from 2020 to 2023, along with reported non-revenue water (NRW) levels ranging from 47% to 58% during the same period (2024 Triennial Tariff Review Application – Final Report, Table 2).

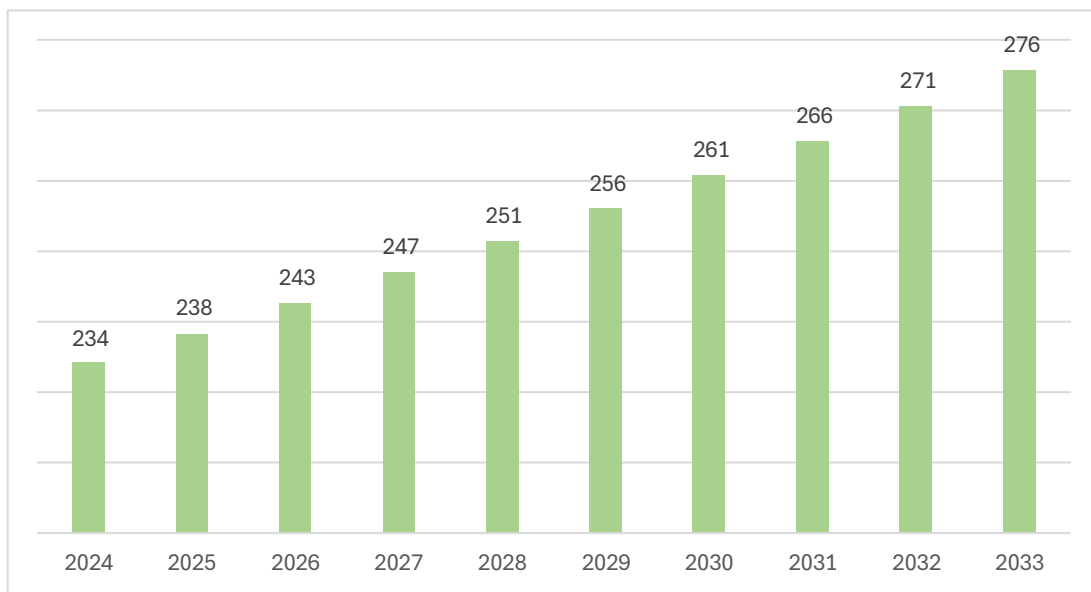
Graph 2 Water: Consumption (millions of gallons)



According to the data, water consumption is expected to grow gradually from approximately 2,308 million gallons in 2024 to 2,479 million gallons in 2033. This consumption trajectory provides the foundation for forecasting revenues and evaluating the sustainability of current tariff structures relative to the utility's cost recovery needs.

Wasco also forecasted that the wastewater generation is expected to rise from approximately 234 million gallons in 2024 to nearly 276 million gallons by 2033.

Graph 3 Sewer: wastewater generation (millions of gallons)



3.1.1 Issue

Following the review of WASCO’s projections for billed water volumes and customer base, no material inconsistencies or methodological concerns were identified. The projections are considered reasonable and consistent with historical trends and expected service expansion.

3.1.2 Proposed adjustment

No adjustments are proposed for this component. The validated projections have been adopted as input for the tariff calculations presented in subsequent sections of this document.

3.2 Opening Assets

The calculation of WASCO’s Opening Asset Value for the 2024 - 2027 tariff period relies on a combination of audited financial records and estimated investments made that collectively define the utility’s capital base. From a quantitative standpoint, this exercise offers not only a snapshot of WASCO’s infrastructure and investment profile but also establishes the foundation for determining the return component of the Reasonable Cost of Service.

Table 1. Opening Asset Value Calculation

Description	Value (XCD)
Opening Asset Value (year 2020)	83,878,557
Capital Expenditures (1/1/21 - 8/31/24)	48,873,862
Less: Depreciation (1/1/22 - 8/31/24)	-16,862,913
Less: Customer & Govt. Contributions (1/1/22 - 8/31/24)	0
Opening Assets (Aug-2024)	\$115,889,506

The initial valuation point for the Opening Asset Value corresponds to the audited net book value of assets in service as of December 31, 2020, amounting to XCD 83.88 million. This figure, while grounded in the most recent audited data available at the time of report preparation, was adjusted to reflect actual capital additions and accumulated depreciation incurred between January 1, 2022, and August 31, 2024. Capital investments during this period reached nearly XCD 48.87 million, while accumulated depreciation reduced the base by XCD 16.86 million (2024 Triennial Tariff Review Application – Final Report, Table 31).

No customer or government contributions were recorded, which preserved the gross additions in full. Consequently, the adjusted opening asset value as of August 31, 2024, stood at approximately XCD 115.89 million (2024 Triennial Tariff Review Application – Final Report, Table 31).

3.2.1 Issue

Under the Triennial Tariff Review Application, WASCO reported an Opening Asset Value of XCD 115,889,506 for the triennium covering the period from September 2024 to August 2027.

However, a review of the Company’s unaudited financial statements for the year ending December 2023—which indicate a net value of property, plant, and equipment assets of XCD 84,122,711—combined with declared capital investments of XCD 6,428,460.76 for the period January to December 2024, revealed substantial inconsistencies in the proposed opening value.

Based on these differences, it is advisable to adjust the Opening Assets according to the available financial information.

3.2.2 Proposed adjustment

In light of the issue identified, and in alignment with international regulatory practices for establishing the Opening Asset Base at the start of a tariff period, it is proposed that WASCO adopt the value of its property, plant, and equipment as reported in its 2023 unaudited financial statements, amounting to XCD 84,122,711.

This approach ensures that the Opening Asset Value used in the calculation of the Regulatory Asset Value (RAV) for Year 1 of the triennium reflects a verifiable figure grounded in the company’s accounting records. It also corrects the previously observed overstatement and reinforces the transparency and accuracy of the tariff-setting process.

The impact of this adjustment is incorporated into the tariff calculations presented in subsequent sections of this document.

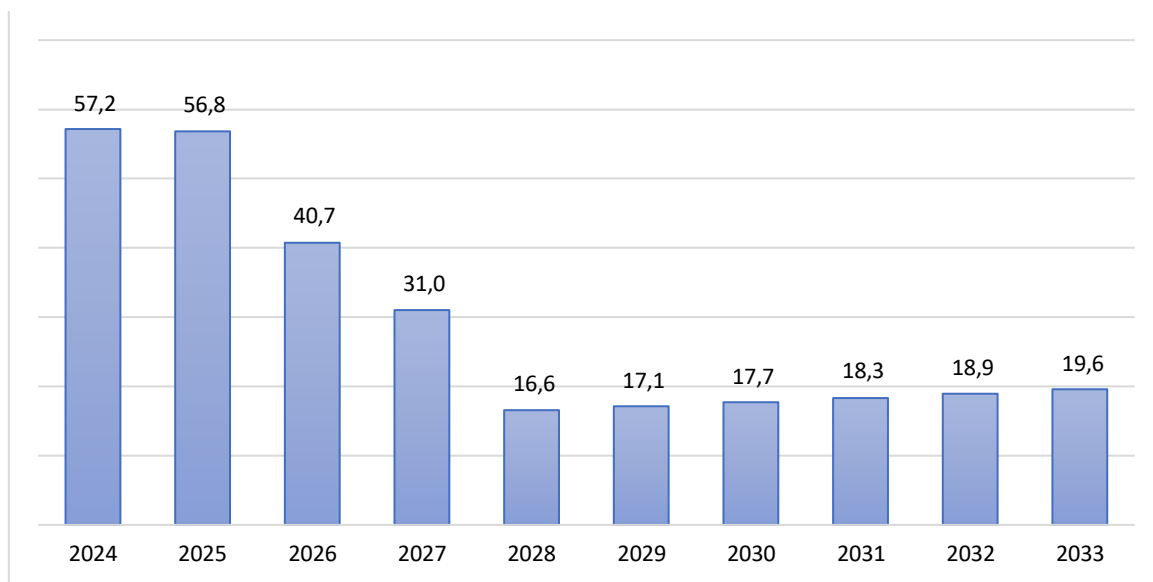
3.3 Investment Plan

The investment plan presented by WASCO constitutes a fundamental pillar of its financial strategy and long-term service sustainability. This plan, as described primarily in Sections 2.2 (“Planned Investment”) and 3.1.2 (“Capital Improvements”) of the Triennial Tariff Review, outlines both operational and major capital expenditures anticipated over the

forecast period 2024–2033. According to WASCO, these investments are essential not only to maintain and improve existing infrastructure, but also to expand service coverage and enhance operational efficiency across WASCO’s water and sewerage networks.

WASCO projected a total investment plan of XCD 293,994,883 for the period 2024–2033, as shown in the following graph:

*Graph 4 WASCO: Investment plan 2024-2033
 Millions (XCD)*



WASCO’s investment plan includes a series of major capital projects intended to modernize key segments of the network, address critical vulnerabilities, and respond to increasing service demands. These projects are listed in Table 16 and discussed descriptively in Section 2.2.1 of the Triennial Tariff Review Application – Final Report, where their purpose and anticipated benefits are outlined. While the rationale for each project is provided (typically based on infrastructure aging, efficiency improvements, or service reliability) the documentation does not include a formal cost-benefit analysis (CBA) for each individual project, which is especially important to have for major projects in order to evaluate their benefit and relevance.

For regulatory purposes, only investments that are either (i) already executed, (ii) contractually committed, or (iii) supported by identified financing, a defined implementation schedule, and sufficient technical and economic justification should be incorporated into the tariff calculations for the triennium. Projects that do not yet meet

these criteria should be excluded from the allowed revenue requirement or treated as conditional pending further substantiation.

Table 2. WASCO: Investment plan – Major Projects
Millions (XCD)

Major Projects - Future	Funding Source	2024	2025	2026	2027
Raw Water Line - Phase 1	Future Debt	21	21		
Raw Water Line - Phase 2	Future Debt		20.25	20.25	
Northern Pipeline	Future Debt			5	
Sewer projects - One extension and one upgrade	PAYGO	0.6	0.6		
Millet Gravity Pipeline & Intake Replacement	Future Debt				5
Micoud Intake Upgrade	Future Debt				10
<i>Subtotal: Major Projects</i>		21.6	41.8	25	15
<i>Others: Rehab and Replacement</i>		18.5	15	15.5	16.02
<i>Others: Work-in-Progress</i>		17.03			
Total		57.1	56.8	40.7	31.02
Raw Water Line / total		36%	73%	50%	

Source: Own elaboration based on data provided by Wasco on its application.

The planned major investments include:

- ✦ Raw Water Line Replacement – Phases 1 and 2: With total projected costs of \$42.0 million (2024–2025) and \$40.5 million (2025–2026) respectively, these projects aim to replace sections of the John Compton Dam raw water pipeline, which is over 40 years old and subject to frequent leaks. Financing is expected to come entirely from future debt.
- ✦ Northern Transmission Line Replacement: Scheduled for 2026 with an estimated cost of \$5.0 million, this project seeks to reduce leakage and enhance supply reliability in the northern region of the island. Funding is also projected to be sourced through future debt.
- ✦ Millet Gravity Main and Intake: Planned for 2027, this \$5.0 million investment will allow WASCO to supply water by gravity rather than using electric pumps, thereby improving quality while reducing energy costs.
- ✦ Micoud Intake Upgrade: With an investment of \$10.0 million in 2027, this project will replace an unreliable intake located on a seasonal tributary with one on the main Troumassee River, providing a more consistent and secure water source.

- ✦ Sewerage Network Expansion and Upgrade (Marchand and Cul De Sac): These interventions, scheduled between 2024 and 2025, involve a \$1.2 million investment, funded via PAYGO/cash. The goal is to increase efficiency and expand the customer base in underserved areas, contributing to long-term revenue growth.

For the triennium from September 2024 to August 2027, WASCO projected a total investment of XCD 137,304,358, representing approximately 46% of its overall investment plan for the 2024–2033 period.

The annual distribution of this investment plan for the triennium is as follows:

- September 2024 to August 2025: XCD 56,941,848
- September 2025 to August 2026: XCD 46,103,639
- September 2026 to August 2027: XCD 34,258,871

3.3.1 Issue

It is important to highlight that the start of the triennium (September 2024) is currently not aligned with the anticipated effective date of the tariff adjustment. If the proposed tariff increase were to be approved, its implementation would likely not occur until July 2025, leaving only two months before the beginning of Year 2 of the regulatory period (September 2025).

From an investment planning perspective, this misalignment presents a critical issue. WASCO's proposed tariff structure implicitly assumes that XCD 56,941,848 in capital investments will be executed during the first year of the triennium (September 2024 – August 2025).

However, based on additional information provided by the utility, actual capital expenditures from January to December 2024 amounted to XCD 6,428,460, and projected investments from January to June 2025 total only XCD 1,256,608. This results in a combined investment of XCD 7,685,069 by June 2025, which would precede any potential tariff adjustment.

Therefore, WASCO would be required to execute the remaining XCD 49,256,779 of its Year 1 investment plan within the final two months of the period (July–August 2025), a scenario that is clearly infeasible given standard procurement, implementation, and disbursement timelines.

Although the regulatory framework does not mandate that the regulator monitor or enforce compliance with the investment plan (a topic that will not be addressed in this report), it would be technically unsound to approve a tariff based on an investment program that is demonstrably impossible to implement within the proposed timeline. Doing so would compromise the credibility of the tariff-setting process and misalign user contributions with actual capital execution capacity.

3.3.2 Proposed Adjustment

It is proposed to adjust the investment plan incorporated into the tariff for the triennium September 2024 – August 2027 to account for the time lag between the start of the triennium (September 2024), the potential application of tariff increases (July 2025, with approval in June 2025), and the actual investment levels made by WASCO.

For this adjustment, the following data would be considered:

*Table 3 Adjustment proposal: Investment plan
 September 2024 – August 2027 (XCD)*

Investment plan	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	Total
Wasco	56,941,848	46,103,639	34,258,871	137,304,358
Proposal	7,685,069	56,941,848	46,103,639	110,730,555

Considering that it is neither advisable from a regulatory nor a social perspective to approve a tariff—potentially effective as of June 2025—that incorporates an investment plan where Year 1 spans from September 2024 to August 2025, with a projected investment of XCD 56.9 million, which WASCO is clearly unable to execute before the start of Year 2 in September 2025, it is proposed to adjust the investment plan for the triennium based on the data presented in the previous table.

This adjustment is grounded in both the principles of realism and financial prudence, and includes the following considerations:

- Year 1 (September 2024 – August 2025): This corresponds to the value of investments in fixed assets executed by WASCO from January 2024 to December 2024 (XCD 6,428,460) and the investments expected between January 2025 and June 2025 (XCD 1,256,608). This results in a total of XCD 7,685,069 for Year 1 of investments.

This would recognize the actual investments made by WASCO since December 2023, which corresponds to the "Opening Assets" date, and the investments it will effectively make until June 2025, when the tariff approval is expected.

- Year 2 (September 2025 – August 2026): This corresponds to the investment plan that WASCO had for Year 1 of the original plan, i.e., an amount of XCD 56,941,848.
- Year 3 (September 2026 – August 2027): This corresponds to the investment plan that WASCO had for Year 2 of the original plan, i.e., an amount of XCD 46,103,639.

In this way, the tariff would reflect and compensate the actual investments made by WASCO during Year 1 of the triennium, while from Year 2 onwards, the projected investment amounts proposed by WASCO would be incorporated.

This adjustment addresses the timing mismatch between the start of the regulatory period in September 2024 and the effective date of the tariff approval, which could occur as late as June 2025. By aligning investment recognition with the actual availability of tariff revenues, the proposal enhances the internal consistency and financial credibility of the tariff-setting process.

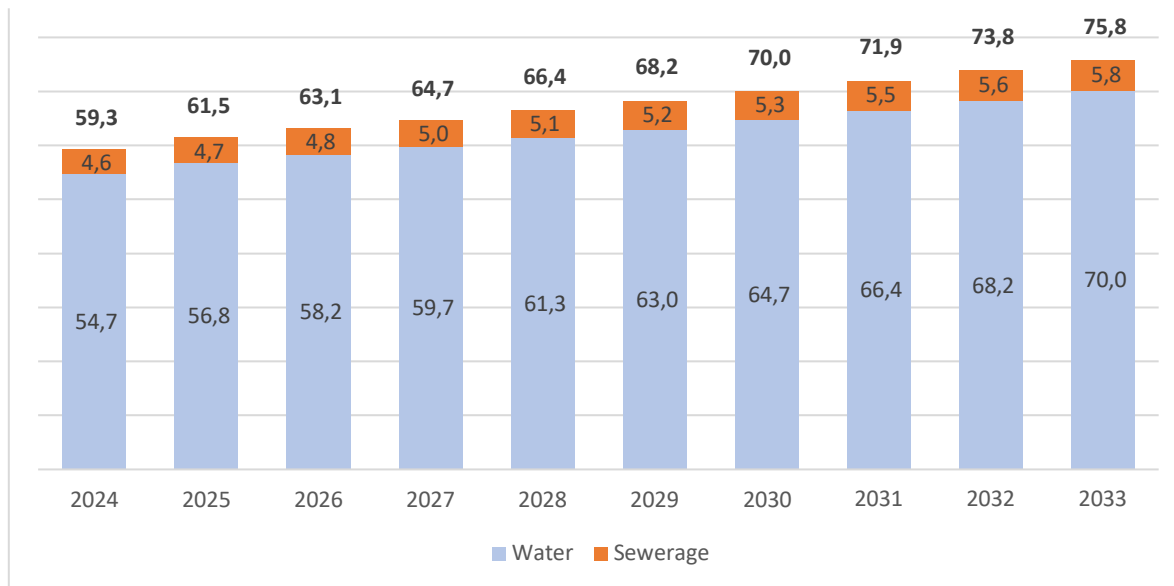
The effect of this adjustment will be included in the tariff calculations presented later in this document.

3.4 Administration, operation, and maintenance costs

WASCO's approach to forecasting OPEX involves applying escalation factors to the 2024 baseline (taken from the 2024 cost Budget), differentiated by cost category. These factors are intended to capture cost inflation due to wage agreements, utility rates, input prices, and macroeconomic trends. Specifically, the application assumes annual increases of 3.0% for labor, 2.0 - 3.0% for electricity, 3.5% for chemicals, and 3.0% for maintenance, while general inflation is assumed at 2.0 - 2.2% (2024 Triennial Tariff Review Application – Final Report, Table 13). Bad debt is modeled as a fixed proportion (5%) of total user revenues (2024 Triennial Tariff Review Application – Final Report, Tables 13 and 14), consistent with WASCO's internal policy and historical experience.

The costs projected by Wasco are as follows:

Graph 5 WASCO: Administration and operating costs 2024-2033
 Millions (XCD)



Based on projections made for the period 2024-2033, the total administration, operation, and maintenance costs included by WASCO for the triennial rate adjustment calculation were:

- September 2024 to August 2025: XCD 60,742,367
- September 2025 to August 2026: XCD 62,529,833
- September 2026 to August 2027: XCD 64,148,033

3.4.1 Issue

As previously indicated, WASCO projected its administration, operation, and maintenance (O&M) costs based on the 2024 budgeted costs, applying escalation factors to extend the projection through 2033. However, two key issues were identified in the methodology used:

- Base year costs: WASCO relied on the 2024 budget rather than on actual historical costs, such as those reported in the 2023 income statement, which would have provided a more reliable and evidence-based baseline for projections.
- Escalation factors: The company applied nominal growth rates, including inflationary adjustments, when projections should have been expressed in constant prices. This is because the regulatory framework already allows for inflation

adjustments to be applied separately from the triennial cost estimation, avoiding double counting.

In line with international regulatory practice, WASCO's cost projections should have been based on objective cost drivers, such as unit cost per subscriber and cost per gallon produced or billed, using 2023 as the reference year (the most recent year with verified actuals). This approach would have enabled the projection of costs based on service demand dynamics, while maintaining price levels constant and free of inflationary distortions.

3.4.2 Proposed adjustment

To correct the administration, operation, and maintenance costs projected by WASCO for the triennium, it is proposed that:

- Base projection costs: It is proposed to use the costs recorded in WASCO's income statement for the year 2023 as the base projection costs.
- Escalation factors: It should be worked at constant prices. In this case, since the base costs are taken from 2023, they would be in December 2023 prices.

For the projection of each cost and expense category, it is proposed to apply a unit cost methodology (internationally validated for this type of projection) using 2023 subscriber costs as a "driver" to project administrative costs based on the subscriber forecast, and 2023 gallons produced costs to project operation and administration costs based on the forecasted water production volume.

