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# APPLICATION FOR CHANGE OF RATES

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**GUYANA WATER INC.  
CHURCH & VLISSENGEN ROAD,  
BEL AIR, GEORGETOWN**

# APPLICATION FOR CHANGE OF RATES

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## INTRODUCTION

The Guyana Water Incorporated is hereby requesting a change of rates, given that the utility is still operating under the 2005 tariff regime. This consists of tariffs approved for us by the two defunct agencies, namely the Guyana Water Authority and the Georgetown Sewerage and Water Commissioners. Total operating costs have reached a point where the current revenue streams are insufficient.

The Public Utilities Commission described GWI's existing tariff regime in Note 10 of its Order 3/2005:

*The current tariff table has in excess of twenty different rate schedules, none of which has apparently been developed with the objective of making consumer prices reflect the costs of supply... Retention of both schedules appears to us to be illogical since the vast majority of the consumers live in the coastal areas and the supply conditions are therefore similar throughout. What is urgently needed is the development of a rational tariff schedule*

Indeed, the current structure has posed significant difficulties for both the utility and customers in the process of its application. With fourteen (14) domestic bands and no clear-cut parameters for application of same, customers oftentimes cry discrimination and high handedness by the company when it is applied to them. There are instances in the current Tariff regime where the domestic customers are required to pay a higher rate than Non-Domestic (Commercial) customers.

In addition, water utilities normally argue for 100% metered coverage or, in the absence of this, an unmetered rate that averages closely to the expected customer consumption. At GWI, the extremely low unmetered rate relative to average consumption, has proven to be the greatest contributor to resistance to metering. This has indirectly promoted indiscriminate use of this very precious resource and allowed for production costs to escalate exponentially. The fact remains that insufficient metered coverage across the utility hampers the ability of the utility to provide service at an adequate pressure due to, *inter alia*, unmetered customers having to impetus to implement conservation practices (leaving taps on and the like).

Over the last decade the utility has developed water treatment plants across the country, improving the water quality received by those customers. With this, other customers across the country have been calling for improved water quality also. As a result, and particularly over the last two years, the utility has moved steadfastly to improve the water quality received by customers, including those not served by traditional water treatment plants. Concomitantly, the utility has been striving to be more customer-centric in its operations. These types of service improvements carry with them increased production and other operating costs. Recognizing that metering is a *sine qua non* vis-à-vis non-revenue water (NRW) management, the utility has endeavored to ensure that the proposed tariff regime promotes equity across the customer base and promotes the concept of reduced NRW.

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Once approved, GWI has sufficient human resources complement that is trained and experienced enough to make the necessary changes to the Customer Management Information & Billing System to accommodate the changes required for this proposed tariff.

The request being made to the Public Utilities Commission is to:

1. Approve a consolidated Tariff for Georgetown and Non-Georgetown customers comprising of a fixed charge component and a volumetric charge component for various customer categories.
2. Approve a special tariff for recipients of Old Age Pension.
3. Approve the Rates for the various Tariff Bands for the supply of Water.
4. Approve the Rates for the various Tariff Bands for Sewerage Services.
5. Approve Ancillary Service Charges.

### **Fixed Charges:**

It has become a staple on most tariffs for utilities around the world to have a fixed charge component. GWI is now ready to implement this component. This charge is being sought to subsidise the cost of maintenance of the infrastructure of the GWI service line to the customer. It will be shown on the customer's bill tabulation together with the volume of water consumed. With the introduction of this Fixed Charge, metered domestic and non-domestic customers will no longer be billed on the compulsory minimum consumption of 10m<sup>3</sup> and 15m<sup>3</sup> respectively per month but rather only on the volume they utilize. When the consumption is zero the customer will only be billed for the fixed charge.

