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Utility Regulation and Competition Office

PRESS RELEASE FROM THE UTILITY REGULATION AND COMPETITION OFFICE OF THE CAYMAN ISLANDS

GRAND CAYMAN, CAYMAN ISLANDS,
9 July 2019 2019

OFREG REFUSES CAYMAN WATER COMPANY LTD. REQUEST FOR RATE INCREASE

OfReg has refused a request from Cayman Water Company Ltd., to raise the price of water rates paid by its consumers in Grand Cayman.

Cayman Water Company Ltd., which provides water to residents in West Bay and Seven Mile Beach, had requested that OfReg allow the company to increase its rates in line with inflation. This is despite ongoing licence negotiations, and that the request was without legal basis as a result. However, OfReg took the decision to assess the request in good faith, despite the absence of a licence.

Mr Gregg Anderson, Executive Director of Energy and Utilities, made his decision based on regulatory principles, including fairness to both the consumer and provider. Having assessed the request, and the financial statements of Consolidated Water Co. Ltd (the parent company of Cayman Water Company Ltd.), Mr Anderson concluded that there was no justification for a rate increase.

Commenting, Mr Anderson said: *"In a competitive market, providers battle for market share which raises standards and lowers prices. In this instance, consumers do not have a choice of water supplier, so it is the job of the regulator to ensure that the rates are fair to the consumer, whilst also providing a sufficient return on investment for the provider."*

"There was no justification for Cayman Water to be granted their request to increase the water rates. I now look forward to focusing on getting the best deal for both consumers and Cayman Water, in the ongoing license negotiations."

Cayman Water Company Ltd. has been without a permanent licence for almost ten years; the licence first elapsed in 2010 under the Water Authority. Since then, the licence has been extended several times to give the Water Authority and Consolidated Water time to negotiate a new deal. OfReg assumed the ongoing negotiations since its inception in 2017.

The negotiations will conclude when OfReg is satisfied that the agreed licence conditions - which include water rates - strike the right balance between the legitimate commercial interests of Cayman Water Company, and consumers in the Cayman Islands.

ENDS

If you would like to discuss this further, please contact Alanna Thomas at Fountainhead on (345) 945 8188 or email alanna.thomas@fountainhead.ky

PRESS NOTES

OfReg (the Utility Regulation and Competition Office) is the independent regulator for the electricity, information and communications technology, water, wastewater and fuels sectors in the Cayman Islands. OfReg also regulates the use of electromagnetic spectrum and manages the .ky internet domain.