By applying the above considerations, the following unit costs for the year 2023 would be used, assuming a total of 50,985 customers and a total of 4,266 million gallons of water produced:

Table 4 Unit costs for projection

DIRECT EXPENSES	WASCO Income statement 2023 (XCD)	XCD/1000 gallons of water produced
Salaries & wages	15,429,800	3.62
Power	13,361,745	3.13
Chemicals	1,776,655	0.42
Maintenance	6,991,365	1.64
Transport & travelling	1,281,833	0.30
Miscellaneous expenses	137,092	0.03
Total	38,978,489	9.14

ADMINISTRATIVE EXPENSES	WASCO Income statement 2023 (XCD)	XCD/Customer/month
Salaries & Wages	9,307,664	15.21
Gratuities & pension	534,051	0.87
Staff related cost	1,444,215	2.36
Stationery & office supplies	406,694	0.66
Maintenance	1,295,708	2.12
Travelling and other expenses	411,074	0.67
Utilities	1,114,102	1.82
Insurances	417,940	0.68
Professional fees	832,232	1.36
Uniforms	195,013	0.32
Training	93,758	0.15
Advertising	106,638	0.17
Rent	198,199	0.32
WASCO's Operation Fees / NWSC	900,000	1.47
Licenses, fees & subscriptions	291,638	0.48
Miscellaneous expenses	418,417	0.68
Total	17,967,343	29.37

By applying these unit costs to the annual projections of customers and water production volume directly calculated by WASCO, the following results are obtained for the triennium from September 2024 to August 2027:

*Table 5 Adjustment proposal: Costs: administration, operation, and maintenance
September 2024 – August 2027 (XCD)*

Costs: administration, operation, and maintenance	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	Total
Wasco	60,742,367	62,529,833	64,148,033	187,420,233
Proposal	58,051,984	58,322,428	58,600,626	174,975,038
Difference	-2,690,383	-4,207,405	-5,547,407	-12,445,195

By applying the proposed adjustment, the administration, operation, and maintenance costs to be recovered through the tariff would be lower for each year of the projection compared to the calculations initially made by WASCO, which were higher by a total of XCD 12.4 million.

The effect of this adjustment is included in the tariff calculations presented later in this document.

3.5 Other Water and Sewerage Revenues

Regarding the other water and sewerage revenues generated by WASCO, which, within the Company's calculations, help cover part of the reasonable service costs (thus reducing the tariff increase requirement), the Company projects these revenues for the period from September 2024 to August 2027 at a constant value of XCD 2,103,700 for water and XCD 147,300 for sewerage, for a total of XCD 2,251,000. This amount from other revenues would represent, on average, 3.57% of the total projected revenues by WASCO (at current rates) for the triennium.

3.5.1 Issue

Upon reviewing the income statement for the year 2023, other revenues accounted for 3.39% of the total revenues.

Increasing the proportion of other revenues relative to total income may lead to an overestimation of these figures, which could result in a tariff increase calculation that falls short of covering the reasonable costs of the service.

3.5.2 Proposed adjustment

It is considered financially more appropriate to project other revenues while maintaining their proportion relative to total income based on historical data, which in this case would be the financial statements for the year 2023 (as per the information provided by WASCO).

This way, instead of projecting constants (which is not as suitable in a projection model), variables are projected while maintaining the proportion relative to total operational revenues.

Additionally, to keep the items included in the financial statement consistent, it is advisable to project the "Revenue adjustments." These figures can be projected by maintaining their proportion relative to total operational revenues, using the actual data from the 2023 income statement as a reference.

Thus, the following projected figures for other revenues for the triennium would be as follows:

*Table 6 Adjustment proposal: Other Water and Sewerage Revenues
September 2024 – August 2027 (XCD)*

Other revenue	2023	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027
Other revenue - water	1,885,549	1,926,797	1,946,495	1,966,512
Other revenue - waste water	170,078	173,799	175,576	177,381
Revenue adjustments	-586,167	-598,990	-605,113	-611,336

The effect of this adjustment is included in the tariff calculations presented later in this document.

3.6 Requested tariff increase by WASCO

The Water and Sewerage Company Inc. (WASCO) submitted its Triennial Tariff Review (TTR) application for the period 2024 - 2027 to the National Utilities Regulatory Commission (NURC). The primary objective of this proposal is to obtain regulatory approval for an increase in water and sewerage tariffs. WASCO justifies this request on the grounds that no tariff revisions have occurred since 2013, despite cumulative increases in operating and capital costs. WASCO projects that, under current tariffs, it will face a cumulative revenue shortfall of XCD 66. million over the triennium (NPV), putting at risk its ability to meet operating obligations, service existing debt, and invest in infrastructure.

Table 3. Wasco's Financial Situation During the Triennium Under Current Tariffs (XCD)

Concept	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Revenues at Current Rates	62,491,552	63,107,454	63,733,355	157,731,108
Water	56,276,289	56,830,556	57,393,039	
Waste water	3,964,263	4,025,898	4,089,316	
Other revenue - water	2,103,700	2,103,700	2,103,700	
Other revenue - waste water	147,300	147,300	147,300	
Reasonable Cost of Service	84,177,169	90,767,665	95,221,803	224,357,472
Regulatory Asset Value	165,413,938	202,929,880	228,213,372	
Investments	56,941,848	46,103,639	34,258,871	
Depreciation	7,417,416	8,587,696	8,975,380	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	1,758,570	3,176,781	4,402,888	
RAV x RoR	16,017,386	19,650,135	22,098,390	
Opex (admin + direct operating costs)	60,742,367	62,529,833	64,148,033	
Deficit	-21,685,617	-27,660,211	-31,488,448	-66,626,364

The table above illustrates the financial shortfall WASCO would face if current tariff levels remain unchanged over the 2024 - 2027 regulatory period. Estimated annual losses average approximately XCD 27 million, amounting to a cumulative deficit of XCD 66.6 million over the triennium in terms of NPV (estimated by Wasco).

The document follows the regulatory framework established in the Water and Sewerage Act (Cap. 9.03) and the Tariff Regulations, particularly Schedule 3 and Annex 3, which outline the methodology for determining the Reasonable Cost of Service, tariff setting, and the use of the K-Factor as a smoothing mechanism.

To address the gap between the Reasonable Cost of Service and projected revenues under existing tariffs, WASCO proposes a tariff increase of 42.2%, as presented in Table 41 of its submission. This rise is calculated by comparing the Net Present Value (NPV) of the projected revenue requirement with the NPV of tariff revenues under current rates over Sept. 2024 – Aug. 2027.

3.6.1 Issue

As detailed in the preceding sections, several methodological issues were identified in WASCO's tariff review application. These include:

- The estimation of the Opening Asset Base,
- The formulation and phasing of the investment plan for the period September 2024 – August 2027,
- The methodology used for projecting administration, operation, and maintenance (O&M) costs,

The assumptions underlying the projection of other revenues.

In addition to these issues, it is important to note that the tariff increase proposed by WASCO was calculated under the assumption that it would be implemented as of September 2024—the beginning of the triennium. However, based on the current status of the regulatory process, the earliest realistic implementation date is July 2025.

This misalignment between the assumed and actual tariff start dates has significant implications for the timing and feasibility of planned investments and revenue recovery during Year 1 of the regulatory period.

3.6.2 Proposed adjustment

It is necessary to calculate the tariff increase by adjusting for the considerations proposed in this report.

4 TECHNICAL ASSESSMENT OF TARIFF INCREASES WITH PROPOSED ADJUSTMENTS

WASCO's original tariff increase proposal amounted to 42.2%, based on the comparison between the present value of the Reasonable Cost of Service, estimated at XCD 224,357,472, and the net present value (NPV) of revenues under existing tariffs, calculated by the company at XCD 157,731,108.

However, as outlined in the previous sections, several adjustments were proposed to correct methodological and data inconsistencies related to asset valuation, investment timing, cost projections, and tariff implementation dates. These corrections have a material impact on the resulting tariff increase.

The adjusted tariff increases presented below reflect a revised and technically validated scenario, incorporating the necessary modifications to align the tariff structure with the regulatory framework, actual financial data, and implementation feasibility.

4.1 Generality and applied scenarios

The application of the proposed methodological adjustments in the previous section will be further analyzed under three scenarios, in order to determine the range of tariff increases that can be approved for WASCO.

Table 7 Overview of proposed tariff increase scenarios

Scenario	Overview
Scenario 1: Minimum required tariff increase	This scenario presents the minimum rate increase required by WASCO to cover its annual administration, operation, and maintenance costs, as well as the depreciation and profitability of its base assets by 2023.
Scenario 2: Tariff increase with Investment Plan (without Raw Water Project)	This scenario presents the tariff increase required by WASCO to cover its annual administration, operation, and maintenance costs, as well as the depreciation and profitability of both its base assets in 2023 and its three-year investment plan (without the Raw Water Project).
Scenario 3: Tariff increase with Investment Plan (with Raw Water Project)	This scenario presents the tariff increase required by WASCO to cover its annual administration, operation, and maintenance costs, as well as the depreciation and profitability of both its base assets in 2023 and its three-year investment plan (with the Raw Water Project).

4.2 Assumptions applied

General assumptions and specific assumptions have been applied for each scenario, as shown below:

4.2.1 Applicable to all three scenarios

1. The user and water volume projections prepared by WASCO were maintained.
2. The projection of “Other income” was adjusted by maintaining its proportion relative to water and sewerage revenues.
3. The cost projections (administrative and operational) were adjusted based on WASCO’s 2023 income statement and projecting forward using unit costs. Projected users were used as the driver for administrative costs, while projected water production volume was used as the driver for operational costs.
4. The initial asset base was taken from the fixed assets included in WASCO’s 2023 balance sheet.
5. The discount rate calculated by WASCO of 9.68% is maintained.

4.2.2 Assumptions applied specifically to each scenario

Scenario 1: Minimum required tariff increase

1. Tariff increase required only to recover administrative and operational costs, as well as depreciation and profitability on the initial asset base; that is, no investment plan is included.
2. The projection of operational costs does not include improvements in water losses.

Scenario 2: Tariff increase with Investment Plan (without Raw Water Project)

1. Tariff increase required to recover administrative and operational costs, depreciation and profitability on the initial asset base, and depreciation and profitability on the Investment Plan (without Raw Water Project).
2. The Investment Plan for Year 1 (September 2024 – August 2025) corresponds to the investment made between January 2024 and February 2025 + the investment WASCO actually expects to carry out between March and June 2025.
3. The Investment Plan for Year 2 (September 2025 – August 2026) corresponds to Year 1 of WASCO's original Investment Plan (without Raw Water Project).
4. The Investment Plan for Year 3 (September 2026 – August 2027) corresponds to Year 2 of WASCO's original Investment Plan (without Raw Water Project).
5. The projection of operational costs does not include improvements in water losses.

Scenario 3: Tariff increase with Investment Plan (with Raw Water Project)

1. Tariff increase required to recover administrative and operational costs, depreciation and profitability on the initial asset base, and depreciation and profitability on the Investment Plan (with Raw Water Project).
2. The Investment Plan for Year 1 (September 2024 – August 2025) corresponds to the investment made between January 2024 and February 2025 + the investment WASCO actually expects to carry out between March and June 2025.
3. The Investment Plan for Year 2 (September 2025 – August 2026) corresponds to Year 1 of WASCO's original Investment Plan (with Raw Water Project).
4. The Investment Plan for Year 3 (September 2026 – August 2027) corresponds to Year 2 of WASCO's original Investment Plan (with Raw Water Project).
5. The projection of operational costs includes improvements in water losses.

4.3 Scenario 1-Minimum required tariff increase: Result of tariff increase

This scenario presents the minimum rate increase required by WASCO to cover its annual administration, operation, and maintenance costs, as well as the depreciation and profitability of its base assets by 2023.

4.3.1 Step 1: Determination of the Reasonable Cost of Service

Applying the current regulations for the calculation of the triennial tariff increase, the reasonable costs of the service for the period from September 2024 to August 2027 were calculated as follows:

Table 8 Scenario 1: Reasonable Cost of Service (XCD)

Reasonable Cost of Service	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Regulatory Asset Value	78,463,865	73,052,949	68,480,458	
Investments	0	0	0	
Depreciation	5,658,846	5,410,916	4,572,491	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	0	0	0	
RAV x RoR	7,597,824	7,073,874	6,631,109	
Opex (admin + direct operating costs)	58,317,825	58,988,566	59,669,386	
Total	71,574,496	71,473,355	70,872,987	178,376,864
Total recoverable from tariff revenues	70,072,889	69,956,398	69,340,430	174,585,451

The reasonable cost of service to be included in the tariff increase calculation corresponds to the "Total recoverable from tariff revenues," with a net present value of XCD 174,585,451.

This value includes a discount for the costs that would be recovered through the projected "Other revenues" for each period, which are shown in the following section.

4.3.2 Step 2: Net Present Value (NPV) Revenue Comparison

Once the reasonable cost of service has been calculated, it is then compared in net present value terms with the revenues obtained under current tariffs. This is done in order to calculate the required tariff increase.

Table 9 Scenario 1: Revenues at Current Rates (XCD)

Revenues at Current Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	56,565,998	57,123,162	57,688,571	
Waste water	3,964,263	4,025,898	4,089,316	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	-598,990	-605,113	611,336	
Total	62,031,867	62,666,017	63,310,444	156,624,571
Total (only Water + waste water)	60,530,261	61,149,060	61,777,887	152,833,158

The revenue at current tariffs used in the tariff increase calculation corresponds to the item "Total (only Water + Wastewater)", with a Net Present Value (NPV) of XCD 152,833,158. This NPV figure remains constant across all three scenarios presented in this section.

According to the revised methodology and the adjustments discussed in earlier chapters, the updated NPV of the Reasonable Cost of Service amounts to XCD 174,585,451. When compared with the NPV of revenues at current tariffs, this results in a required tariff increase of 14.23% to achieve full cost recovery.

However, it is important to consider that this increase assumes implementation from September 2024, which is no longer feasible given the current status of the regulatory process.

Accounting for the likely approval of the tariff increase in June 2025 and its application from July 2025, the required adjustment to the tariff structure increases to 20.35%, due to the shorter time available to generate the necessary revenue over the remaining duration of the triennium.

The present value verification would correspond to:

Table 10 Scenario 1: Net present value equilibrium check – direct application of tariff increase (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	58,491,043	68,749,400	69,429,886	
Waste water	4,099,424	4,845,286	4,921,611	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	- 598,990	- 605,113	- 611,336	
Total	64,092,074	75,111,643	75,884,055	178,376,864
Total (only Water + waste water)	62,590,467	73,594,685	74,351,498	174,585,451
Regulatory Asset Value	78,463,865	73,052,949	68,480,458	
Investments	0	0	0	
Depreciation	5,658,846	5,410,916	4,572,491	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	0	0	0	
RAV x RoR	7,597,824	7,073,874	6,631,109	
Opex (admin + direct operating costs)	58,317,825	58,988,566	59,669,386	
Total	71,574,496	71,473,355	70,872,987	178,376,864
Total recoverable from tariff revenues	70,072,889	69,956,398	69,340,430	174,585,451

The equilibrium of the reasonable cost of service for the triennium in net present value (NPV) is verified.

It should be clarified that the application of the k-factor is still pending. The k-factor allows for smoothing the tariff increases and distributing them throughout the period, under the condition that the equilibrium between the NPV of revenues and the reasonable cost of service is maintained.

4.3.3 Step 3: Determination of the K Factor

To smooth the required tariff increase of 20.35% applicable starting from July 2025, a K-factor has been calculated with the following tariff increases (applicable to the entire tariff structure):

*Table 11 Scenario 1: Softened tariff increase (k-factor)
 Month of application*

Smoothed	Jul 2025	Jan 2026	Jan 2027
Tariff increase	9.35%	9.35%	9.35%

It is important to clarify that mathematically it is not possible to maintain a net present value by simply dividing the 20.35% increase into three, which would result in an annual increase of 6.78%.

"To calculate these percentage increases, specialized Excel functions (Goal Seek) were used with the condition of maintaining the equilibrium in net present value. This can be verified in the Excel model "Task 6 Model Tariff increase considering Stakeholder consultation," which forms an integral part of this tariff review.

The application of the tariff increases presented in the table above smooths the impact on users and maintains the NPV balance between revenues and the reasonable cost of service for the triennium, as shown below:

Table 12 Scenario 1: Net present value equilibrium check - application of tariff increase with k-factor (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	57,450,155	66,368,374	73,290,839	
Waste water	4,026,341	4,677,991	5,195,891	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	- 598,990	- 605,113	- 611,336	
Total	62,978,102	72,563,322	80,019,287	178,376,864
Total (only Water + waste water)	61,476,496	71,046,365	78,486,730	174,585,451
	Sep 2024 -	Sep 2025 -	Sep 2026 -	
Regulatory Asset Value	78,463,865	73,052,949	68,480,458	
Investments	0	0	0	
Depreciation	5,658,846	5,410,916	4,572,491	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	0	0	0	
RAV x RoR	7,597,824	7,073,874	6,631,109	
Opex (admin + direct operating costs)	58,317,825	58,988,566	59,669,386	
Total	71,574,496	71,473,355	70,872,987	178,376,864
Total recoverable from tariff revenues	70,072,889	69,956,398	69,340,430	174,585,451

4.3.4 Resulting tariff table

According to the previous section, and applying the smoothed tariff increases of 9.35% annually uniformly across the entire tariff structure, the following table would be obtained:

*Table 13 Scenario 1: Resulting tariff table
 Month of application (XCD)*

	Actual	Jul 2025	Jan 2026	Jan 2027
Water Base Charge Rates				
Domestic	24.42	26.70	29.20	31.93
Commercial	66.46	72.67	79.47	86.89
Government	46.52	50.87	55.62	60.82
Hotels	73.10	79.93	87.41	95.58
Boats	0.00	0.00	0.00	0.00
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer Base Charge Rates				
Domestic	16.44	17.98	19.66	21.49
Commercial	41.32	45.18	49.41	54.02
Government	25.64	28.04	30.66	33.52
Hotels	44.04	48.16	52.66	57.58
Boats				
	Actual	Jul. 2025	Jan 2026	Jan 2027
Water: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	12.21	13.35	14.60	15.96
Tier 2 (>3,000 gal)	24.92	27.25	29.80	32.58
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	33.23	36.34	39.73	43.45
Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	23.26	25.43	27.81	30.41
Hotels				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	36.55	39.97	43.70	47.79
Boats (All Usage)	66.46	72.67	79.47	86.89
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	8.22	8.99	9.83	10.75
Tier 2 (>3,000 gal)	15.61	17.07	18.66	20.41
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	20.66	22.59	24.70	27.01

Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	12.82	14.02	15.33	16.76
Hotels				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	22.02	24.08	26.33	28.79

4.4 Scenario 2- Tariff increase with Investment Plan (without Raw Water Project)

This scenario presents the tariff increase required by WASCO to cover its annual administration, operation, and maintenance costs, as well as the depreciation and profitability of both its base assets in 2023 and its three-year investment plan (without the Raw Water Project).

4.4.1 Step 1: Determination of the Reasonable Cost of Service

Applying the current regulations for the calculation of the triennial tariff increase, the reasonable costs of the service for the period from September 2024 to August 2027 were calculated as follows:

Table 14 Scenario 2: Reasonable Cost of Service (XCD)

Reasonable Cost of Service	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Regulatory Asset Value	85,764,680	100,932,789	112,622,902	
Investments	7,685,069	22,441,848	18,853,639	
Depreciation	6,043,100	7,273,739	7,163,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	1,862,823	2,591,034	
RAV x RoR	8,304,778	9,773,538	10,905,517	
Opex (admin + direct operating costs)	58,317,825	58,988,566	59,669,386	
Total	72,665,703	76,035,843	77,738,429	188,367,129
Total recoverable from tariff revenues	71,164,096	74,518,886	76,205,872	184,575,716

The reasonable cost of the service that will be included in the calculation of the tariff increase corresponds to the "Total recoverable from tariff revenues" with a net present value of XCD 184,575,716.

This value includes a discount for the costs that will be recovered through the projected "Other revenues" for each period, which are shown in the following section.

4.4.2 Step 2: Net Present Value (NPV) Revenue Comparison

Once the reasonable cost of service has been calculated, it is then compared in net present value terms with the revenues obtained under current tariffs. This is done in order to calculate the required tariff increase.

Table 15 Scenario 2: Revenues at Current Rates (XCD)

Revenues at Current Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	56,565,998	57,123,162	57,688,571	
Waste water	3,964,263	4,025,898	4,089,316	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	-598,990	-605,113	611,336	
Total	62,031,867	62,666,017	63,310,444	156,624,571
Total (only Water + waste water)	60,530,261	61,149,060	61,777,887	152,833,158

The revenue at current tariffs to be used in the tariff increase calculation corresponds to the category "Total (only Water + Wastewater)", with a Net Present Value (NPV) of XCD 152,833,158. It is important to clarify that this NPV of revenue under existing tariffs remains constant across the three scenarios presented in this section.

Now, according to the methodology, the NPV of the reasonable cost of the service is XCD 184,575,716 and the NPV of the revenue at current tariffs is XCD 152,833,158. Therefore, the required tariff increase would be 20.77%.

However, it should be taken into account that this increase would need to be applied starting from September 2024, which is no longer possible.

Considering the possibility that the tariff increase may be approved in June 2025 and applied from July 2025, the required tariff increase would be 29.70% across the entire tariff structure of WASCO.

The present value check would correspond to:

Table 16 Scenario 2: Net present value equilibrium check – direct application of tariff increase (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	59,375,167	74,089,029	74,822,368	
Waste water	4,161,500	5,221,610	5,303,863	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	- 598,990	- 605,113	- 611,336	
Total	65,038,273	80,827,596	81,658,788	188,367,129
Total (only Water + waste water)	63,536,667	79,310,639	80,126,231	184,575,716
Reasonable Cost of Service	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Regulatory Asset Value	85,764,680	100,932,789	112,622,902	
Investments	7,685,069	22,441,848	18,853,639	
Depreciation	6,043,100	7,273,739	7,163,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	1,862,823	2,591,034	
RAV x RoR	8,304,778	9,773,538	10,905,517	
Opex (admin + direct operating costs)	58,317,825	58,988,566	59,669,386	
Total	72,665,703	76,035,843	77,738,429	188,367,129
Total recoverable from tariff revenues	71,164,096	74,518,886	76,205,872	184,575,716

The equilibrium of the reasonable cost of the service for the triennium in net present value (NPV) is verified.