**GWI proposes that a fixed charge of \$500 be applied to ALL categories of customers (residential and non-residential), with the exception of pensioners. GWI proposes that the application of the fixed charge be waived for all pensioners.**

### **WATER TARIFF**

**RESIDENTIAL:** Please see the proposed tariffs in the tables below:

#### **Metered Residential**

The current consumption charge for Georgetown is \$112/m<sup>3</sup> and will be the same for all (Georgetown and non-Georgetown) regions to ensure equity and parity.

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Monthly Fixed Charge	Monthly Consumption Charge
\$500	\$112 / m <sup>3</sup>

### Unmetered Residential

Research conducted by the utility has indicated that the average consumption of residential customers is approximately 25m<sup>3</sup> per month. To ensure that unmetered customers pay a rate that is as close as possible to the actual consumption pattern and to encourage them to desist from water wastage, the rate below is proposed. GWI retains the right and has all intentions of increasing its metered coverage to 100%.

Monthly Fixed Charge	Monthly Consumption Charge
\$500	\$1,500 per month

**It should be noted that this proposed rate only caters for approximately 13m<sup>3</sup> monthly consumption by unmetered residential customers.**

### Pensioner Metered Consumer

This category is made up of Old Age Pensioners who receive a metered supply of water. The volumetric consumption of water is averaged to be 10m<sup>3</sup> per month for an individual pensioner living alone or with no more than one other person. They will pay the volumetric charge at a rate of \$74/m<sup>3</sup>. GWI proposes that the fixed charge be waived for all qualifying pensioners. However, meter readings showing the volume of water exceeding 10m<sup>3</sup> will attract the normal rate of \$112/m<sup>3</sup> for each m<sup>3</sup> greater than 10m<sup>3</sup>.

Monthly Fixed Charge	Monthly Consumption Charge
\$0 The fixed charge will be waived	\$74 / m <sup>3</sup>

### Pensioner Un-Metered Consumer

The Pensioner will receive a waiver on the fixed charge and will pay a water usage charge of \$740 per month.

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Monthly Fixed Charge	Monthly Charge
\$0 The fixed charge will be waived	\$740 ✓

**It should be noted that this monthly charge of \$ 740 assumes a monthly consumption of 10m<sup>3</sup> for the unmetered pensioner.**

### **NON-RESIDENTIAL:**

A non-residential customer is defined as someone or organization with a water and or sewerage service as follows, *inter alia*:

- A licenced business place, or company
- A service centre
- A place of worship
- A community centre

For the purposes of clarity, this proposal considers a **small non-residential** customer as one who is engaged in non-domestic activities at the premises and uses water in the normal course of operation. Further, the building on the premises must be limited to 1,500 sq ft in area.

A **medium non-residential** customer is classified as one who is engaged in non-domestic activities at the premises, uses water in the normal course of operation, and has a building with an area of between 1,500 and 3,000 sq ft.

A **large non-residential** customer is classified as one who is engaged in non-domestic activities at the premises, uses water in the normal course of operation, and has a building with an area in excess of 3,000 sq ft.

### **Metered Non-Residential Customers**

The proposed rates for metered non-residential customers are listed below.

Monthly Fixed Charge	Monthly Consumption Charge
\$500	\$150 / m <sup>3</sup> ✓

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## Un-Metered Non-Residential Consumers

There are many non-residential customers whose usage of the service/activities does not correlate with the current tariff bands they are being charged. Since there are no meters to measure consumption, they are categorized as small, medium and large according to the property size (*see page 4*).

Category	Monthly Fixed Charge	Monthly Charge
Small	\$500	\$3,750 ✓
Medium	\$500	\$12,000 ✓
Large	\$500	\$24,000 ✓

It should be noted that this proposed rates for unmetered non-residential customers caters for monthly volumetric consumptions of 25m<sup>3</sup>, 80m<sup>3</sup> and 160m<sup>3</sup> respectively.