It is important to clarify that the K-factor still needs to be applied, which allows for smoothing the tariff increases and distributing them over the period, under the condition that the balance of the NPV of revenues and the reasonable cost of the service is maintained.

4.4.3 Step 3: Determination of the K Factor

To smooth out the required tariff increase of 29.70%, applicable from July 2025, a K-factor has been calculated with the following tariff increases (applicable to the entire tariff structure):

*Table 17 Scenario 2: Softened tariff increase (k-factor)
 Month of application*

Smoothed	Jul 2025	Jan 2026	Jan 2027
Tariff increase	13.30%	13.30%	13.30%

It is important to clarify that mathematically, it is not possible to maintain a net present value (NPV) by dividing the 29.70% increase into three, which would result in an annual increase of 9.9%.

"To calculate these percentage increases, specialized Excel functions (Goal Seek) were used with the condition of maintaining the equilibrium in net present value. This can be verified in the Excel model "Task 6 Model Tariff increase considering Stakeholder consultation," which forms an integral part of this tariff review.

The application of the tariff increases presented in the table above smooths the impact on users and maintains the NPV balance between revenues and the reasonable cost of service for the triennium, as shown below:

Table 18 Scenario 2: Net present value equilibrium check - application of tariff increase with k-factor (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	57,824,050	70,478,909	80,643,816	
Waste water	4,052,593	4,967,935	5,717,426	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	- 598,990	- 605,113	- 611,336	
Total	63,378,249	76,963,801	87,893,799	188,367,129
Total (only Water + waste water)	61,876,643	75,446,844	86,361,242	184,575,716
Regulatory Asset Value	85,764,680	100,932,789	112,622,902	
Investments	7,685,069	22,441,848	18,853,639	
Depreciation	6,043,100	7,273,739	7,163,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	1,862,823	2,591,034	
RAV x RoR	8,304,778	9,773,538	10,905,517	
Opex (admin + direct operating costs)	58,317,825	58,988,566	59,669,386	
Total	72,665,703	76,035,843	77,738,429	188,367,129
Total recoverable from tariff revenues	71,164,096	74,518,886	76,205,872	184,575,716

4.4.4 Resulting tariff table

According to the previous section, and applying the smoothed tariff increases of 13.30% annually evenly across the entire tariff structure, the following table would be obtained:

*Table 19 Scenario 2: Resulting tariff table
 Month of application (XCD)*

	Actual	Jul 2025	Jan 2026	Jan 2027
Water Base Charge Rates				
Domestic	24.42	27.67	31.35	35.52
Commercial	66.46	75.30	85.32	96.66
Government	46.52	52.71	59.72	67.66
Hotels	73.10	82.82	93.84	106.32
Boats	0.00	0.00	0.00	0.00
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer Base Charge Rates				
Domestic	16.44	18.63	21.10	23.91
Commercial	41.32	46.82	53.04	60.10
Government	25.64	29.05	32.91	37.29
Hotels	44.04	49.90	56.53	64.05
Boats				
	Actual	Jul. 2025	Jan 2026	Jan 2027
Water: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	12.21	13.83	15.67	17.76
Tier 2 (>3,000 gal)	24.92	28.23	31.99	36.25
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	33.23	37.65	42.66	48.33
Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	23.26	26.35	29.86	33.83
Hotels				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	36.55	41.41	46.92	53.16
Boats (All Usage)	66.46	75.30	85.32	96.66
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	8.22	9.31	10.55	11.96
Tier 2 (>3,000 gal)	15.61	17.69	20.04	22.70
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	20.66	23.41	26.52	30.05

Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	12.82	14.53	16.46	18.65
Hotels				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	22.02	24.95	28.27	32.03

4.5 Scenario 3- Tariff increase with Investment Plan (with Raw Water Project)

This scenario presents the tariff increase required by WASCO to cover its annual administration, operation, and maintenance costs, as well as the depreciation and profitability of both its base assets in 2023 and its three-year investment plan (with the Raw Water Project).

4.5.1 Step 1: Determination of the Reasonable Cost of Service

Applying the current regulations for the calculation of the triennial tariff increase, the reasonable costs of the service for the period from September 2024 to August 2027 were calculated as follows:

Table 20 Scenario 3: Reasonable Cost of Service (XCD)

Reasonable Cost of Service	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Regulatory Asset Value	85,764,680	135,152,789	173,122,902	
Investments	7,685,069	56,941,848	46,103,639	
Depreciation	6,043,100	7,553,739	8,133,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	2,142,823	3,561,034	
RAV x RoR	8,304,778	13,087,134	16,763,862	
Opex (admin + direct operating costs)	58,051,984	58,322,428	58,600,626	
Total	72,399,861	78,963,301	83,498,013	194,923,003
Total recoverable from tariff revenues	70,898,255	77,446,344	81,965,457	191,131,590

The reasonable cost of service to be included in the tariff increase calculation corresponds to the “Total recoverable from tariff revenues,” with a net present value (NPV) of XCD 191,131,590.

This amount includes a deduction for the costs expected to be recovered through “Other revenues” projected for each period, which are presented in the following section.

4.5.2 Step 2: Net Present Value (NPV) Revenue Comparison

Once the reasonable cost of service has been calculated, it is then compared in net present value terms with the revenues obtained under current tariffs. This is done in order to calculate the required tariff increase.

Table 21 Scenario 3: Revenues at Current Rates (XCD)

Revenues at Current Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	56,565,998	57,123,162	57,688,571	
Waste water	3,964,263	4,025,898	4,089,316	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	-598,990	-605,113	611,336	
Total	62,031,867	62,666,017	63,310,444	156,624,571
Total (only Water + waste water)	60,530,261	61,149,060	61,777,887	152,833,158

The revenue under current tariffs to be included in the calculation of the tariff increase corresponds to the “Total (only Water + Waste Water)” with a net present value (NPV) of XCD 152,833,158.

It should be noted that this revenue calculation under current tariffs is the same for all three scenarios presented.

According to the methodology, the NPV of the reasonable cost of service is XCD 191,131,590, and the NPV of revenues under current tariffs is XCD 152,833,158. Therefore, the required tariff increase would be 25.06%.

However, it must be considered that this increase was supposed to be applied starting in September 2024, which is no longer feasible.

Taking into account the effect of a possible tariff increase being approved in June 2025 and applied from July 2025, the required tariff increase would be 35.83% across the company’s entire tariff structure.

The present value verification would correspond to:

Table 22 Scenario 3: Net present value equilibrium check – direct application of tariff increase (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	59,955,352	77,593,034	78,361,056	
Waste water	4,202,236	5,468,563	5,554,707	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	- 598,990	- 605,113	- 611,336	
Total	65,659,194	84,578,555	85,448,320	194,923,003
Total (only Water + waste water)	64,157,588	83,061,597	83,915,763	191,131,590
	Sep 2024 -	Sep 2025 -	Sep 2026 -	
Regulatory Asset Value	85,764,680	135,152,789	173,122,902	
Investments	7,685,069	56,941,848	46,103,639	
Depreciation	6,043,100	7,553,739	8,133,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	2,142,823	3,561,034	
RAV x RoR	8,304,778	13,087,134	16,763,862	
Opex (admin + direct operating costs)	58,051,984	58,322,428	58,600,626	
Total	72,399,861	78,963,301	83,498,013	194,923,003
Total recoverable from tariff revenues	70,898,255	77,446,344	81,965,457	191,131,590

The balance of the reasonable service costs for the triennium is verified in net present value.

It should be clarified that the application of the k-factor is still pending, which allows the tariff increases to be smoothed and distributed over the period, under the condition that the balance between the NPV of revenues and the reasonable service costs is maintained.

4.5.3 Step 3: Determination of the K Factor

To smooth the required tariff increase of 35.83% applicable from July 2025, a K-factor has been calculated with the following tariff increases (applicable to the entire tariff structure):

Table 23 Scenario 3: Softened tariff increase (k-factor)
Month of application

Smoothed	Jul 2025	Jan 2026	Jan 2027
Tariff increase	15.80%	15.80%	15.80%

It is important to note that mathematically it is not possible to maintain the net present

value (NPV) balance by simply dividing the 35.83% increase into three equal parts, which would imply an annual increase of 11.94%.

"To calculate these percentage increases, specialized Excel functions (Goal Seek) were used with the condition of maintaining the equilibrium in net present value. This can be verified in the Excel model "Task 6 Model Tariff increase considering Stakeholder consultation," which forms an integral part of this tariff review.

The application of the tariff increases presented in the previous table helps to smooth the impact on users while maintaining the NPV balance between revenues and the reasonable cost of service for the triennium, as shown below:

Table 24 Scenario 3: Net present value equilibrium check - application of tariff increase with k-factor (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	58,060,047	73,134,884	85,525,740	
Waste water	4,069,163	5,155,283	6,063,704	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	- 598,990	- 605,113	- 611,336	
Total	63,630,816	79,807,124	93,122,001	194,923,003
Total (only Water + waste water)	62,129,210	78,290,167	91,589,444	191,131,590
	Sep 2024 -	Sep 2025 -	Sep 2026 -	
Regulatory Asset Value	85,764,680	135,152,789	173,122,902	
Investments	7,685,069	56,941,848	46,103,639	
Depreciation	6,043,100	7,553,739	8,133,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	2,142,823	3,561,034	
RAV x RoR	8,304,778	13,087,134	16,763,862	
Opex (admin + direct operating costs)	58,051,984	58,322,428	58,600,626	
Total	72,399,861	78,963,301	83,498,013	194,923,003
Total recoverable from tariff revenues	70,898,255	77,446,344	81,965,457	191,131,590

4.5.4 Resulting tariff table

According to the previous section, and applying the smoothed tariff increases of 15.80% annually across the entire tariff structure, the following table would be obtained:

Table 25 Scenario 3: Resulting tariff table
 Month of application (XCD)

	Actual	Jul 2025	Jan 2026	Jan 2027
Water Base Charge Rates				
Domestic	24.42	28.28	32.74	37.92
Commercial	66.46	76.96	89.11	103.19
Government	46.52	53.87	62.38	72.23
Hotels	73.10	84.65	98.02	113.50
Boats	0.00	0.00	0.00	0.00
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer Base Charge Rates				
Domestic	16.44	19.04	22.04	25.53
Commercial	41.32	47.85	55.40	64.16
Government	25.64	29.69	34.38	39.81
Hotels	44.04	51.00	59.05	68.38
Boats				
	Actual	Jul. 2025	Jan 2026	Jan 2027
Water: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	12.21	14.14	16.37	18.96
Tier 2 (>3,000 gal)	24.92	28.86	33.41	38.69
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	33.23	38.48	44.56	51.60
Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	23.26	26.93	31.19	36.12
Hotels				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	36.55	42.32	49.01	56.75
Boats (All Usage)	66.46	76.96	89.11	103.19
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	8.22	9.52	11.02	12.76
Tier 2 (>3,000 gal)	15.61	18.08	20.93	24.24
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	20.66	23.92	27.70	32.08
Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	12.82	14.85	17.19	19.91
Hotels				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00

All Other Usage (>2,000 gal)	22.02	25.50	29.53	34.19
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4.6 Summary of proposed tariff increases

As mentioned above, WASCO’s original application proposed a required tariff increase of 42.2%. However, after incorporating the technical adjustments detailed in this document—and based on the three evaluated scenarios—the following revised results were obtained:

Table 26 Summary of NPV Reasonable Cost of Service vs NPV Revenues (XCD)

Scenario	NPV Reasonable Cost of Service	NPV Revenues at Current Rates	NPV Revenues at New Rates	Difference with Current Rates
Scenario 1	174,585,451	152,833,158	174,585,451	-21,752,293
Scenario 2	184,575,716		184,575,716	-31,742,558
Scenario 3	191,131,590		191,131,590	-38,298,432

Table 27 Summary of proposed rate increases- before socialization with stakeholders

Scenario	Direct increase Jul 2025	Smoothed increase		
		Jul 2025	Jan 2026	Jan 2027
Scenario 1	20.35%	9.35%	9.35%	9.35%
Scenario 2	29.70%	13.30%	13.30%	13.30%
Scenario 3	35.83%	15.80%	15.80%	15.80%

These updated results reflect significant corrections to the methodology originally applied by WASCO, addressing critical issues such as:

- The determination of the Opening Asset Base,
- The phasing and feasibility of the investment plan for the 2024–2027 period,
- The selection and use of base-year O&M costs,
- The cost projection methodology, and
- The estimation of "Other Revenues."

Furthermore, the smoothed tariff paths presented above ensure that, in each scenario, the Net Present Value of the Reasonable Cost of Service is fully recovered by the Net Present Value of revenues, thereby maintaining the financial equilibrium required by the regulatory framework over the triennium.

Given the strategic priority that WASCO has assigned to the Raw Project, and although it would be advisable to have more comprehensive and robust cost–benefit analyses

supported by additional quantitative evidence, it was considered both pertinent and reasonable to move forward with the adoption of Tariff Scenario No. 3¹.

Based on these tariff increase scenarios and of costs and investments included in tariff, the socializations between NURC, WASCO and the different stakeholders were carried out between February 9 and 17, 2026.

From these meetings, the executive summaries of each session and the additional tariff increase scenario taking into consideration the issues and proposals presented in the sessions are presented in the following section.

5 STAKEHOLDER CONSULTATION – TRIENNIAL TARIFF REVIEW (WATER & SEWERAGE) AND ADDITIONAL SCENARIO OF TARIFF INCREASE

Within the framework of the Triennial Tariff Review process, six (6) socialization sessions were carried out with the participation of NURC, WASCO and various stakeholders. These sessions had as their main objective to present the tariff review process and the adjustment proposal, highlighting in particular the need to carry out investments aimed at improving the quality, continuity and efficiency in the provision of water supply and sewerage services.

This socialization exercise constitutes a fundamental component of the regulatory process, insofar as it strengthens the principles of transparency, participation and accountability, allowing the different actors to understand, validate and provide feedback on the proposed tariff decisions.

5.1 Stakeholder consultation

An executive summary of each of the sessions carried out with the different stakeholders is presented in this section. The detailed reports of each session are included as annexes to this document.

¹ In the event that Scenario 3 cannot be approved for any reason, Scenario 1 should be adopted, as it at least enables the company to cover its O&M costs and ensure remuneration of the asset base as of July 2025, thus preserving basic financial viability.

5.1.1 Session 1: High-Level Consultation – Business Community

The consultation demonstrated strong stakeholder engagement, with interventions extending beyond tariff figures to broader issues of governance alignment, infrastructure resilience, financial transparency, and consumer protection. While stakeholders acknowledged the need for investment in infrastructure modernization, there was a clear expectation that improvements in service reliability and communication should accompany any tariff adjustment.

Discussion reflected recognition of the operational and climate-related challenges facing the water sector. However, participants emphasized that transparency in financial modeling, clarity in institutional roles, and measurable improvements in service delivery are essential to maintaining public confidence in the tariff-setting process.

5.1.2 Session 2: Community Town Hall – Gros Islet

Session 2 represented the first community town hall engagement under the NURC’s island-wide consultation program. Public interventions reflected strong interest in the practical impacts of the proposed tariff adjustment, with focus on service reliability, billing fairness, sewerage charging methodology, and the adequacy of accountability mechanisms to ensure that improved service standards accompany any increase.

Participants also raised broader governance and planning issues, emphasizing the need for clearer long-term infrastructure planning, stronger legislative enforcement, improved public communication, and protections for vulnerable customers. The tone of discussion indicated that public acceptance of revised tariffs is closely tied to visible improvements in service delivery, transparent explanation of the tariff model, and consistent customer engagement.

5.1.3 Session 3: Community Town Hall – Castries (La Clery)

Session 3 was the Castries community town hall engagement in the NURC’s island-wide consultation programme. Attendance was limited; however, the contributions were substantive and focused on the relationship between affordability and reliability, the sequencing of major capital works (including the John Compton Dam and the Millet raw water pipeline), and the need for stronger conservation and accountability measures.

Participants generally recognized that the current tariff structure is not sustainable, but emphasized that public acceptance of any increase is closely tied to visible service

improvements, transparent targets (with numbers), and stronger customer communication and monitoring to reduce wastage.

5.1.4 Session 4: Community Town Hall – Dennery

This community town hall formed part of the National Utilities Regulatory Commission’s (NURC) island-wide consultations on WASCO’s Triennial Tariff Review (2024–2027). Public contributions focused on the practical implications of the proposed tariff adjustment and the conditions under which customers would consider an increase acceptable.

Across interventions, participants emphasized that affordability must be balanced with reliable service delivery. Recurring themes included: water supply consistency and pressure, transparency in billing and service standards, improved communication during disruptions, and clear accountability for the delivery of planned investments and NRW reduction efforts.

5.1.5 Session 5: Community Town Hall – Canaries

Session 5 was convened as part of the NURC’s island-wide community consultations on WASCO’s Triennial Tariff Review (2024–2027). Public participation in Canaries was active and strongly focused on service reliability during rainfall events, the adequacy of local storage and treatment capacity, and fairness considerations for a community that hosts a key water source yet continues to experience disruptions.

Participants indicated that willingness to accept increased rates is closely tied to visible improvements in service consistency, timely outage communication, and clear commitments for targeted upgrades in Canaries (including treatment plant modernization, additional storage, and security at water facilities).

5.1.6 Session 6: Community Town Hall – Vieux Fort

Session 6 concluded the scheduled community town hall engagements under the NURC’s island-wide consultations on WASCO’s Triennial Tariff Review (2024–2027). Attendance in Vieux Fort was limited; however, interventions raised important operational and governance issues, including NRW reduction, sewer service coverage, road reinstatement following repairs, staff responsiveness, and confidence in the independence of the tariff determination process.

Participants also queried affordability and protections for vulnerable citizens, energy efficiency opportunities to reduce operating costs, and whether demand from hotels could adversely affect the public. Responses emphasized that proposed increases apply across

customer categories, that hotels pay higher rates, and that NURC intends to engage on a targeted subsidy framework while incorporating service standards for greater accountability.

5.2 Tariff increase scenario considering the stakeholder consultation (scenario 4)

Taking into consideration the comments received during the socialization sessions, an additional tariff increase scenario is presented below.

This scenario 4 has the following characteristics:

- It takes as its starting point scenario 3 of the previous section of this document, therefore the reasonable service costs and the required increase in revenues is the same.
- Unlike scenario 3, where the required tariff increase was applied on the entire tariff structure, this scenario presents a differential application on the water base charge of residential users and on the tariffs of hotels and boats.
- The proposal is to maintain the water base charge of \$24.42 (0–2000 gallons) for domestic users, while the charges for hotels and boats are increased in order to achieve the required revenue objectives.
- The tariff increases on the charges of the other types of users remain the same as those of scenario 3.

Following the methodology of the previous scenarios, the development of the 3 steps for this scenario 4 is presented below (steps 1 and 2 are the same as scenario 3).

5.2.1 Step 1: Determination of the Reasonable Cost of Service

Applying the current regulations for the calculation of the triennial tariff increase, the reasonable costs of the service for the period from September 2024 to August 2027 were calculated as follows:

Table 28 Scenario 4: Reasonable Cost of Service (XCD)

Reasonable Cost of Service	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Regulatory Asset Value	85,764,680	135,152,789	173,122,902	
Investments	7,685,069	56,941,848	46,103,639	
Depreciation	6,043,100	7,553,739	8,133,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	2,142,823	3,561,034	
RAV x RoR	8,304,778	13,087,134	16,763,862	
Opex (admin + direct operating costs)	58,051,984	58,322,428	58,600,626	
Total	72,399,861	78,963,301	83,498,013	194,923,003
Total recoverable from tariff revenues	70,898,255	77,446,344	81,965,457	191,131,590

The reasonable cost of service to be included in the tariff increase calculation corresponds to the “Total recoverable from tariff revenues,” with a net present value (NPV) of XCD 191,131,590.

This amount includes a deduction for the costs expected to be recovered through “Other revenues” projected for each period, which are presented in the following section.

5.2.2 Step 2: Net Present Value (NPV) Revenue Comparison

Once the reasonable cost of service has been calculated, it is then compared in net present value terms with the revenues obtained under current tariffs. This is done in order to calculate the required tariff increase.

Table 29 Scenario 4: Revenues at Current Rates (XCD)

Revenues at Current Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	56,565,998	57,123,162	57,688,571	
Waste water	3,964,263	4,025,898	4,089,316	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	-598,990	-605,113	-	
Total	62,031,867	62,666,017	63,310,444	156,624,571
Total (only Water + waste water)	60,530,261	61,149,060	61,777,887	152,833,158

The revenue under current tariffs to be included in the calculation of the tariff increase corresponds to the “Total (only Water + Waste Water)” with a net present value (NPV) of XCD 152,833,158.

According to the methodology, the NPV of the reasonable cost of service is XCD 191,131,590, and the NPV of revenues under current tariffs is XCD 152,833,158. Therefore, the required tariff increase would be 25.06%.

However, it must be considered that this increase was supposed to be applied starting in September 2024, which is no longer feasible.

Taking into account the effect of a possible tariff increase being approved in June 2025 and applied from July 2025, the required tariff increase would be 35.83% across the company’s entire tariff structure.

The present value verification would correspond to:

Table 30 Scenario 4: Net present value equilibrium check – direct application of tariff increase (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	59.955.352	77.593.034	78.361.056	
Waste water	4.202.236	5.468.563	5.554.707	
Other revenue - water	1.926.797	1.946.495	1.966.512	
Other revenue - waste water	173.799	175.576	177.381	
Revenue adjustments	- 598.990	- 605.113	- 611.336	
Total	65.659.194	84.578.555	85.448.320	194.923.003
Total (only Water + waste water)	64.157.588	83.061.597	83.915.763	191.131.590
	Sep 2024 -	Sep 2025 -	Sep 2026 -	
Regulatory Asset Value	85,764,680	135,152,789	173,122,902	
Investments	7,685,069	56,941,848	46,103,639	
Depreciation	6,043,100	7,553,739	8,133,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	2,142,823	3,561,034	
RAV x RoR	8,304,778	13,087,134	16,763,862	
Opex (admin + direct operating costs)	58,051,984	58,322,428	58,600,626	
Total	72,399,861	78,963,301	83,498,013	194,923,003
Total recoverable from tariff revenues	70,898,255	77,446,344	81,965,457	191,131,590

The balance of the reasonable service costs for the triennium is verified in net present value.

It should be clarified that the application of the k-factor is still pending, which allows the tariff increases to be smoothed and distributed over the period, under the condition that the balance between the NPV of revenues and the reasonable service costs is maintained.

5.2.3 Step 3: Determination of the K Factor

To smooth the required tariff increase applicable from July 2025, a K factor has been calculated that additionally incorporates the following conditions:

- Maintain the water base charge of \$24.42 (0–2000 gallons) for domestic users, while the charges for hotels and boats are increased in order to achieve the required revenue objectives.
- The tariff increases on the charges of the other types of users remain the same as those of scenario 3.

*Table 31 Scenario 4: Softened tariff increase (k-factor)
 Month of application*

Smoothed	Jul 2025	Jan 2026	Jan 2027
Tariff increase*	15.80%	15.80%	15.80%
Tariff increase Hotels & Boats**	32.38%	32.38%	32.38%

*Increase applicable to all user tariffs except the water base charge for domestic users and the charges for Hotels and Boats.

**Increase applicable only to the tariffs for Hotels and Boats.

To calculate these percentage increases, specialized Excel functions (Goal seek) were used with the condition of maintaining the NPV balance and comply with the conditions of maintaining the water base charge of \$24.42 (0–2000 gallons) for domestic users and applying differential increases on Hotels and Boats in order to maintain the revenue requirement in terms of net present value for the triennium.

This can be verified in the Excel model “Task 6 Model Tariff increase considering Stakeholder consultation,” which forms an integral part of this tariff review.

The application of the tariff increases presented in the previous table helps to smooth the impact on users while maintaining the NPV balance between revenues and the reasonable cost of service for the triennium, as shown below:

Table 32 Scenario 4: Net present value equilibrium check - application of tariff increase with k-factor (XCD)

Revenues at New Rates	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Water	57,968,178	72,468,110	85,091,301	
Waste water	4,102,968	5,558,486	6,857,088	
Other revenue - water	1,926,797	1,946,495	1,966,512	
Other revenue - waste water	173,799	175,576	177,381	
Revenue adjustments	-598,990	-605,113	-611,336	
Total	63,572,753	79,543,553	93,480,945	194,923,003
Total (only Water + waste water)	62,071,147	78,026,596	91,948,388	191,131,590
Reasonable Cost of Service	Sep 2024 - Aug 2025	Sep 2025 - Aug 2026	Sep 2026 - Aug 2027	NPV
Regulatory Asset Value	85,764,680	135,152,789	173,122,902	
Investments	7,685,069	56,941,848	46,103,639	
Depreciation	6,043,100	7,553,739	8,133,525	
Depreciation current assets	5,658,846	5,410,916	4,572,491	
Depreciation new assets	384,253	2,142,823	3,561,034	
RAV x RoR	8,304,778	13,087,134	16,763,862	
Opex (admin + direct operating costs)	58,051,984	58,322,428	58,600,626	
Total	72,399,861	78,963,301	83,498,013	194,923,003
Total recoverable from tariff revenues	70,898,255	77,446,344	81,965,457	191,131,590

5.2.4 Resulting tariff table

According to the previous section, and applying the smoothed tariff increases, the following table would be obtained:

Table 33 Scenario 4: Resulting tariff table
Month of application (XCD)

	Actual	Jul 2025	Jan 2026	Jan 2027
Water Base Charge Rates				
Domestic	24.42	24.42	24.42	24.42
Commercial	66.46	76.96	89.11	103.19
Government	46.52	53.87	62.38	72.23
Hotels	73.10	96.77	128.11	169.60
Boats	0.00	0.00	0.00	0.00
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer Base Charge Rates				
Domestic	16.44	19.04	22.04	25.53
Commercial	41.32	47.85	55.40	64.16
Government	25.64	29.69	34.38	39.81
Hotels	44.04	58.30	77.18	102.18
Boats				

	Actual	Jul. 2025	Jan 2026	Jan 2027
Water: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	12.21	14.14	16.37	18.96
Tier 2 (>3,000 gal)	24.92	28.86	33.41	38.69
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	33.23	38.48	44.56	51.60
Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	23.26	26.93	31.19	36.12
Hotels				
Minimum (0-2,000 gal)	0.00	0,00	0,00	0,00
All Other Usage (>2,000 gal)	36.55	48.39	64.06	84.80
Boats (All Usage)	66.46	87.98	116.48	154.20
	Actual	Jul. 2025	Jan 2026	Jan 2027
Sewer: Consumption Charge Rates				
Domestic				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
Tier 1 (2,000-3,000 gal)	8.22	9.52	11.02	12.76
Tier 2 (>3,000 gal)	15.61	18.08	20.93	24.24
Commercial				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	20.66	23.92	27.70	32.08
Government				
Minimum (0-2,000 gal)	0.00	0.00	0.00	0.00
All Other Usage (>2,000 gal)	12.82	14.85	17.19	19.91
Hotels				
Minimum (0-2,000 gal)	0.00	0,00	0,00	0,00
All Other Usage (>2,000 gal)	22.02	29.15	38.59	51.09

5.2.5 Specific tariff increase for the “Raw Water Project”

In accordance with the discussions with stakeholders and given the importance of the Raw Water Project, it is appropriate to specify the tariff increase required specifically for its development.

For this, it should be recalled that scenario 4 presented in this section is based on cost recovery scenario number 3 from section 4 of this document; with respect to this:

“This scenario presents the tariff increase required by WASCO to cover its annual administration, operation, and maintenance costs, as well as the depreciation and

profitability of both its base assets in 2023 and its three-year investment plan (with the Raw Water Project)."

Thus, the specific tariff increase for the Raw Water Project can be estimated as the difference between the tariff increase required in the full scenario 4 and scenario 4 excluding the Raw Water Project; the difference between these two calculations corresponds to the increase attributable to this project, as shown in the following table:

*Table 34 Scenario 4: Tariff increase only for the Raw Water Project
 Month of application*

Scenario 4	Smoothed	Jul 25	Jan 2026	Jan 2027
A: Tariff increase with Scenario 4	Tariff increase*	15.80%	15.80%	15.80%
	Tariff increase Hotels & Boats**	32.38%	32.38%	32.38%
B: Tariff increase with Scenario 4 "without Raw Project"	Tariff increase*	13.30%	13.30%	13.30%
	Tariff increase Hotels & Boats**	27.63%	27.63%	27.63%
Tariff increase Only for the Raw Water Project (A-B)	Tariff increase	2.50%	2.50%	2.50%
	Tariff increase Hotels & Boats**	4.75%	4.75%	4.75%

*Increase applicable to all user tariffs except the water base charge for domestic users and the charges for Hotels and Boats.

**Increase applicable only to the tariffs for Hotels and Boats.

According to the table above, under the characteristics of scenario 4, the specific tariff increase for the Raw Water Project is 2.5% in July 2025, January 2026, and January 2027, applicable to all user tariffs except the water base charge for domestic users and the charges for Hotels and Boats. Additionally, an increase of 4.75% in the same months applies to Hotels and Boats.

It should be clarified that this does not correspond to a feasible implementation scenario; these figures should be taken solely as a reference to show the portion of the tariff increase under scenario 4 that WASCO should allocate for the effective development of the Raw Water Project.

6 AFFORDABILITY ANALYSIS AND SOCIAL CONSIDERATIONS

Assessing income levels in Saint Lucia can be extremely difficult as accurate and timely data on income levels are not readily available. In order to provide a good proxy for income

levels, a number of datasets were utilized namely social security data, information from the 2022 Population and Household Census and the 2016 Survey of Living Conditions (SLC).

The social security data is consistent and represents the incomes from the formal sector, including self-employed individuals and households with employed people. The recently concluded 2022 Population and Household Census estimated the labour force at 93,731 individuals and the employed labour force at 82,608 individuals. The data on social security provides an indication of the extent of employed labour force coverage. Saint Lucia National Insurance Corporation data for 2022 and 2023, as reported by Statista, was used as a baseline to estimate annual per capita income for 2024 and 2025.

In addition, information on household sizes by district was utilized, and adjustments were made to factor in the age dependency ratio for a more accurate picture of total household incomes. The average household size for Saint Lucia has fallen from 2.8 persons (2010 Census) to 2.6 persons (2022 Census), and the average dependency ratio (measuring population 0-4 years and over 65 years) fell from 48.6 (Census 2010) to 44.5 percent (Census 2022).

The data on income quintiles was only available for the 2016 SLC. The 2025 SLC data will not be available until late 2026, as the survey is in its early stages. The movements in the social security data were applied to income quintiles because the database represents over 63 percent of the labour force, and therefore, movements in the social security data should be similar to the movements in the SLC data and should also facilitate the analysis.

6.1 Annual Individual Income

Average annual income per employee was estimated at \$42,479 in 2018/19 and fell by 5.7 percent in 2019/20 and 4.4 percent in 2020/21 due to the effects of the COVID pandemic during that period. However, the average annual income recovered in 2021/22 due to the resurgence of economic activity and other salary increases for both Government and private sector employees.

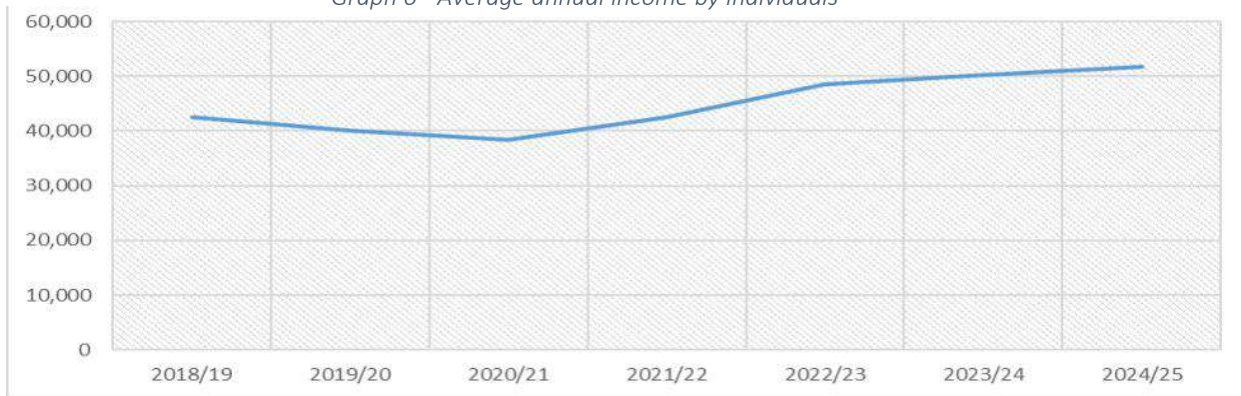
Table 35 - Average Annual Income in XCD Per Employee Per Administrative District

Administrative Districts	Financial Year						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Central Castries	32,117	30,290	28,963	32,190	36,694	37,956	39,159
Castries Suburban	43,412	40,941	39,148	43,510	49,598	51,304	52,930
Castries Rural	49,198	46,398	44,366	49,310	56,208	58,142	59,985
Anse La Raye	40,429	38,129	36,459	40,521	46,190	47,779	49,294
Canaries	49,659	46,834	44,783	49,772	56,736	58,687	60,548
Soufriere	50,921	48,024	45,920	51,037	58,177	60,179	62,086
Choiseul	44,351	41,827	39,995	44,452	50,671	52,414	54,075
Laborie	35,826	33,787	32,308	35,907	40,931	42,339	43,681
Vieux Fort	46,689	44,033	42,104	46,795	53,342	55,177	56,926
Micoud	33,338	31,441	30,064	33,413	38,088	39,398	40,647
Dennery	28,399	26,783	25,610	28,463	32,445	33,561	34,625
Gros Islet	55,404	52,251	49,963	55,529	63,298	65,476	67,551
Average Income Per Year	42,479	40,061	38,307	42,575	48,532	50,201	51,792

Source: Saint Lucia National Insurance Corporation; Saint Lucia Central Statistical Office

In 2024/25, average annual income per employee was estimated at \$51,792 representing an increase of 29.1 percent over the income recorded in 2018/19.

Graph 6 - Average annual income by individuals



Source: Economic and Social Review 2024: Saint Lucia Central Statistical Office

In addition to other salary increases, the Government legislated a national monthly minimum wage of \$1,131 which is expected to increase wages at the lower levels. While levels have increased, five districts remained below the average: Dennery, Central Castries, Micoud, Laborie, and Anse La Raye.

6.2 Annual Household Income

Similarly, annual household income was computed after adjusting for the dependency ratio at the district level.

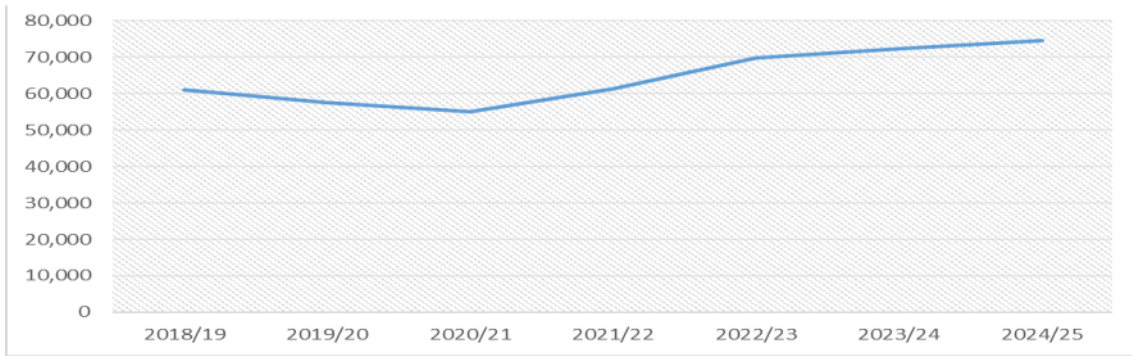
Table 36 - Average Annual Income Per Household Per Administrative District

Administrative Districts Household Incomes	Financial Year						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Central Castries	47,598	44,889	42,923	47,706	54,380	56,251	58,034
Castries Suburban	64,336	60,675	58,018	64,482	73,504	76,032	78,443
Castries Rural	72,911	68,762	65,751	73,077	83,301	86,166	88,898
Anse La Raye	61,238	57,753	55,224	61,377	69,964	72,371	74,665
Canaries	65,054	61,352	58,665	65,202	74,324	76,881	79,318
Soufriere	78,561	74,091	70,846	78,740	89,756	92,843	95,787
Choiseul	62,987	59,403	56,802	63,130	71,963	74,438	76,798
Laborie	49,555	46,735	44,688	49,667	56,616	58,563	60,420
Vieux Fort	68,703	64,794	61,956	68,859	78,493	81,193	83,767
Micoud	43,079	40,627	38,848	43,177	49,217	50,910	52,524
Dennery	39,281	37,046	35,423	39,370	44,878	46,422	47,894
Gros Islet	80,474	75,895	72,571	80,657	91,941	95,104	98,119
Average Income Per Year	61,148	57,669	55,143	61,287	69,861	72,265	74,555

Source: Economic and Social Review 2024: Saint Lucia Central Statistical Office

The average household size across all districts was estimated at 2.6 persons by household. However, there are slight fluctuations in household sizes by district. The dependency ratio by district also varies, and this was factored into the final estimated annual household income.

Graph 7 - Average annual household income



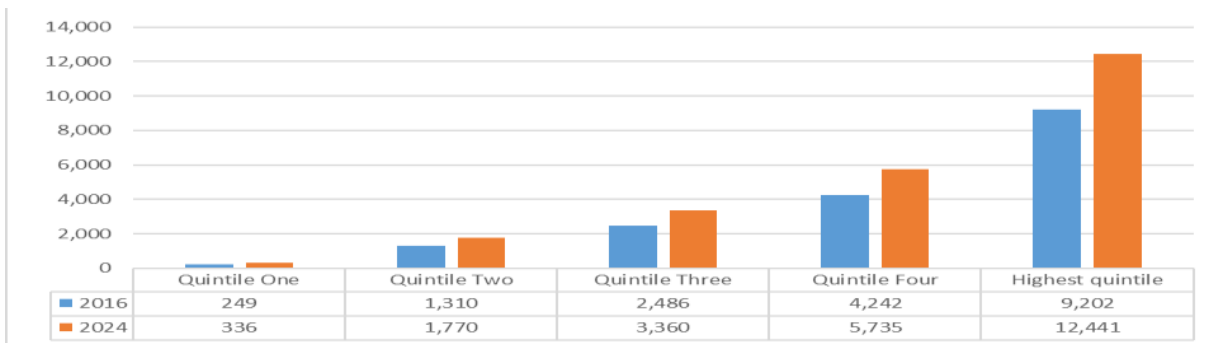
Source: Economic and Social Review 2024; Saint Lucia Central Statistical Office; Saint Lucia SLC 2016 Report

In 2018/19, the annual average household income was estimated at \$61,148. Only four districts fell below this average, namely Dennery, Micoud, Laborie, and Central Castries. Similarly, the annual incomes of individuals, household incomes fell in 2019/20 and 2020/21 but picked up in 2021/22. In 2024/25, the average annual household income was estimated at \$74,555.

6.3 Income Distribution Across Quintiles

The data on quintiles was found only in the dataset for the SLC. However, movements in the income data were applied to the quintiles for consistency in the analysis. Quintiles divide the income data into five equal parts, where each quintile represents twenty percent (20%) of the data or the population.

Graph 8- Income quintiles 2016 vs 2024



Source: Saint Lucia SLC 2016; Saint Lucia Central Statistical Office; Saint Lucia Economic and Social Review 2024.

Twenty percent of the targeted population in 2016 received a mean per capita income per month of \$249.00, compared to \$336.00 in 2024. The highest quintile moved from \$9,202 in 2016 to \$12,441 in 2024. Although there was a general increase of 35.2 percent across all five quintiles, only 40 percent of the targeted population earned above \$4,316 in 2024, which is the average mean per capita income calculated above.

6.4 Purchasing Power

The data shows that incomes have increased across all districts and across quintiles. However, inflation has remained high for Saint Lucia since the COVID period due to supply chain issues. Saint Lucia’s inflation is mostly imported, and with the uncertainty regarding the imposition of tariffs on trading partners, it is anticipated that the purchasing power of households will continue to be constrained in the near to medium term.

Purchasing Power measures the impact of inflation on households and individuals. It is measured by $CPI (current)/Base Year \times 100$. In Saint Lucia, the base year is 2018, which is also the same timeline that we are observing for the annual incomes for individuals and households.

Table 37 - Average Inflation and Purchasing Power

	CPI Base	Years					
	2018	2019	2020	2021	2022	2023	2024
Average Inflation	100	101.8	100	102.4	108.9	113.8	113.2
Purchasing Power		1.8	0	2.4	8.9	13.8	13.2

Source; Saint Lucia Central Statistical Office; Saint Lucia Economic and Social Review 2024

The CPI data indicates that relative to 2018, the purchasing power of individuals and households has eroded over time. Prices peaked in 2023 at 13.8 and remained high in 2024, although at a slight decline of 4.3 percent.

Table 38 - Assessing Real Incomes

	2018	2019	2020	2021	2022	2023	2024
Annual Ind Income	42,479	40,061	38,307	42,575	48,532	50,201	51,792
Real Incomes	42,479	39,353	38,307	41,577	44,565	44,113	45,753
Annual HH Income	61,148	57,669	55,143	61,287	69,861	72,265	74,555
Real Incomes	61,148	56,649	55,143	59,850	64,152	63,501	65,862

In an attempt to measure the impact of inflation on real incomes, both the average individual and average household incomes were deflated by the CPI. The increase in real income for individuals and households when comparing 2018 and 2024 was only 7.7 percent. This analysis can be similarly applied to the various income quintile groups. The first three groups may be in danger of not meeting their basic necessities, and this must be taken into consideration in determining affordability and the potential economic and social impacts of increases in water tariffs.