## SEWERAGE TARIFF

### Residential

Category	Monthly Charge
Residential	\$417 ✓

### Pensioner

Category	Monthly Charge
Pensioner	\$417 ✓

### Non-Residential Metered

Category	Monthly Charge
Non- Residential	\$ 2,860 ✓

### Non-Residential Unmetered

Category	Monthly Charge
Small	\$2,860 ✓

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Category	Monthly Charge
Medium	\$4,350
Large	\$6,375

### ANCILLARY CHARGES

	DESCRIPTION	RATE
1	Non-Residential Connection Fee 3/4" or less	\$ 16,000
2	Residential Connection Fee 3/4" or less	\$ 10,000
3	Connection Fee for service connection > 3/4"	Material and Labour Cost Only based on Engineer's Estimate
4	Connection Fee for service connection in areas where GWI does not existing pipelines.	Material and Labour Cost Only based on Engineer's Estimate
5	Residential Reconnection Non-Voluntary	\$ 7,500
6	Non-Residential Reconnection Non-Voluntary	\$ 16,000
7	Residential Disconnection Voluntary	\$ 4,000
8	Non-Residential Disconnection Voluntary	\$ 9,000
9	Residential Reconnection Voluntary	\$ 2,000
10	Non-Residential Reconnection Voluntary	\$ 4,000
11	Requested Stay of Disconnection	\$ 1,000
12	Residential Line Transfer Fee (3/4" or less)	\$ 10,000
13	Non-Residential Line Transfer Fee (3/4" or less)	\$ 16,000
14	Line Transfer Fee for service connection (> 3/4")	Material and Labour Cost Only based on Engineer's Estimate
15	Residential/Non-Residential Replacement (Reinstallation) Service Connection Fee (3/4" or less)	\$ 20,000
16	Residential/Non-Residential Replacement Service Connection Fee (> 3/4")	Material and Labour Cost Only based on Engineer's Estimate
17	Residential Tamper Fee	\$ 50,000
18	Non-Residential Tamper Fee	\$ 100,000
19	Damaged Meter Charge	Material and Labour Cost Only based on Engineer's Estimate
20	Unaccounted for Water	Company's Estimate
21	Damage to Infrastructure	Company's Actual cost for replacement
22	Compliance Charge	\$ 5,000

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	DESCRIPTION	RATE
23	Request for an Audit	\$ 2,500
24	Returned Cheque	Subject to Bank Charges
25	Administrative Fee (Name Change, Statement of Account and other Administrative Activities)	\$ 2,500
26	Residential Inspection and Processing fee - where a request for no objection for Residential Building Plan for which no modification to an existing sewer chamber is required	\$ 10,000
27	Residential Inspection and Processing fee - where a request for no objection for Residential Building Plan for which modification to an existing sewer chamber is required	\$ 25,000
28	Non-Residential Inspection and Processing fee - where a request for no objection for Non-Residential Building Plan for which no modification to an existing sewer chamber is required	\$ 20,000
29	Non-Residential Inspection and Processing fee - where a request for no objection for Non-Residential Building Plan for which modification to an existing sewer chamber is required	\$ 35,000

### Glossary of terms

**1. Residential Consumer**

This is a consumer where no commercial activity is ongoing on the premises; water is consumed for normal household activities.

**2. Non-Residential Small Consumer**

This is a non-residential customer that uses water in the normal course of operation. It is defined by a having a building on the premises with a floor area of 1,500 sq ft maximum.

**3. Non-Residential Medium Consumer**

This is a non-residential consumer to whom water is necessary for the normal course of operation (for example, public washroom facilities, etc). It is defined by a having a building on the premises with a floor area of between 1,501 and 3,000 sq ft maximum.

**4. Non-Residential Large Consumer**

This is a non-residential consumer that uses water in normal course of operation of the business. Water is essential for the operation. It is defined by a having a building on the premises with a floor area above 3,000 sq ft.

**5. Pensioner**



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This describes a person who satisfies the following criteria:

- a. Is over the age of 65 and receives Old Age Pension from the Government of Guyana
- b. Owns / Rents / occupies the property at which he / she resides and has the address on their pension book.