The following table outlines aspects of the application request for an increase in WASCO's water tariff. It highlights insights into affordability, ability to pay bills, and potential positive and negative economic and social impacts.

6.5 Water Tariff Affordability

This section provides estimates of water tariff affordability in Saint Lucia for each quintile using household income data and under three tariff increase scenarios.

6.5.1 Water Expenditure in Saint Lucia

WASCO's current monthly billing to domestic customers on average is \$53.08 based on the current tariff structure:

- Tier 1 is the minimum charge for up to 2000 gallons
- Tier 2 covers the first 3000 gallons, with a charge per additional 1,000 gallons
- Tier 3 applies to usage above 3,000 gallons, with a charge per additional 1,000 gallons

As shown in Table 39, customers on average consume 3,660 gallons per month. Under the current tariff structure, Tier 1 represents water usage in gallons from 0-2000 costing \$24.42 (base rate); Tier 2: 2000 to 3000 at \$12.21 and Tier 3: over 3000 gallons costing \$16.45.

Table 39 - Estimated water expenditure at the monthly average consumption of 3660 gallons under the current tariffs

Domestic customer class by tiers	Tariff	Quantity (Gallons)	Cost (EC\$)
Tier 1 (0-2,000 gallons)	Base Charge	2000	24.42
Tier 2 (2,000 – 3,000 gallons)	\$0.01221	1000	12.21
Tier 3 (3,000+ gallons)	\$0.02482	660	16.45
Average quantity consumed		3,660	
Total Estimated Monthly Billing to Customer			53.08

It is important to note that this volume of consumption is slightly above what is considered basic water consumption needs. The WHO minimum guidelines for basic needs is 50–100 liters per person per day (13–26 gallons). As such, 30.5 gallons per person per day (3,660 gallons per month for a household of 4) is slightly above the basic needs. The total billed amount is calculated under the tiered domestic tariff structure, which applies different rates to different blocks of water consumption. For a household using 3,660 gallons per month, the first 2,000 gallons have a flat charge of EC\$24.42, the next 1,000 gallons are charged a 0.01221 per gallon, (EC\$12.21), and the remaining 660 gallons at EC\$0.02482 per gallon (EC\$16.45).

6.5.2 Methodology to estimate water affordability

Water tariff affordability is measured as the percentage of a household’s income that is spent on basic water and sanitation services, and is calculated using the formula:

$$\text{Affordability ratio} = (\text{Monthly water and sanitation bill} / \text{Monthly household income}) \times 100$$

This is a methodology recommended by the United Nations Development Programme (UNDP) and the World Health Organization (WHO). They recommend that water and sanitation services should not exceed 3% to 5% of a household’s income to be considered affordable.

Using current and proposed tariffs and the basic monthly volume of 2,000, the monthly water bill was estimated. The affordability ratio is calculated by dividing the monthly water bill by the monthly household income for each quintile.

Indicator: TRUE- The ratio exceeds 3%, which means that the cost is considered unaffordable for that income group. FALSE - The ratio is at or below the 3% limit, which

means that the cost is considered affordable, although in some contexts this may still indicate potential concerns if it remains close to the limit for low-income groups.

6.5.3 Proposals for consideration

The increases in the tariffs and the various scenarios are presented below. It is preferred for the increases to be gradual over a three-year cycle to reduce the burden on households. Although the increases are lower, the magnitude of the increases is felt overtime and not at once.

Table 40 - Tariff Adjustment Proposals and Proposed Increase

Scenarios	Direct Increase July 2025	Smoothed increase		
		July 2025	Jan 2026	Jan 2027
Scenario 1	20.35%	9.35%	9.35%	9.35%
Scenario 2	29.70%	13.30%	13.30%	13.30%
Scenario 3	35.83%	15.80%	15.80%	15.80%

For Scenario 1, it is recommended that 9.35 percent increase be applied in years 1, 2 and 3. Similarly, for Scenario 2 the proposed increase is 13.30 percent each of the three years. For Scenario 3, the proposed rate is 15.80 percent.

Additional to the above, in accordance with the socialization sessions with the different stakeholders, a scenario 4 (based on scenario 3) of tariff increase was created in which the 15.80% annual increase would not apply to the water base charge for domestic users and the additional revenue requirement would be covered by a differential increase for Hotels and Boats.

The water affordability will utilize basic consumption level of 2,000 gallons. The proposed rates are contained in the table below.

Table 41 - Proposed Annual Increase by Scenarios

Scenarios	Actual Cost	Annual Increase (Costs - \$)		
		July 2025	Jan 2026	Jan 2027
Scenario 1	24.42	26.70	29.20	31.93
Scenario 2		27.67	31.35	35.52
Scenario 3		28.28	32.74	37.92
Scenario 4		24.42	24.42	24.42

6.5.4 Water Affordability by Scenarios

Three scenarios are used to determine water affordability based on increases in the water rates. The analysis will be based on two time periods, the first year of the increase and the third year, to account for the cumulative changes over three years.

- *Scenario One*

Scenario one represents an overall increase of 9.35 percent. The scenario is based on an estimated 2,000 gallons of water being used with increases reflected in the various tiers to a proposed monthly water bill of \$26.70 if effected in July 2025 and a bill of \$31.93 at the end of the third year.

In determining the water affordability ratio, only Quintile Income Group One is not able to afford this increase proposed for both Year 1 and the accumulated increase up to Year 3.

Table 42 - Water Affordability Scenario one: 9.35% increase in current tariffs

Income Quintile	Monthly household (ECD)	Year 1			Year 3		
		Monthly Water Bill – Year 1 (ECD)	Affordability Ratio (%) – Year 1	Above 3% Threshold	Monthly Water Bill – Year 3 (ECD)	Affordability Ratio (%) – Year 3	Above 3% Threshold
1	336	26.70	7.95	TRUE	31.93	9.50	TRUE
2	1,770	26.70	1.51	FALSE	31.93	1.80	FALSE
3	3,360	26.70	0.79	FALSE	31.93	0.95	FALSE
4	5,735	26.70	0.47	FALSE	31.93	0.56	FALSE
5	12,441	26.70	0.21	FALSE	31.93	0.26	FALSE

Table 42 shows that affordability is possible for the other four quintile groups as their affordability ratios fell below 3.0 percent for Year 1 and up to Year 3.

- *Scenario Two*

This scenario represents 13.30 percent increase in the monthly water bill from \$24.42 to \$27.67 in Year 1 and a final bill of \$35.50 in Year 3.

Table 43 - Water Affordability Scenario two: 13.30% increase in current tariffs

Income Quintile	Monthly household (ECD)	Year 1			Year 3		
		Monthly Water Bill – Year 1 (ECD)	Affordability Ratio (%) – Year 1	Above 3% Threshold	Monthly Water Bill – Year 3 (ECD)	Affordability Ratio (%) – Year 3	Above 3% Threshold
1	336	27.67	8.42	TRUE	35.52	10.57	TRUE
2	1,770	27.67	1.56	FALSE	35.52	2.01	FALSE
3	3,360	27.67	0.82	FALSE	35.52	1.06	FALSE
4	5,735	27.67	0.48	FALSE	35.52	0.62	FALSE
5	12,441	27.67	0.22	FALSE	35.52	0.29	FALSE

As with the previous Scenario, individuals falling in Quintile Group One will have difficulties in paying their monthly bills. Affordability for Quintile Group two is still possible, however the ratio for this group worsen to 2.01, however still in the range of 3 – 5%.

- *Scenario Three*

Scenario 3 computation is based on applying a 15.80 percent in the monthly bill over the three-year period moving from \$28.28 in Year 1 to \$37.92 in Year 3.

Table 44 - Water Affordability Scenario three: 15.80% increase in current tariffs (Year 1 and Year 3)

Income Quintile	Monthly household (ECD)	Year 1			Year 3		
		Monthly Water Bill – Year 1 (ECD)	Affordability Ratio (%) – Year 1	Above 3% Threshold	Monthly Water Bill – Year 3 (ECD)	Affordability Ratio (%) – Year 3	Above 3% Threshold
1	336	28.28	8.42	TRUE	37.92	11.29	TRUE
2	1,770	28.28	1.60	FALSE	37.92	2.14	FALSE
3	3,360	28.28	0.84	FALSE	37.92	1.13	FALSE
4	5,735	28.28	0.49	FALSE	37.92	0.66	FALSE
5	12,441	28.28	0.23	FALSE	37.92	0.30	FALSE

At Scenario 3, households or individuals in all Income Quintile groups with the exception of Quintile one will be able to afford the proposed increases from Year 1 to Year 3. As indicated previously, the situation worsens slightly for individuals/households in Quintile Group two, however the ratio remains within the 3 – 5% acceptable range.

- *Scenario Four*

Scenario 4 does not present a tariff increase for the water base charge in residential users, therefore, the bill value for the analyzed consumption has no variation and will remain at \$24.42.

Table 45 - Water Affordability Scenario four: No increase in the base water charge for domestic users (Year 1 and Year 3)

Income Quintile	Monthly household (ECD)	Year 1-3		
		Monthly Water Bill – (ECD)	Affordability Ratio (%)	Above 3% Threshold
1	336	24.42	7.27	TRUE
2	1,770	24.42	1.38	FALSE
3	3,360	24.42	0.73	FALSE
4	5,735	24.42	0.43	FALSE
5	12,441	24.42	0.20	FALSE

In this scenario, although households in quintile one are still outside the acceptable range, the conditions are improved compared to scenario 3, where they would have to face higher increases in bills as a result of the increase in the water base charge.

6.5.5 Affordability and Ability to Pay for Basic Consumption

It appears from the analysis above that the households in the lowest quintile may encounter affordability challenges if there is an increase in water tariffs under the direct increase. Given the potential increasing trends in inflation, there is no guarantee that they could afford the smoothed increase. Furthermore, despite an increase in income, their purchasing power has been eroded due to increasing inflation. On the other hand, the analysis also suggests that individuals/households in the four upper quintiles have the ability to pay smoothed increases under the four scenarios. It is important to note that this is based on water consumption for an average household of 2.6 but where the households are larger the water use will vary and this will have implications for other households (perhaps poorest 40%).

6.5.6 Social Impacts

An increase in water rates in St. Lucia could have several social impacts, particularly affecting vulnerable populations and potentially exacerbating existing

inequalities. According to Kairi (2018), sixty-five percent of urban households benefit from a seven-day supply compared to 48 percent of rural households.

The poorest 20 percent of St. Lucian households are also the most disadvantaged in terms of water provision. Compared to the remaining 80 percent of the population, they face a deficit in having a piped main water supply of 12 percentage points. Instead, they rely on water provision at the public standpipe which does not guarantee a regular supply. Forty-four percent of bottom-quintile residents receive a full-week supply compared to an average of 60 percent for residents in the remaining cohorts (Kairi, 2018).

➤ Health and Sanitation

- Higher water rates could lead to reduced water consumption, potentially impacting hygiene practices like handwashing and bathing. This could increase the risk of waterborne diseases and sanitation problems, disproportionately affecting low-income communities with less access to alternative water sources or sanitation facilities.
- Kairi (2018) pointed out the gender differentiation regarding toilet facilities as follows: “In contrast, both poverty- and gender-related differences marked the use of modern toilet facilities, with almost four in every five female-headed households having access to water closets. This was eight percentage points above that for male-headed households. In the richest 20 percent of all households, the rate was even higher (90%), which was eight percentage points above the next lowest quintile and more than double the rate of the poorest 20 percent of households. (p. 184)

➤ Economic well-being

In terms of its impact on economic well-being, the increased cost of water bills could put a significant burden on households, particularly those with lower incomes. This could force families to make difficult choices, potentially impacting other essential needs like food, healthcare, or education, thus exacerbating existing inequalities.

➤ Reduced Water Consumption

There is also the potential for reduced water consumption. Consumers may be less likely to use water for activities like irrigation, gardening, or washing, impacting

local agriculture and tourism industries. This could also lead to reduced water consumption overall, potentially impacting WASCO's return on assets.

➤ Challenges facing vulnerable populations

Vulnerable populations such as the elderly, children, and individuals with disabilities may be particularly vulnerable to the impacts of rising water costs. These groups may face challenges in accessing and affording necessary water resources, potentially leading to health issues and reduced quality of life. Higher water costs could disproportionately affect low-income households, making it harder for them to afford essential needs and potentially pushing them further into poverty.

➤ Increasing Inequality

At the societal level, an increase in water rates in St. Lucia could negatively impact the social fabric of the island by disproportionately affecting marginalized communities and potentially widening the gap between the rich and poor. This is because water is a basic necessity, and its cost increase could strain the budgets of low-income households, making it harder for them to afford other essentials like food and healthcare. More specifically, gender inequality could worsen given that female-headed households have a higher poverty rate than male-headed households. With fewer financial resources and often more dependents, these households face a greater strain when water costs rise or access becomes unreliable. Additionally, women and girls have disproportionate responsibility for domestic duties many of which require water, thus reducing time for education/economic activities as well as reproductive and maternal health impacts.

➤ Reminder: Water is a Human Right

Access to safe and clean drinking water is widely recognized as a fundamental human right. The United Nations has explicitly stated that access to safe drinking water and sanitation is essential for the full enjoyment of life and all human rights. This right is not only about having access to water, but also ensuring it is safe, affordable, and accessible to all without discrimination. It's not enough to simply have water available; it needs to be safe, clean, and accessible in a reasonable time and at a reasonable cost. The Sustainable Development Goals (SDGs), particularly SDG 6, specifically address water and sanitation, highlighting the importance of universal access to clean water and sanitation for all. Water services must be affordable to all. No individual or group should be denied access to safe drinking water because they cannot afford to pay. Source: <https://www.ohchr.org/en/water-and-sanitation/about-water-and-sanitation>

7 UPDATE OF REQUIRED TARIFF INCREASES: SCENARIO 2026

This section presents an update of the required tariff increases assuming a tariff implementation start in 2026.

These increases will be higher than those presented under the assumption of tariff implementation starting in July 2025 due to the fact of delaying the application of the increases and the regulatory requirement to maintain the balance in net present value of revenues and the reasonable cost of service for the triennium.

The results are shown for Scenarios 3 and 4 presented earlier in the document.

1. Updated tariff increases according to the tariff implementation start month under Scenario 3

Table 46 – Scenario 3: Update of tariff increases with the tariff implementation start in 2026

Month of application start	From selected month of 2026	January 2027
January 2026	31,40%	31,40%
February 2026	32,44%	32,44%
March 2026	33,55%	33,55%
April 2026	34,73%	34,73%
May. 2026	35,99%	35,99%
June 2026	37,34%	37,34%

2. Updated tariff increases according to the tariff implementation start month under Scenario 4.

Table 47 – Scenario 4: Update of tariff increases with the tariff implementation start in 2026

Tariff increase for all users (except the water base charge for domestic users and all charges of Hotels and Boats)			Hotels & Boats	
Month of application start	From selected month of 2026	January 2027	From selected month of 2026	January 2027
January 2026	31,40%	31,40%	65,75%	65,75%
February 2026	32,44%	32,44%	67,64%	67,64%
March 2026	33,55%	33,55%	69,61%	69,61%
April 2026	34,73%	34,73%	71,69%	71,69%
May 2026	35,99%	35,99%	73,87%	73,87%
June 2026	37,34%	37,34%	76,17%	76,17%

It should be clarified that the tariff implementation start month does not in any way modify the reasonable costs of the service previously calculated for the triennium (in these scenarios); therefore, the tariff increase percentages presented adjust only the revenues to achieve the balance in net present value according to the tariff implementation start month.

8 CONCLUSIONS AND RECOMMENDATIONS

- A comprehensive review of the Triennial Tariff Review Application submitted by the Water and Sewerage Company Inc. (WASCO) for the triennium September 2024–August 2027 was carried out in accordance with the applicable regulatory framework.

WASCO’s original tariff increase proposal amounted to 42.2%, based on the comparison between the present value of the Reasonable Cost of Service, estimated at XCD 224,357,472, and the net present value (NPV) of revenues under existing tariffs, calculated by the company at XCD 157,731,108.

However, this detailed assessment identified several critical issues that require substantive adjustments to ensure the transparency, consistency, and sustainability of the tariff proposal.

- Specifically, issues were identified in relation to the determination of the Opening Asset Base, the phasing and feasibility of the proposed investment plan, the selection and use of base-year Operation and Maintenance (O&M) costs, the cost projection methodology, and the estimation of Other Revenues.
- As a result of the technical analysis carried out, a series of adjustment proposals were formulated to address the deficiencies identified in the application submitted by WASCO.

First, it was recommended to adopt as the *Opening Asset Base* the value of property, plant, and equipment recorded in WASCO's Balance Sheet as of the end of fiscal year 2023.

Regarding the investment plan, it was proposed that Year 1 should include both the investments effectively carried out by WASCO between January and December 2024, as well as those expected to be implemented between January and June 2025. Year 2 would be equal to the value of year 1 of the original investment plan and year 3 would be equal to the value of year 2 of the original investment plan of WASCO, for a total value of XCD 110.7 million.

For administrative and Operation and Maintenance (O&M) costs, it was suggested to use the figures reported in the 2023 fiscal year income statement as the base year for projections, with future values estimated through a technical analysis of unit costs.

Finally, it was proposed to adjust the estimation of "Other Revenues" by using as a starting point the actual values reported in the 2023 income statement, in order to avoid overestimations and ensure that complementary revenue sources are aligned with the company's operational reality.

- Based on the application of the proposed adjustments, three tariff increase scenarios were initially developed with the objective of providing different

proposals in light of WASCO's current financial conditions and the potential social opposition to steep tariff increases:

- Scenario 1 presents the minimum tariff increase required for WASCO to cover its annual administration, operation, and maintenance (O&M) costs, as well as the depreciation and return on its 2023 opening asset base. Under this scenario, a direct increase of 20.35% would be required in July 2025. However, in accordance with regulatory requirements (k-factor), a phased increase of 9.35% would be applied in July 2025, January 2026, and January 2027.
 - Scenario 2 reflects the tariff increase needed for WASCO to cover its administration, operation, and maintenance (O&M) costs, the depreciation and return on its 2023 opening asset base, as well as the depreciation and return associated with a minimum investment plan. This scenario requires a direct increase of 29.70% in July 2025. However, following the regulatory guidelines (k-factor), a phased increase of 13.30% would be applied in July 2025, January 2026, and January 2027.
 - Scenario 3 includes the same elements as Scenario 2, but incorporates the Raw Water Project into the investment plan. As a result, a direct tariff increase of 35.83% would be required in July 2025. However, in line with the regulatory provisions (k-factor), a phased increase of 15.80% would be applied in July 2025, January 2026, and January 2027.
- Within the framework of the Triennial Tariff Review process, six (6) socialization sessions were carried out with the participation of NURC, WASCO and various stakeholders. These sessions had as their main objective to present the tariff review process and the adjustment proposal, highlighting in particular the need to carry out investments aimed at improving the quality, continuity and efficiency in the provision of water supply and sewerage services.
 - This socialization exercise constituted a fundamental component of the regulatory process, insofar as it strengthens the principles of transparency, participation and accountability, allowing the different actors to understand, validate and provide feedback on the proposed tariff decisions.

- Taking into consideration the comments received during the socialization sessions, scenario 4 of tariff increase was presented in this document, which has the following characteristics:
 - It takes as its starting point scenario 3, therefore the reasonable service costs and the required increase in revenues is the same.
 - Unlike scenario 3, where the required tariff increase was applied on the entire tariff structure, this scenario presents a differential application on the water base charge of domestic users and on the tariffs of hotels and boats.
 - The proposal is to maintain the water base charge of \$24.42 (0–2000 gallons) for domestic users, while the charges for Hotels and Boats are increased in order to achieve the required revenue objectives.
 - The tariff increases on the charges of the other types of users remain the same as those of scenario 3.
 - The charges of all users (except the water base charge for domestic users and all charges of Hotels and Boats) would have a gradual increase of 15.80% in July 2025, January 2026 and January 2027. Hotels and Boats would have gradual tariff increases of 32.38% in July 2025, January 2026 and January 2027.
- Given the strategic priority that WASCO has assigned to the Raw Project, and although it would be advisable to have more comprehensive and robust cost–benefit analyses supported by additional quantitative evidence, it is considered both pertinent and reasonable to move forward with the adoption of Tariff Scenario No. 4. This scenario, unlike Scenario 3, maintains the water base charge for residential users without increase.
- At Scenario 3, households or individuals in all Income Quintile groups with the exception of Quintile one will be able to afford the proposed increases from Year 1 to Year 3. As indicated previously, the situation worsens slightly for individuals/households in Quintile Group two, however the ratio remains within the 3 – 5% acceptable range.
- In scenario 4, although households in quintile one are still outside the acceptable range, the conditions are improved compared to scenario 3, where they would have to face higher increases in bills as a result of the increase in the water base charge.

- The households in the lowest quintile may encounter affordability challenges if there is an increase in water tariffs under the direct increase even when they use less water from piped sources for basic everyday purposes compared to higher income households. Given the potential increasing trends in inflation, there is no guarantee that they could afford the smoothed increase. Furthermore, despite an increase in income, their purchasing power has been eroded due to increasing inflation. On the other hand, the analysis also suggests that individuals/households in the four upper quintiles have the ability to pay smoothed increases under the four scenarios.

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10 Annexes

NATIONAL UTILITIES REGULATORY COMMISSION

Stakeholder Consultation – Triennial Tariff Review (Water & Sewerage)

Session 1: High-Level Consultation – Business Community

Date: 9 February 2026 | Venue: Financial Administrative Centre | Time: 9:00 AM – 12:00 PM

Executive Summary

The consultation demonstrated strong stakeholder engagement, with interventions extending beyond tariff figures to broader issues of governance alignment, infrastructure resilience, financial transparency, and consumer protection. While stakeholders acknowledged the need for investment in infrastructure modernization, there was a clear expectation that improvements in service reliability and communication should accompany any tariff adjustment.

Discussion reflected recognition of the operational and climate-related challenges facing the water sector. However, participants emphasized that transparency in financial modeling, clarity in institutional roles, and measurable improvements in service delivery are essential to maintaining public confidence in the tariff-setting process.

Session Proceedings and Presentations

The session proceeded in accordance with the published agenda and included:

- Opening Prayer
- National Anthem
- Introduction and Welcome Remarks – Mr. Lawrence Nervais (Chairman, NURC)
- Presentation: Legal Framework, Scope and Strategy – Mrs. Skeeta Gibbs (CEO, NURC)
- Presentation: Summary of Triennial Tariff Review Application Submitted – Mrs. Zilta George Leslie (CEO, WASCO)
- Presentation: Proposed Water and Sewerage Rate Increases (Draft Determination) – Mr. Tovan McDoom (Regulatory Economist, NURC)
- Question and Answer Session
- Vote of Thanks – Mrs. Manendra George-Roberts (Consumer Relations Officer, NURC)

Key Themes from Stakeholder Discussion

Delay in the Tariff Review Process

Stakeholders queried the delay between WASCO's submission (April 2024) and the commencement of public consultation in February 2026 and raised concerns about whether time-lag effects could result in outdated assumptions.

Key interventions included:

- Hester Hayes (LUCELEC) asked how capital investment projections covering 2024–2027 were treated given that the review is occurring in 2026, and whether actual data for the elapsed period was incorporated.
- Julian French (LUCELEC) asked why the application was only now in public consultation and requested clarity on the cause of the two-year delay.

Response (NURC): NURC indicated the delay was mainly due to procurement of a technical consultant supported by CDB resources (finalized in 2025) and multiple rounds of information requests and clarification with the utility to adjust the financial model. They explained that the model uses 2023 as a base year with projections through 2027 and that assumptions were adjusted forward to reflect the delay.

Capital Investment and Financial Modeling

Discussion focused on the treatment of capital investment projections within the model, how projections were reworked to reflect the delayed review, and whether investment recovery mechanisms (including the referenced “K-factor”) were sufficient and clearly explained.

Stakeholders asked for clearer articulation of how revised assumptions translate into the proposed rates and how implementation risks (e.g., project delays) are factored into projections.

Tariff Structure and Long-Term Sustainability

An unidentified participant (referencing the Chamber of Commerce) raised broader questions about whether the existing tariff structure is the most economically and socially appropriate approach, whether long-run incremental cost concepts were adequately considered, and whether the pricing framework includes a clear mechanism for long-term system replacement and asset renewal.

Non-Revenue Water and Infrastructure Resilience

WASCO reiterated its target to reduce Non-Revenue Water (NRW) to below 45% by 2027. Stakeholders asked how resilience and long-term source security are addressed, including whether costs for major catchment and storage interventions were accounted for.

- Jason Ernest (Water Resources Management Agency) asked whether the need and cost for de-silting the John Compton Dam (JCD) had been considered.
- Response (WASCO): De-silting of the JCD was not identified as a current project but may be conceptualized in a later phase within the period to 2027.
- Ignatius Jean (Caribbean Water and Sewage Association) followed up on institutional roles, asking whether WRMA should ensure catchment water availability given abstraction licensing, while WASCO focuses on production and distribution.

- Response (WASCO): The response indicated WRMA is responsible for identifying sources and ensuring supply availability, while WASCO’s role is to produce and distribute water.

Service Reliability and Consumer Concerns

Service reliability and billing fairness were significant areas of interest. Stakeholders referenced extended service interruptions in some areas and queried the application of the minimum monthly charge during outages.

- Dr. Lewis (President, National Consumers Association of Saint Lucia) raised concern about disparities between data presented by WASCO and NURC, and questioned what protections exist for consumers during extended service interruptions, including minimum charge application.
- Response (WASCO): WASCO indicated customers pay for metered consumption; however, a minimum charge remains applicable. WASCO noted trucked water is provided at no cost in affected areas and that bill revisions may occur on a case-by-case basis.
- Additional response: Jim King (Water Services Manager, WASCO) noted that bill revisions can occur in some instances and emphasized the need for improved communication so issues can be targeted and addressed, including water trucking support.

Energy Costs and Desalination Exposure

Energy costs were discussed as a structural driver of WASCO’s operating costs. Stakeholders noted that desalination is energy intensive and could increase costs, while government representatives referenced intentions to support renewable energy integration within WASCO operations.

- Ignatius Jean (CWWA) highlighted the need for mechanisms that allow timely tariff adjustments and suggested considering factors for investment and exogenous shocks (e.g., extreme rainfall events), noting comparisons to fuel cost adjustment mechanisms in the electricity sector.
- Shimon Francis (Energy Officer, Department of Infrastructure) cautioned on the energy intensity of desalination and noted government intention to support renewable energy integration for WASCO through relevant initiatives.

Investment Recovery and Adjustment Mechanisms

Stakeholders suggested that regulatory design should consider mechanisms that improve responsiveness to significant cost changes (e.g., energy price shifts) and account for exogenous shocks. This included reference to the “K-factor” for investment and consideration of additional factors used in other jurisdictions.

Public Communication and Transparency

Participants repeatedly emphasized the need for clearer public communication, including clearer labeling of draft versus final materials, improved explanation of differences in figures

presented by institutions, and more proactive communication on water trucking schedules and available consumer redress mechanisms.

- An unidentified speaker requested a clearer comparative breakdown between the last adjustment (2013) and the current proposal (2026), including changes in production costs and key drivers such as inflation, salaries, fuel, and electricity.

Key Questions Raised (Names and Organizations)

Hester Hayes (LUCELEC)

- Question: How does the tariff model account for capital investment projections referenced for 2024–2027 given the review is occurring in 2026, and were “actuals” for 2024–2025 considered?
- Response/Discussion: The consultant and NURC explained the review was significantly delayed; the model uses 2023 as a base with projections through 2027, and assumptions were adjusted forward to reflect the time lag.

Julian French (LUCELEC)

- Question: Why was WASCO’s application (filed April 2024) only now in public consultation?
- Response/Discussion: NURC stated the delay was mainly due to consultant procurement (CDB-supported; finalized in 2025) and multiple rounds of information requests and clarification with the utility to adjust the financial model.

Jason Ernest (Water Resources Management Agency)

- Question: Was the cost and need for de-silting the John Compton Dam (JCD) considered, especially in light of the NRW reduction target?
- Response/Discussion: WASCO indicated de-silting is not a current project but may be conceptualized in a later phase within the period to 2027.

Ignatius Jean (Caribbean Water and Sewage Association)

- Question: Given abstraction licensing, should WRMA ensure water availability in the catchment while WASCO focuses on production and delivery?
- Response/Discussion: The response indicated WRMA is responsible for identifying sources and ensuring supply availability; WASCO’s role is production/distribution.

Unidentified participant (referenced Chamber of Commerce)

- Question: Raised concerns regarding the appropriateness of the tariff structure, whether long-term system replacement is planned for through tariffs, and whether implementation delays are factored into assumptions; also emphasized balancing economic and social/public health needs amid reliability challenges.

- Response/Discussion: Name not captured in transcript; the broader structural considerations were recorded as part of the session discussion.

Ignatius Jean (Caribbean Water and Sewage Association)

- Question: Highlighted the K-factor for investment and suggested additional factors for exogenous shocks; advocated for a more responsive adjustment mechanism similar to fuel-cost adjustments in the electricity sector.
- Response/Discussion: Discussion acknowledged the relevance of investment and shock provisions and the importance of improved communications on operational drivers, including energy costs.

Sherman Francis (Energy Officer, Department of Infrastructure)

- Question: Cautioned that desalination is energy intensive and would increase energy costs; noted intentions to support renewable energy integration for WASCO.
- Response/Discussion: Noted as part of the session discussion; renewable integration referenced as a mitigation pathway for operating costs.

Unidentified participant

- Question: Requested a clearer comparative breakdown (2013 vs 2026) of cost of production and key drivers (inflation, salaries, fuel, electricity) to improve public understanding of justification.
- Response/Discussion: Name not captured in transcript; request recorded under transparency and communication needs.

Dr. Lewis (President, National Consumers Association of Saint Lucia)

- Question: Asked about disparity in data between WASCO and NURC and what protections exist for consumers during extended interruptions (including minimum charge application).
- Response/Discussion: WASCO stated customers pay for metered consumption; minimum charge remains. WASCO emphasized trucking water at no cost and noted bill revisions may occur case-by-case. Jim King added revisions can occur and emphasized stronger communication and redress processes.

Emerging Cross-Cutting Themes from Stakeholder Engagement

Service Reliability as a Precondition for Tariff Acceptance

Across interventions, stakeholders consistently linked tariff adjustments to improvements in service reliability. Concerns about supply interruptions, minimum charges during outages, and infrastructure resilience suggest that public acceptance of revised tariffs is closely tied to visible operational improvements and strengthened communication mechanisms.

Governance Clarity and Institutional Alignment

Discussion between WASCO, WRMA, and other sector actors highlighted the need for clearer articulation of institutional roles, particularly in relation to source sustainability, catchment management, and infrastructure responsibilities. Stakeholders indicated that regulatory transparency and alignment of data between institutions are critical for maintaining public trust.

Financial Assumptions and Investment Realism

Participants queried revenue projections, capital investment phasing, and implementation timelines. There was particular interest in understanding how NRW targets, energy costs (including desalination exposure), and infrastructure upgrades were factored into the tariff model.

Affordability and Social Protection Considerations

Several interventions implicitly emphasized water as a public good, raising questions about affordability mechanisms, minimum charge structures, and protections for vulnerable consumers.

Regulatory Process Confidence

The delay between submission and review was referenced by stakeholders, indicating that regulatory timing and procedural transparency influence public confidence in the tariff-setting process.


Issues Requiring Further Clarification

- Impact of delay on financial modeling accuracy and the extent of incorporation of recent “actuals”.
- Long-term asset replacement strategy and the extent to which asset renewal funding is embedded in the tariff structure.
- Treatment of exogenous risks and shocks (e.g., extreme weather events) within the tariff framework.
- Standardized mechanism and consumer guidance for billing relief/redress during extended service interruptions.
- Formal integration of renewable energy to mitigate operating cost exposure (including potential implications of desalination).
- Enhanced public communication protocols, including advance notice of water trucking schedules and clear labeling of draft versus final documents.

Concluding Observation

The discussion suggests that future communication strategies may benefit from placing stronger emphasis on (i) demonstrable reliability improvements; (ii) clarity of institutional roles and responsibilities; and (iii) transparent linkage between tariff adjustments and measurable service

outcomes. Stakeholders broadly recognized the need for infrastructure investment but emphasized that transparency, accountability, and service performance will remain central to public acceptance of tariff adjustments.

Prepared by:  _____

Rapporteur: Rodesha Reid

Date: 03/02/2026 _____

NATIONAL UTILITIES REGULATORY COMMISSION

Stakeholder Consultation – Triennial Tariff Review (Water & Sewerage)

Session 2: Community Town Hall – Gros Islet

Date: 10 February 2026 | Venue: Gros Islet Human Resource Development Centre |
Time: 6:15 PM – 8:45 PM

Executive Summary

Session 2 represented the first community town hall engagement under the NURC’s island-wide consultation program. Public interventions reflected strong interest in the practical impacts of the proposed tariff adjustment, with focus on service reliability, billing fairness, sewerage charging methodology, and the adequacy of accountability mechanisms to ensure that improved service standards accompany any increase.

Participants also raised broader governance and planning issues, emphasizing the need for clearer long-term infrastructure planning, stronger legislative enforcement, improved public communication, and protections for vulnerable customers. The tone of discussion indicated that public acceptance of revised tariffs is closely tied to visible improvements in service delivery, transparent explanation of the tariff model, and consistent customer engagement.

Session Proceedings and Presentations

The session proceeded in accordance with the published engagement format and included:

- Opening Prayer
- Introduction and Welcome Remarks – Mr. Gaspard
- Welcome Remarks – Mrs. Skeeter Gibbs (CEO, NURC)
- Keynote Presentation: Legislative and Regulatory Framework – Mrs. Sanya Evans (NURC)
- Presentation: Overview of WASCO’s Strategic Objectives and Capital Investment Programme – Mrs. Zilta George Leslie (CEO, WASCO)
- Presentation: NURC Next Steps and Commitments (service standards, filing requirements, and subsidy framework engagement, draft proposal)
- Question and Answer Session / Public Comments
- Guidance on Written Submissions (email: info@nurc.org.lc)

Key Themes from Stakeholder Discussion

Accountability, Enforcement, and Service Standards

Participants queried what mechanisms will ensure that WASCO delivers measurable improvements over the tariff period and sought assurance that the triennial review cycle will be enforced going forward. Discussion emphasized the importance of clear service standards, monitoring targets, and regulator oversight to strengthen confidence in the process.

Sewerage Charging Methodology, Cost Burden, and Customer Understanding

Questions focused on how sewerage charges are calculated in the absence of direct sewer metering, and whether the methodology is sufficiently transparent and equitable. There was also concern about the burden associated with sewer blockages, including the need for stronger collaboration and compliance among grease-generating businesses to reduce operational impacts on households and the utility.

Source Security, Dam Rehabilitation, and New Supply Planning

Participants raised concerns about the long-term adequacy of supply sources, including rehabilitation needs at existing infrastructure and whether planning sufficiently addresses additional sources and exploration. Related discussion included dam siltation and sequencing of major rehabilitation interventions.

Capital Investment Priorities and Financing Approach

Discussion referenced WASCO's investment plan and capital programme, including major pipeline and treatment works. Participants requested clarity on how projects are prioritized, how cost recovery is embedded in the tariff proposal, and whether modernization (including digitization and improved metering) can reduce future costs and operational losses.

Service Reliability, Distribution Equity, and Community-Level Impacts

Community concerns included supply consistency, pressure issues, and system performance in specific areas. Participants linked tariff acceptance to reliable delivery outcomes, improved responsiveness, and clear communication during service disruptions.

Affordability and Social Protection for Vulnerable Customers

There was strong emphasis on ensuring that increased tariffs do not disproportionately affect low-income and medically vulnerable households. Discussion referenced the need for a targeted subsidy framework and coordinated action with relevant government entities.

Public Communication, Reputation, and Customer Engagement

Participants highlighted the need for clearer, more accessible communication on technical content, service interruptions, and billing explanations. Suggestions included expanded use of digital channels (e.g., WhatsApp, live streaming) alongside traditional media, and more proactive customer-facing messaging to rebuild trust.

Governance Reform and Long-Term Sector Planning

Interventions urged a longer-term planning horizon, including a structured multi-year development plan supported by stronger legislation, improved enforcement, and better-constructed proposals to access external financing. Some comments emphasized regional harmonization and modern operational approaches to reduce recurring system failures.

Key Questions Raised (Names and Organizations)

Mary Florton

Question: Requested clarification on how sewerage charges are calculated given that sewer is not directly metered and queried how the increasing block structure is applied to sewerage.

Response/Discussion: WASCO explained that sewerage is billed as a percentage of metered water consumption for customers connected to sewer; customers without sewer connection are not billed for sewer services.

Francis Isidore (Beausejour Phase 1)

Question: Asked why sewerage is billed at a lower rate than potable water despite the perception that sewer treatment can be more costly. He also indicated a follow-up question related to Non-Revenue Water (NRW).

Response/Discussion: WASCO noted that water and sewer services involve parallel processes (collection/treatment/discharge), but that sewerage is billed at a reduced rate within the tariff structure. The NRW question was acknowledged within discussion on monitoring losses and improving system management.

Amatus Hamilton (Bellevue, Gros Islet)

Question: Raised concern about expanding demand from new investment and development, and asked why planning for new sources/exploration was not more explicitly reflected; also queried what mechanisms exist to hold WASCO accountable for delivery over the tariff period.

Response/Discussion: WASCO/participants noted that water exploration and new sources are typically addressed by the relevant water resources authority, while NURC emphasized the role of service standards and monitoring through the regulatory process.

Unidentified participant (name not captured)

Question: Requested assurance that the regulator will enforce timely tariff reviews and accountability, noting that the last review occurred in 2013 and querying whether customers will have to wait another long period for regulatory action.

Response/Discussion: NURC indicated that service standard targets will be established and monitored, and that WASCO is required by law to submit an application for the next review period, which will again be subject to consultation.

Carlin Jules (WASCO consumer; Cap Estate)

Question/Comment: Emphasized the need for broader institutional revamping and long-term planning beyond immediate tariff figures, and called for strategic approaches that address recurring failures, communication gaps, and system resilience.

Response/Discussion: Comment recorded as part of the discussion; points were referenced by subsequent participants in relation to communication and reform priorities.

Sir Carlix George

Comment: Urged a 'big picture' approach including a longer-term (e.g., 20-year) plan, stronger legislation and enforcement, improved proposal architecture to unlock funding, and consideration of regional harmonization to strengthen bargaining power and reduce recurring 'band-aid' solutions.

Response/Discussion: Comment recorded; the Chair invited continued public participation and written submissions.

Davis Joseph (Massard Gros Islet)

Question/Comment: Queried why the presentation appeared 'apologetic' and emphasized that upgrades are essential; asked about the funding mix (central government vs external financing) and whether modernization/digitization can help reduce costs.

Response/Discussion: WASCO explained that major capital projects are financed through loans (e.g., CDB financing) and that tariff adjustment supports repayment and implementation of required upgrades.

Jim Jones (President, Beausejour Community Group)

Question: Sought clarification on WASCO's investment plan (2024–2027) and strategic objectives, including reduction of NRW, improved reliability, and expansion of coverage; asked about rehabilitation of major facilities and whether provisions include dam rehabilitation, storage, and source security.

Response/Discussion: WASCO responded that rehabilitation sequencing is planned within the broader capital programme; dam rehabilitation and related works were discussed as part of project planning and implementation sequencing.

Unidentified participant (name not captured)

Question: Asked about treatment plant performance, maintenance reliability, and whether backwash water recovery/recycling could increase production efficiency at treatment facilities.

Response/Discussion: WASCO noted that plant upgrades and twinning works have been undertaken and ongoing maintenance and operational improvements remain part of system performance management.

Unidentified participant (female; name not captured)

Question/Suggestion: Raised concern regarding sewer grease and blockages; suggested stronger engagement with grease-generating businesses (restaurants) and clarity on responsibility and cost burden when blockages occur.

Response/Discussion: WASCO indicated ongoing engagement with SLHTA and noted the issue would be raised within that forum.

Judene Johnson (Gros Islet)

Question: Asked whether commercial and hotel customers should be treated uniformly within the same tariff class, noting differences in scale between large and small properties.

Response/Discussion: NURC/participants indicated that tariff classification is guided by the existing legislative framework; concerns were noted for further consideration within the determination process.

Sam Giddens (Beausejour Phase 2)

Question: Raised concern about persistent low pressure and inability to supply the Bosseshoe tank, and asked whether improved pumping and distribution would result from a tariff increase. He also emphasized the need for protection of vulnerable and chronically ill customers and asked about meter accuracy (including ultrasonic meters) and billing adjustments where appropriate.

Response/Discussion: WASCO referenced pilots and improvements to metering, including ultrasonic meters, and acknowledged that billing and operational adjustments may be considered in particular circumstances; NURC also referenced engagement on a subsidy framework for vulnerable customers.

Maria Fontenelle (Gros Islet Town Proper / Barawaj)

Question/Comment: Highlighted the need for clearer communication of technical content, more proactive customer engagement, and stronger reputation management, suggesting expanded use of digital channels and clearer explanations to the public.

Response/Discussion: WASCO Corporate Communications outlined current communication channels (radio, social media, WhatsApp) and acknowledged the need for continuous improvement in customer communication and trust-building.

Emerging Cross-Cutting Themes from Stakeholder Engagement

Tariff acceptance was repeatedly linked to service performance. Participants expressed willingness to support investment where it demonstrably improves reliability, equity of distribution, and customer experience.

Across interventions, the strongest expectations were for


- (i) clear performance targets and enforceable service standards;
- (ii) transparent communication of tariff methodology and investment recovery;
- (iii) visible operational improvement in affected communities; and
- (iv) safeguards for vulnerable customers through targeted social protection measures.

Issues Requiring Further Clarification

- How revised service standards will be defined, embedded in WASCO's licence, and monitored over the tariff period (including remedies for underperformance).
- Further public explanation of sewerage billing methodology and the basis for the sewer percentage applied to metered water use.
- Clarification on treatment of sewer blockages and grease management responsibilities, including enforcement and public education for commercial operators.
- Sequencing and timing for dam rehabilitation, storage/security works, and any planned exploration of additional sources.
- How tariff classifications (e.g., commercial vs hotel) will be applied and whether differentiation by scale is feasible within the current legislative framework.
- Design of a targeted subsidy framework and criteria for eligibility to protect vulnerable customers from undue impact.
- Enhancements to public communication protocols (outage notices, billing explanations, and customer redress pathways), including use of digital platforms.

7. Concluding Observation

Session 2 underscored that community confidence in tariff reform depends not only on financial justification but also on public trust in performance delivery. Participants broadly recognized the need for infrastructure investment; however, the discussion highlighted that accountability mechanisms, measurable service standards, improved communication, and targeted protections for vulnerable households will remain central to public acceptance of the final determination.

Prepared by: _____ 

Rapporteur: Rodesha Reid

Date: 03/02/2026

NATIONAL UTILITIES REGULATORY COMMISSION

Stakeholder Consultation – Triennial Tariff Review (Water & Sewerage)

Session 3: Community Town Hall – Castries (La Clery)

Date: 11 February 2026 | Venue: Vide Bouteille Cultural Club, La Clery | Time: 5:00 PM – 7:00PM

Executive Summary

Session 3 was the Castries community town hall engagement in the NURC's island-wide consultation programme. Attendance was limited; however, the contributions were substantive and focused on the relationship between affordability and reliability, the sequencing of major capital works (including the John Compton Dam and the Millet raw water pipeline), and the need for stronger conservation and accountability measures.

Participants generally recognized that the current tariff structure is not sustainable, but emphasized that public acceptance of any increase is closely tied to visible service improvements, transparent targets (with numbers), and stronger customer communication and monitoring to reduce wastage.

Session Proceedings and Presentations

The session proceeded in accordance with the published engagement format and included:

- Opening Prayer – Mrs. Monroe
- Introduction and Guidance – Mr. Gaspard (Master of Ceremonies)
- Welcome Remarks – Mrs. Skeeta Gibbs (CEO, NURC)
- Presentation: Overview of WASCO operations, achievements since 2013, and planned investment programme (including service standards and performance targets) – Zilta George-Leslie CEO, WASCO
- Presentation: Proposed Tariff Rates (WASCO proposal and NURC draft/rebuttal tariff) – Mr. Tovan McDoom (NURC)
- Question and Answer Session / Public Comments
- Guidance on Written Submissions (email: info@nurc.org.lc)
- Closing Announcements (next session location and time)

Key Themes from Stakeholder Discussion

Affordability, Value-for-Money, and Willingness to Pay for Reliability

Public comments highlighted that water is essential for households and for economic activity, and that the current baseline rates were viewed as inconsistent with the cost of sustaining and improving a national water utility. Stakeholders noted that while any increase will impact some consumers, there is willingness to pay more if the utility demonstrates meaningful improvements in reliability, water quality, and responsiveness.

Capital Investment Priorities and Sequencing: Pipeline Replacement vs John Compton Dam Desilting

A key discussion point was the sequencing of the Millet raw water pipeline replacement and the proposed desilting/rehabilitation of the John Compton Dam. Stakeholders queried why desilting would be deferred, while WASCO's response emphasized the risk of investing in additional storage capacity while the transmission pipeline remains compromised and leaking.

Conservation and Demand-Management Measures

Stakeholders encouraged stronger conservation measures, including policy and building-related interventions (e.g., reduced reliance on potable water for toilet flushing), and incentives for storage, harvesting, and efficiency. WASCO also referenced ongoing conservation initiatives and planned customer service improvements.

Customer Service Modernization and Loss Reduction (Leaks, Overflows, Monitoring)

Participants raised expectations for modernization (e-billing and easier balance access) and for tighter control of water losses, including tank overflows. WASCO referenced planned systems upgrades and a dedicated non-revenue water unit intended to strengthen monitoring and response.

Accountability and the Need for Numeric, Measurable Targets

Stakeholders emphasized that commitments such as "fewer disruptions" must be translated into numeric baselines and targets to support meaningful monitoring by the regulator and the public. The discussion reinforced the importance of measurable service standards in the service licence and transparent performance reporting.

Questions, Comments, and Responses

A. Ms. Christine Paris (Sunny Acres, Castries) – Value of Water, Tariff Support, John Compton Dam Desilting, and Conservation Policy

Key points/questions raised:

- Stated that the current domestic rate (EC\$24.42 for the first 2,000 gallons) is not sustainable relative to the value of water and the expectation of a reliable service.
- Indicated that business operations are disrupted by outages and that consumers may be willing to pay more, particularly if service reliability improves.
- Asked why desilting of the John Compton Dam would be deferred until after pipeline works, noting that desilting could create additional storage capacity for the dry season.
- Suggested stronger conservation measures, including the use of greywater for toilet flushing and discouraging new construction from using potable water for flushing.

Response/clarifications provided:

- WASCO indicated that desilting/rehabilitation of the John Compton Dam is planned for a later phase, and that priority is being placed on replacing the raw water pipeline and improving treatment capacity first to avoid additional losses through a leaking pipeline.
- WASCO noted that the dam has not gone dry and referenced prior desilting activities, while reiterating that pipeline replacement (parallel installation and subsequent connection) is the immediate focus.

B. Resident (Bissee) – Purpose of Tariff Increase, Online Access, and Tank Overflow/Wastage

Key points/questions raised:

- Asked whether the proposed tariff increase is intended to generate profit or to break even, and expressed concern that a break-even approach may not yield improved service.
- Suggested that customers should be able to access balances online (beyond a phone balance inquiry line).
- Raised concern regarding visible wastage from overflowing tanks in the Bizet area and requested clearer reporting channels and faster response.

Response/clarifications provided:

- Presenters reiterated that e-billing is planned for 2026 and highlighted the existing automated balance inquiry line (457-3998).
- WASCO referenced SCADA monitoring upgrades and the non-revenue water unit to support closer leak/overflow monitoring and response.
- It was clarified that the tariff adjustment is intended not only for break-even operations, but also to enable investment required to improve service.

C. Participant – Why the Tariff Review Took 13 Years and Communication Improvements

Key points/questions raised:

- Asked why it took 13 years for WASCO to seek a tariff increase if the intent is to improve quality of service.
- Noted improvements in public communication in 2024 and commended the communications function for improved outage notifications.

Response/clarifications provided:

- WASCO indicated that internal conceptual work began around 2023 and that the application was submitted in 2024; the extended timeline was acknowledged, and support for the ongoing process was requested.

D. Standards/Compliance Participant – Need for Numbers Behind ‘Fewer Disruptions’ and Monitoring Baselines

Key points/questions raised:

- Requested numeric baselines and targets for disruptions, noting that terms such as “fewer disruptions” can be interpreted as only marginal change and are not meaningful without quantified expectations.
- Suggested that documented call-outs and disruptions could be used to establish current performance and to set measurable improvement targets by community/region.

Response/clarifications provided:

- WASCO production staff noted that disruptions can be unpredictable and may have ripple effects across days and communities; however, the participant reiterated that since disruptions are documented, reporting can be improved by presenting quantified baselines and target reductions.

Summary of Draft Tariff Information Presented

Mr. Tovan McDoom (NURC) presented WASCO’s proposed tariff scheme alongside the NURC’s draft/rebuttal tariff and emphasized that the rates presented are draft and not yet final, with public feedback forming part of the decision-making process.

- WASCO domestic proposal: a one-time increase of 39.4% on the base rate (EC\$24.42 to EC\$34.04) and the applicable volumetric tiers.
- NURC adjustments: use of 2023 financial statements and revised investment projections to avoid overstatement and to reflect the time delay since the 2024 submission.
- Calculated required increase: 64.29% (assuming mid-year implementation) based on updated projections and macroeconomic factors.

- Draft smoothing mechanism: two phased increases of 37.34% in 2026 and 2027 applied across water and sewer categories (e.g., domestic base EC\$24.42 to EC\$33.54 to EC\$46.06; sewer base EC\$16.44 to EC\$22.58 to EC\$31.01).
- NURC next steps signaled: strengthened filing requirements for future reviews, incorporation of improved service standards into the WASCO service licence, and engagement with the Ministry of Equity on a subsidy framework for vulnerable consumers.

Closing Notes

The session concluded with thanks to attendees and a reminder that written feedback can be submitted to info@nurc.org.lc. Participants were also advised of the next consultation session scheduled for Dennery Primary School at 5:00 PM the following evening.

Prepared by:  _____

Rapporteur: Rodesha Reid

Date: 03/02/2026

NATIONAL UTILITIES REGULATORY COMMISSION

Stakeholder Consultation – Triennial Tariff Review (Water & Sewerage)

Session 4: Community Town Hall – Dennery

Date: 12 February 2026 | Venue: Dennery Primary School | Time: 5:00 PM – 7:00 PM

Executive Summary

This community town hall formed part of the National Utilities Regulatory Commission's (NURC) island-wide consultations on WASCO's Triennial Tariff Review (2024–2027). Public contributions focused on the practical implications of the proposed tariff adjustment and the conditions under which customers would consider an increase acceptable.

Across interventions, participants emphasized that affordability must be balanced with reliable service delivery. Recurring themes included: water supply consistency and pressure, transparency in billing and service standards, improved communication during disruptions, and clear accountability for the delivery of planned investments and NRW reduction efforts.

Session Proceedings and Presentations

- Opening Prayer – Mrs. Monroe
- Introduction and Guidance – Mr. Gaspard (Master of Ceremonies)
- Welcome Remarks – Mrs. Skeeta Gibbs (CEO, NURC)
- Presentation: Overview of WASCO operations, achievements since 2013, and planned investment programme (including service standards and performance targets) – Zilta George-Leslie CEO, WASCO
- Presentation: Proposed Tariff Rates (WASCO proposal and NURC draft/rebuttal tariff) – Mr. Tovan McDoom (NURC)
- Question and Answer Session / Public Comments
- Guidance on Written Submissions (email: info@nurc.org.lc)
- Closing Announcements (next session location and time)

Participants were invited to state their name and community/organization (where applicable) before presenting questions and comments.

Key Themes from Stakeholder Discussion

Service Reliability, Pressure, and Community-Level Impacts

Participants highlighted the day-to-day impacts of intermittent supply, including reduced household resilience, disruption to schools and businesses, and the challenge of planning when outages are unannounced or prolonged.

Key interventions included:

- Requests for clearer information on the causes of recurring interruptions and the expected improvements over the review period.
- Concerns about low pressure and uneven distribution patterns, particularly in communities dependent on tanks or pumping.
- Calls for more predictable notices and practical support arrangements when disruptions persist.

Billing, Metering, and Fairness of Charges

Questions and comments reflected concern about billing fairness—especially where customers experience extended interruptions or dispute meter accuracy. Participants requested clearer explanations of tariff application and accessible pathways for dispute resolution.

Key interventions included:

- Requests for clarity on how charges apply during service disruptions and how complaints are investigated.
- Concerns about meter performance and verification, and the need for transparent customer guidance.

Non-Revenue Water (NRW), Leaks, and Loss Reduction

Participants referenced NRW as a central issue affecting service reliability and cost recovery. There were calls for stronger leak response, better monitoring, and enforcement measures to reduce losses over time.

Key interventions included:

- Questions on how NRW will be measured, reported, and reduced during 2024–2027.
- Calls for faster leak detection/repair and stronger action on illegal connections where applicable.

Capital Investment Priorities, Treatment, and Distribution Infrastructure

Public comments reflected interest in how capital projects are prioritized and sequenced, and how investment delivery will translate into improved reliability and reduced operational losses.

Key interventions included:

- Requests for clearer timelines for priority works and how communities will experience improvements.
- Concerns about long-term source security and infrastructure resilience, including treatment and distribution constraints.

Customer Communication, Notice, and Trust

Participants emphasized that customer trust depends on timely, consistent communication—particularly around outages, trucking, and service restoration updates. There were calls for improved outreach beyond digital channels to reach all communities.

Key interventions included:

- Requests for earlier notices and clear update channels that customers can rely on.
- Suggestions to use a mix of radio, community notice mechanisms, and digital platforms to ensure coverage.

Affordability and Protection for Vulnerable Customers

Affordability concerns were raised in the context of household budgets and the ability of vulnerable groups to absorb increased costs. Participants supported targeted protection mechanisms rather than broad, untargeted relief.

Key interventions included:

- Questions on how vulnerable households would be identified and supported under a subsidy framework.
- Calls for safeguards where medical or caregiving needs increase household dependence on reliable water access.

Governance, Enforcement, and Accountability for Delivery

Participants indicated that acceptance of revised tariffs depends on enforceable accountability, clear performance targets, transparent monitoring, and consequences for persistent underperformance.

Key interventions included:

- Requests for measurable service standards and public reporting on progress throughout the tariff period.
- Questions on how the regulator will ensure that improvements occur alongside investment recovery.

Conservation and Demand Management

Some interventions referenced the role of conservation and household/community demand management as part of overall sector resilience, including responsible use and storage practices during disruptions.

Key Questions Raised (Names and Organizations)

Nymphia Edward

Question: How will WASCO improve supply consistency and communicate outages more effectively at the community level?

Response/Discussion: WASCO referenced operational realities and the need for continued system upgrades; NURC noted that service standards and monitoring form part of the regulatory framework.

Francine Pomponne

Question: How will billing fairness be ensured, including complaint handling and meter verification where disputes arise?

Response/Discussion: WASCO noted that complaints can be investigated and customers may pursue verification/assessment through established customer service channels.

Unidentified participant

Question: What accountability mechanisms will ensure that measurable improvements accompany any tariff adjustment?

Response/Discussion: NURC indicated it will consider stakeholder feedback, apply regulatory analysis, and establish expectations for monitoring within the determination framework.

Prepared by:  _____

Rapporteur: Rodesha Reid

Date: 03/02/2026

NATIONAL UTILITIES REGULATORY COMMISSION

Stakeholder Consultation – Triennial Tariff Review (Water & Sewerage)

Session 5: Community Town Hall – Canaries

Date: 16 February 2026 | Venue: Canaries (Town Hall Session) | Time: 5:00 PM – 7:00 PM

Executive Summary

Session 5 was convened as part of the NURC’s island-wide community consultations on WASCO’s Triennial Tariff Review (2024–2027). Public participation in Canaries was active and strongly focused on service reliability during rainfall events, the adequacy of local storage and treatment capacity, and fairness considerations for a community that hosts a key water source yet continues to experience disruptions.

Participants indicated that willingness to accept increased rates is closely tied to visible improvements in service consistency, timely outage communication, and clear commitments for targeted upgrades in Canaries (including treatment plant modernization, additional storage, and security at water facilities).

Session Proceedings and Presentations

The session proceeded in accordance with the engagement format and included:

- Opening Prayer – Ms. Lorina Smith
- Introduction and Welcome Remarks (Master of Ceremonies)
- Presentation: Overview of the tariff review process and the role of the regulator – Mrs. Manendra George-Roberts (NURC)
- Presentation: WASCO operational context, investments since 2013, and the capital plan – Mrs. Zilta George-Leslie (WASCO)
- Presentation: Proposed rates and NURC review adjustments – Mr. Tovan McDoom (NURC)
- Question and Answer Session / Public Comments
- Guidance on Written Submissions (email: info@nurc.org.lc)

Key Themes from Stakeholder Discussion

Service Reliability During Rainfall Events and Turbidity Management

A central concern raised by residents was the recurring loss of supply in Canaries when rain is imminent or during rainfall events. Residents described instances where supply is interrupted for multiple days, even where rainfall is light or conditions appear manageable. This was perceived as inconsistent with the community's expectation that a strong local source should translate into dependable household service.

Key interventions included:

- Residents expressed frustration that service is cut “as soon as clouds are grey,” and requested clearer operational thresholds and timelines for restoration.
- Concerns that the existing treatment type is unable to manage turbidity/silt load, leading to frequent shutdowns and extended service impacts.

Response/Discussion: WASCO representatives explained that shutting down intake during extreme turbidity events prevents contamination of filters, which could otherwise extend recovery time. WASCO also noted that similar turbidity challenges occur in other communities and that modernization of treatment processes is costly but necessary.

Storage Capacity, System Design Limits, and Growth in Demand

Participants highlighted that the existing reservoir/storage was designed for a much smaller population and is now serving a larger community footprint. Residents requested confirmation of plans for additional storage and questioned why stored water cannot be used to maintain supply during shutdown periods.

Key interventions included:

- Repeated calls for a larger reservoir/tank to support continuity when the intake is shut down during rainfall events.
- Concerns that historic upgrades did not yield lasting improvements and that system performance has worsened over time.

Response/Discussion: WASCO acknowledged the need for additional storage in Canaries and indicated that locating land for a tank has been explored, with further action dependent on investment resources and implementation sequencing under the capital programme.

Tariff Equity and Perceived Community Burden

Residents asked whether Canaries pays the same rate as other areas and expressed concern about affordability given local socio-economic realities. Some interventions emphasized that Canaries hosts a key water resource and requested that the community receive tangible benefit or targeted consideration, including review of reconnection fees or community-level support.

Key interventions included:

- Questions on whether Canaries should pay the same rate as other communities, given its economic conditions and role as a source area.
- Calls for WASCO to 'give back' through measures such as reconsideration of reconnection fees or support to schools/community services.

Response/Discussion: It was explained that tariffs are applied on an island-wide basis to spread costs across the customer base, and that locality-specific costing would likely result in higher charges in smaller communities. NURC also referenced affordability considerations and the intention to engage on targeted subsidies for vulnerable customers.

Dredging Fee Legacy and Public Understanding of Past Adjustments

A participant raised concern about the historical 'dredging fee' associated with the John Compton Dam and questioned why Canaries customers were required to contribute. This reflected broader interest in the transparency of past adjustments and how new changes will differ.

Key interventions included:

- Request for justification of the dredging fee burden across all customers, including communities not directly served by the John Compton Dam.

Response/Discussion: It was clarified that extraordinary review costs were spread across the entire system; additionally, it was indicated that if the current triennial review proceeds successfully, the dredging fee would discontinue.

Minimum Charge, Billing Fairness, and Consumer Protection

Participants queried the fairness of paying the minimum monthly charge in months when water service is interrupted for extended periods. Concerns were framed in terms of value for money and consumer protection, particularly for older residents and households unable to access river washing.

Key interventions included:

- Questions on why the minimum charge applies even when households receive water for only a few days.
- Calls for clearer consumer protection measures during prolonged outages.

Response/Discussion: It was explained that the minimum charge applies for customers consuming between zero and 2,000 gallons and is treated as a base charge supporting the connection, meter, pipes, and operating costs. Participants indicated that service improvements must accompany any increase for the charge to be viewed as fair.

Security of Water Infrastructure and Source Protection

A participant raised security concerns regarding the water supply area, including the risk of tampering or contamination in the absence of continuous on-site presence. The discussion emphasized source protection as part of overall service resilience.

Key interventions included:

- Concern about lack of 24/7 security and absence of amenities to support on-site security personnel.

Response/Discussion: WASCO stated that the area has been fenced and that the proposed new plant would include security services and staff presence as part of upgraded operations.

Communication, Outage Notices, and Local Engagement

Residents expressed dissatisfaction with the lack of outage notices for Canaries, even when other communities receive public updates through WASCO's platforms. Participants requested a clear communication protocol and named contact pathways for ensuring Canaries is included in operational alerts.

Key interventions included:

- Request for consistent posting of interruption notices (reason, expected duration) for Canaries via WASCO's official channels.
- Requests for a direct contact pathway to flag prolonged disruptions when notices are absent.

Response/Discussion: The communications representative explained that notices are typically issued based on information received from technical teams, and that some disruptions are treated as short-duration events handled by crews directly. A participant requested improved consistency and updates when disruptions extend beyond initial expectations.

Staffing, Field Presence, and Perceived Service Neglect

Some participants raised concerns about limited field staffing and perceived imbalance between administrative presence and hands-on operational support in Canaries. This was linked to the broader perception of neglect and the need for stronger local responsiveness.

Key interventions included:

- Concern that Canaries has limited field staffing relative to needs at the source and during turbidity events.

Response/Discussion: WASCO indicated that designated personnel support the plant and that staffing improvements are planned, including additional support to strengthen resilience and system flushing during turbidity events.

Key Questions Raised

Camilla Longville

Question: Why is supply interrupted in Canaries when rain is approaching, and should Canaries pay the same rate as other communities given local socio-economic realities?

Response/Discussion: WASCO explained turbidity management requires shutting down intake to protect treatment filters and clarified that rates are applied island-wide to spread costs across the customer base.

Gregory Deterville

Question: Can WASCO provide targeted consideration to Canaries given the community hosts a key water resource (e.g., reconnection fee review or community support)?

Response/Discussion: WASCO/NURC noted tariffs are island-wide and emphasized targeted assistance via a subsidy framework for vulnerable persons; additional written feedback was invited for consideration.

Resident

Question: Why does WASCO shut down the system before rainfall events?

Response/Discussion: Explained that heavy turbidity can damage/contaminate filters and lead to longer downtime; shutdown allows dirty water to pass before treatment resumes.

Resident

Question: What is the plan to address Canaries' treatment limitations and storage needs, given recurring turbidity issues and community growth?

Response/Discussion: Acknowledged the need for a new treatment plant and additional storage; indicated Canaries is among areas targeted for early attention if resources are secured under the tariff period.

Question: How will vulnerable or unemployed residents be supported if tariffs increase?

Response/Discussion: NURC indicated it will engage the Ministry of Equity on targeted safety net and subsidy measures for vulnerable citizens.

Anne Joseph (Mary Anne Street, Canaries)

Question: Why did Canaries customers pay a dredging fee associated with the John Compton Dam, and why is another increase being proposed now?

Response/Discussion: It was clarified that the dredging fee was spread across the system under the 2013 extraordinary review and would stop if the current triennial review proceeds.

Agatha Francis (Riverside Road, Canaries)

Question: If the tariff increases, can residents expect reliable year-round service, and how is fairness addressed when water is off for days?

Response/Discussion: The session emphasized that improved reliability is a core expectation accompanying any increase, with planned investments intended to strengthen service delivery.

Alexis Henry (Resident, Canaries)

Question: Why is the minimum monthly charge still applied when water is unavailable for multiple days?

Response/Discussion: It was explained that \$24.42 is the minimum/base charge for consumption between zero and 2,000 gallons and supports fixed system costs and operations.

Resident (Water security)

Question: What security measures exist to prevent tampering/contamination of Canaries' water infrastructure?

Response/Discussion: WASCO indicated the area has been fenced and that proposed upgrades would include security services and operational staffing.

Emerging Cross-Cutting Themes from Stakeholder Engagement

Residents consistently linked tariff acceptance to delivery: improved reliability during rainfall events, increased storage and treatment resilience, consistent outage communication, and visible prioritization of Canaries within WASCO's investment sequencing. Stakeholders also emphasized affordability and the need for targeted protections for vulnerable households.

Issues Requiring Further Clarification

- Specific timelines and sequencing for Canaries treatment plant modernization and additional storage capacity.
- Operational thresholds for intake shutdowns during rainfall events and expected restoration timelines, communicated in customer-friendly terms.
- A defined communication protocol for Canaries interruption notices, including who residents should contact when disruptions extend beyond initial expectations.
- Security and source-protection arrangements for Canaries' water infrastructure, including staffing and monitoring.
- Design and timing of the targeted subsidy framework for vulnerable customers, and coordination with Ministry of Equity programmes.

Concluding Observation

Session 5 reflected strong community engagement and a clear message that Canaries expects tangible service improvements alongside any tariff changes. The consultation highlighted the need for targeted infrastructure upgrades, improved communication, and strengthened accountability to rebuild confidence and ensure that revised tariffs translate into measurable improvements in customer experience.

Prepared by:  _____

Rapporteur: Rodesha Reid

Date: 03/02/2026

NATIONAL UTILITIES REGULATORY COMMISSION

Stakeholder Consultation – Triennial Tariff Review (Water & Sewerage)

Session 6: Community Town Hall – Vieux Fort

Date: 17 February 2026 | Venue: Vieux Fort Comprehensive Secondary School (Campus B)
| Time: 5:00 PM – 7:00 PM

Executive Summary

Session 6 concluded the scheduled community town hall engagements under the NURC's island-wide consultations on WASCO's Triennial Tariff Review (2024–2027). Attendance in Vieux Fort was limited; however, interventions raised important operational and governance issues, including NRW reduction, sewer service coverage, road reinstatement following repairs, staff responsiveness, and confidence in the independence of the tariff determination process.

Participants also queried affordability and protections for vulnerable citizens, energy efficiency opportunities to reduce operating costs, and whether demand from hotels could adversely affect the public. Responses emphasized that proposed increases apply across customer categories, that hotels pay higher rates, and that NURC intends to engage on a targeted subsidy framework while incorporating service standards for greater accountability.

2. Session Proceedings and Presentations

The session proceeded in accordance with the engagement format and included:

- Opening Prayer
- Introductions of NURC and WASCO personnel and attendees
- Welcome Remarks – Mrs. Skeeta Gibbs (CEO, NURC)
- Presentation: WASCO overview, initiatives since 2013, and business plan/capital investment needs – Mrs. Zilta George-Leslie (CEO, WASCO)
- Presentation: Proposed water and sewerage rates (WASCO proposal and NURC review outcome) – Mr. Tovan McDoom (Regulatory Economist, NURC)
- Question and Answer Session / Public Comments
- Guidance on Written Submissions (email: info@nurc.org.lc)

Key Themes from Stakeholder Discussion

Non-Revenue Water (NRW) Reduction and Leak Response

NRW reduction was raised as a central credibility issue for any tariff adjustment. A participant supported the need for an increase but questioned the practical steps WASCO will take to reduce NRW, citing observed leaks remaining unrepaired for extended periods.

Key interventions included:

- Request for clearer 'key steps' and operational actions that will deliver NRW reductions (pressure management, metering, and faster leak repair).
- Concern that visible, prolonged leaks undermine confidence and contribute directly to wasted water and higher system costs.

Response/Discussion: WASCO referenced a strengthened NRW approach including pressure management, meter management, asset/data management, and improved response to leaks. WASCO indicated that a dedicated NRW unit was established and took effect in early January, with coverage intended for both the north and south.

Sewerage Coverage and Applicability of Sewer Rates

A participant asked whether sewer charges apply nationally or only to areas connected to the sewer system. This reflected a broader concern about understanding how sewer services are billed and which customers bear the associated costs.

Key interventions included:

- Clarification request on whether sewer rates apply only in sewered areas (e.g., Black Bay and other connected zones) or across all customers.

Response/Discussion: The session clarified that sewer charges apply where customers are connected to sewer services (not universally), and that sewer rates are structured separately from potable water charges.

Road Reinstatement Responsibilities After Pipe Repairs

A participant raised recurring public frustration regarding road reinstatement after WASCO excavations for pipe repairs. Concerns focused on perceived delays and unclear responsibility for restoring road surfaces to an acceptable standard.

Key interventions included:

- Request for clear accountability on who must restore roads after water mains are repaired and how coordination is managed.

Response/Discussion: WASCO explained that it is responsible for repairing the leak, but road reinstatement falls under the Ministry of Infrastructure, supported by an existing memorandum of understanding and payments for road repair works.

Operating Cost Pressures, Efficiency Measures, and Energy Options

Participants asked whether WASCO has explored internal cost reductions and energy initiatives to reduce operating expenditure and limit customer impacts. Suggestions included hydropower, solar PV, and water efficiency/reuse requirements in hotel development planning.

Key interventions included:

- Requests for clearer evidence of cost optimization, contract review, and operational efficiency improvements within the utility.
- Recommendations to expand renewable energy (PV and other options) and consider generation opportunities to offset electricity costs.

Response/Discussion: WASCO indicated it has engaged support to assess cost efficiency and cost-cutting options and has undertaken energy audits. It noted expansion of PV systems as a priority area, including participation in national green-energy initiatives.

Hotel Demand, Fairness, and Development Planning Controls

Participants sought assurance that domestic consumers are not subsidizing hotels, and asked whether water-efficiency and reuse requirements are integrated into new hotel planning, given rising demand from tourism developments.

Key interventions included:

- Questions on comparative consumption patterns and whether hotels benefit at the expense of communities.
- Calls for stronger water-efficiency and reuse requirements in development approvals.

Response/Discussion: WASCO explained that the rate increase applies across all customer categories and that hotel rates are significantly higher than domestic rates. It was also noted that hotel projects are reviewed through the Development Control Authority process with WASCO representation, and that some hotels are investing in desalination due to supply constraints.

Affordability, Vulnerable Customers, and Subsidy Framework

A participant queried whether a support scheme would be available for vulnerable persons who may be unable to afford increased rates. Discussion emphasized that while base rates are comparatively low, the proposed percentage increase may still be experienced as a shock for households with irregular incomes.

Key interventions included:

- Requests for a clear, practical affordability support mechanism for unemployed and vulnerable households.
- Concern that significant increases could contribute to broader inflationary pressure given water is an essential service.

Response/Discussion: NURC indicated it intends to engage the Ministry of Equity to discuss and develop a targeted subsidy framework for vulnerable citizens as part of the overall regulatory response.

Staff Attitude, Field Responsiveness, and Customer Service Expectations

Participants raised concerns about staff attitude and responsiveness in the field, noting instances where reports made directly to crews were not acted upon promptly. Suggestions were made for retraining and sensitization to strengthen professionalism and improve real-time responsiveness.

Key interventions included:

- Requests for staff retraining and field-level accountability so that reports received on the road are recorded and acted upon promptly.
- Recommendation that performance expectations be embedded as conditions alongside any tariff increase.

Response/Discussion: WASCO acknowledged the point and noted measures such as field logging tools, with an intention to strengthen training and sensitization for staff.

Confidence in the Determination Process, Timelines, and Independence

Participants asked how soon feedback/final decisions would be issued and expressed concern about potential political interference. Responses emphasized the independence of the regulator and the process of collating consultation feedback before a final determination is issued.

Key interventions included:

- Request for clarity on expected timing for the determination following completion of consultations.
- Concern about external influence and reassurance that the determination process is independent.

Response/Discussion: NURC advised that it cannot provide an exact timeline but will collate reports, submit to the Board for consideration, and issue a final determination within a reasonable period. NURC reiterated its independence and its duty to act in the public interest.

Key Questions Raised (Names and Organizations)

Rani Nwoda (Bellevue – resident/farmer)

Question: No formal question recorded; introduction captured as a resident participant.

Response/Discussion: Participant's presence was recorded as part of the session introductions; the Chair encouraged community ambassadors to share information beyond attendees.

Kerne Antoine Gabriel (Bands La Rivery; roots in Vieux Fort)

Question: What are WASCO's key steps to reduce NRW, given that leaks sometimes remain for weeks? Also: do sewer rates apply nationally or only in sewerred areas?

Response/Discussion: WASCO outlined its NRW approach (pressure, meter, asset/data management and faster leak response) and referenced the establishment of a dedicated NRW unit; sewer charges apply where customers are connected to sewer services.

Kerne Antoine Gabriel (follow-up)

Question: Who is responsible for road reinstatement after WASCO excavates to repair mains, given frequent disputes between agencies?

Response/Discussion: WASCO stated it repairs the leak, while road reinstatement is the responsibility of the Ministry of Infrastructure under an existing MOU, supported by payments for repairs.

Rani Nwoda (Bellevue – resident/farmer)

Question: Has WASCO assessed internal cost savings and efficiency options, and how will hotel demand be managed so the public is not subsidizing hotels?

Response/Discussion: WASCO referenced cost optimization work and noted hotel rates are higher than domestic rates; hotel developments are reviewed through the DCA process, and some hotels are investing in desalination due to supply constraints.

Rani Nwoda (Bellevue – resident/farmer)

Question: Will there be a scheme for very vulnerable people who cannot afford increased rates?

Response/Discussion: NURC indicated it will engage the Ministry of Equity to develop a targeted subsidy framework to support vulnerable citizens.

Kerne Antoine Gabriel

Question: How will WASCO address staff attitude and field responsiveness when leaks are reported directly to crews?

Response/Discussion: WASCO acknowledged the concern and indicated retraining/sensitization and field logging measures to improve responsiveness.

Dominic Mathurin (participant)

Question: How soon will the public receive feedback on the request and the final determination after consultations?

Response/Discussion: NURC indicated it will collate reports and present to the Board; while no precise timeline was provided, a final determination would be issued within a reasonable period.

Kerne Antoine Gabriel (governance)

Question: What ensures there will be no political interference in the determination, given public headlines suggesting delays or uncertainty?

Response/Discussion: NURC reiterated its independence and its duty to execute the process according to law; it did not comment on political matters.

Rani Nwoda (energy)

Question: Can WASCO expand renewable energy (including PV/hydropower) to reduce electricity costs and keep bills lower?

Response/Discussion: WASCO referenced energy audits and initiatives to improve energy efficiency, including expansion of PV systems through national green-energy projects.

Emerging Cross-Cutting Themes from Stakeholder Engagement

Although attendance was limited, the session reinforced recurring public expectations that tariff adjustments must be matched by measurable improvements. Participants emphasized the importance of visible NRW reduction, stronger field responsiveness, transparent billing and service standards, improved communication, and affordability safeguards through targeted support for vulnerable households.

Issues Requiring Further Clarification

- Public-facing NRW reduction plan (targets, reporting, and service-level leak response expectations).
- Clarification of sewer coverage areas and customer guidance on when sewer rates apply.
- Operational coordination and customer-facing communication protocol regarding road reinstatement after excavations.
- Planned timelines for energy efficiency investments (PV expansion) and expected operating cost impacts.
- Design and implementation timeline for the targeted subsidy framework for vulnerable customers.
- Customer service and staff conduct expectations, including retraining and mechanisms for public reporting to crews.

Concluding Observation

Session 6 highlighted that public confidence in tariff reform depends on accountability and delivery. Stakeholders supported modernization where it results in improved reliability, reduced losses, and better customer experience, but emphasized the need for tangible performance outcomes, stronger communication, and safeguards for those least able to absorb increased costs.

Prepared by:  _____

Rapporteur: Rodesha Reid

Date: 03/02/2026

NATIONAL UTILITIES REGULATORY COMMISSION

Stakeholder Consultation – Triennial Tariff Review (Water & Sewerage)

Consolidated Report: Cross-Cutting Themes, Stakeholder Feedback, and Key Issues

Sessions 1–6 (9–17 February 2026)

1. Purpose and Scope

This consolidated report summarizes cross-cutting themes, stakeholder feedback, and key issues arising across all consultation sessions held under the National Utilities Regulatory Commission’s (NURC) engagement programme for WASCO’s Triennial Tariff Review (2024–2027). It provides an integrated view of recurring concerns and expectations expressed by stakeholders and members of the public to support the Commission’s evidence base for final determination and follow-on regulatory actions.

2. Consultation Sessions Covered

The consolidated analysis draws on the following recorded sessions:

- Session 1 – High-Level Consultation (Business Community) – 9 February 2026 (Financial Administrative Centre, 9:00 AM–12:00 PM)
- Session 2 – Community Town Hall (Gros Islet) – 10 February 2026 (Gros Islet Human Resource Development Centre, 5:00 PM–7:00 PM)
- Session 3 – Community Town Hall (Castries/La Clery) – 11 February 2026 (Vide Bouteille Cultural Club, 5:00 PM–7:00 PM)
- Session 4 – Community Town Hall (Dennery) – 12 February 2026 (Dennery Primary School, 5:00 PM–7:00 PM)
- Session 5 – Community Town Hall (Canaries) – 16 February 2026 (Canaries Primary School, 5:00 PM–7:00 PM)
- Session 6 – Community Town Hall (Vieux Fort) – 17 February 2026 (Vieux Fort Comprehensive Secondary School, Campus B, 5:00 PM–7:00 PM)

3. Overarching Finding

Across all sessions, stakeholders repeatedly linked acceptance of any tariff adjustment to demonstrable improvement in service performance. The most consistent message was that public confidence depends on clear accountability measures, measurable service standards, transparent communication, and visible progress in addressing operational losses and priority infrastructure constraints.

4. Cross-Cutting Themes and Stakeholder Feedback

4.1 Service Reliability as a Precondition for Tariff Acceptance

What stakeholders said (recurring points):

- Service reliability (continuity of supply, pressure stability, reduced duration/frequency of outages) was the most consistently referenced condition for tariff acceptance.
- Stakeholders requested predictable operational notices (outage reasons, expected duration, and water trucking updates) and clearer community-level baselines/targets.
- Community-specific issues were emphasized, including low pressure and uneven distribution, rainfall-related shutdowns/turbidity impacts, and disruptions affecting households, schools, and businesses.

Key issues/implications for consideration:

- Introduce quantified service standards by community/zone (baseline disruptions, targets for reduction, restoration timeframes) and publish periodic performance updates.
- Strengthen outage communication protocols (multi-channel approach, including radio and community notice mechanisms) with clear accountability for updates when estimates change.

4.2 Billing Fairness, Minimum Charges, and Meter Confidence

What stakeholders said (recurring points):

- Participants queried the fairness of charges during extended interruptions and sought clearer customer redress mechanisms.
- Concerns included the continued application of the minimum monthly charge during outages, and requests for meter accuracy verification and dispute resolution pathways.
- Stakeholders emphasized that customer understanding of tariff structures must improve, including sewerage charges where applicable.

Key issues/implications for consideration:

- Standardize a customer-friendly explanation of billing rules (including minimum charge rationale) and publish a clear complaint-handling pathway with expected timelines.
- Expand meter verification and customer dispute resolution guidance (including circumstances under which bill revisions/adjustments may be considered).

4.3 Non-Revenue Water (NRW) and Operational Loss Reduction

What stakeholders said (recurring points):

- NRW was consistently referenced as a credibility issue and a driver of costs, with stakeholders requesting clearer steps for NRW reduction and faster leak response.
- Stakeholders raised concerns about visible leaks and overflows and requested stronger monitoring, enforcement, and public reporting on progress toward targets.

Key issues/implications for consideration:

- Publish an NRW action framework (workstreams, responsibilities, near-term actions, and reporting cadence), including service-level expectations for leak response.
- Strengthen reporting channels for leaks/overflows and incorporate field accountability measures to support timely response.

4.4 Capital Investment Priorities, Sequencing, and Source Security

What stakeholders said (recurring points):

- Stakeholders sought clarity on which projects are prioritized, how sequencing decisions are made, and how investment recovery is embedded in the tariff model.
- Recurring discussions included pipeline replacement vs storage/security interventions, and the need for targeted upgrades (treatment and storage resilience) in communities with recurring constraints.
- Participants requested clearer timelines for priority works and practical explanation of how communities will experience improvements.

Key issues/implications for consideration:

- Provide a public-facing investment summary that links major capital works to expected service outcomes (what changes, where, and by when).
- Clarify treatment of major source-security interventions (including the conditions under which dam-related works would be advanced in later phases).

4.5 Governance, Accountability, and Confidence in the Regulatory Process

What stakeholders said (recurring points):

- Participants queried what mechanisms ensure delivery of improvements over the tariff period and whether timely review cycles will be enforced going forward.
- Stakeholders requested transparency on modeling assumptions and institutional alignment, and raised concerns about independence and timelines for final determination.

Key issues/implications for consideration:

- Publish an overview of next steps, decision stages, and the mechanisms for monitoring compliance with service standards.
- Strengthen future filing requirements and standardize performance reporting expectations to support transparency and confidence.

4.6 Affordability, Social Protection, and Vulnerable Customers

What stakeholders said (recurring points):

- Affordability concerns were raised across sessions, with emphasis on protecting low-income, medically vulnerable, and unemployed households from undue hardship.
- Stakeholders supported targeted protection mechanisms (subsidy framework) and requested clarity on eligibility criteria and implementation timeline.

Key issues/implications for consideration:

- Finalize the approach for targeted subsidies (in coordination with the Ministry of Equity), including eligibility criteria, administration method, and communications plan.
- Integrate consumer protection considerations into service standards, including guidance on support during prolonged disruptions where feasible.

4.7 Public Communication, Reputation, and Customer Engagement

What stakeholders said (recurring points):

- Stakeholders emphasized that communication must improve, both for the tariff process (clarity on draft vs final figures, and explanatory materials) and day-to-day operations (notices and restoration updates).
- Participants recommended expanded use of digital channels alongside traditional media and improved clarity in technical explanations to rebuild trust.

Key issues/implications for consideration:

- Strengthen public information materials (plain-language summaries, 'what the increase funds', and differences between the utility proposal and regulator draft).
- Adopt a consistent customer communication protocol for interruptions and service advisories, with measurable communication performance expectations.

4.8 Sector Planning, Development Pressures, and Efficiency Measures

What stakeholders said (recurring points):

- Stakeholders raised issues related to development pressures (including hotels), fairness across customer categories, and the need for stronger efficiency and conservation measures.
- Suggestions included stronger requirements for water efficiency and reuse in development approvals and increased renewable energy/efficiency initiatives to reduce operating costs.

Key issues/implications for consideration:

- Strengthen coordination with development planning processes to integrate water-efficiency expectations for large demand users.
- Advance energy-efficiency initiatives (including PV expansion) and communicate expected operating cost impacts where possible.

5. Consolidated Key Issues Requiring Further Clarification

- Service standards: quantified baselines and targets by community/zone; remedies for persistent underperformance; and public reporting cadence.
- Billing and consumer protection: standardized guidance on minimum charges during outages; meter verification procedures; and dispute resolution timelines.
- NRW strategy and reporting: public-facing NRW plan, leak response expectations, and progress reporting against targets.
- Investment sequencing and timelines: clearer linkage between capital works and expected service outcomes; clarity on later-phase source security works.
- Sewerage: customer guidance on sewer coverage and billing methodology; and management of blockages/grease impacts where relevant.
- Affordability support: timeline and operational details for a targeted subsidy framework, including eligibility criteria and communications.
- Communication protocols: consistent outage notices (including updates when timelines change), trucking schedules, and improved public-facing explanations of draft vs final tariffs.
- Efficiency and demand management: integration of efficiency expectations for large demand users and clarity on renewable energy/efficiency plans to reduce operating costs.

6. Concluding Note

The consultations demonstrated that stakeholders broadly recognize the need for investment to improve water and sewerage services. Support for tariff adjustments was

consistently conditional on demonstrable service improvements, credible NRW reduction, transparent communication, and strengthened accountability mechanisms. The issues summarized above represent the most recurring themes raised and provide a consolidated basis for regulatory consideration.

Prepared by:  _____

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