



THE

# JAMAICA GAZETTE

## EXTRAORDINARY

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The following Notification is, by command of His Excellency the Governor-General, published for general information.

GEOFF MADJEN,  
Governor-General's Secretary.

### GOVERNMENT NOTICE

#### MISCELLANEOUS

No. 60A

JAMAICA PUBLIC SERVICE COMPANY LIMITED

ALL-ISLAND ELECTRICITY LICENCE, 2001

#### *Part I: Scope of the Licence*

1. The Minister, in exercise of the powers conferred by section 3 of the Electric Lighting Act and having regard to the recommendations of the Office of Utilities Regulation ("the Office") pursuant to section 4 of the Office of Utilities Regulation Act, 2000 hereby grants to Jamaica Public Service Company Limited ("the Licensee") a Licence authorising the Licensee to generate, transmit, distribute and supply electricity for public and private purposes within Jamaica subject to the conditions set out in Part II hereof ("the Conditions") and as noted herein.

2. This Licence shall be cited as the All-Island Electric Licence, 2001.

## PART II: TERMS AND CONDITIONS

*Condition 1: Interpretation*

1. Unless the contrary intention appears, words and expressions used in this licence shall be construed as if they were in an Act of Parliament and the Interpretation Act (Cap. 1) applied to them and references to an enactment shall include any statutory modification or re-enactment thereof after the date when this licence comes into force.
2. Any word or expression defined for the purposes of any provision of the Electricity Lighting Act (ELA) or the Office of Utilities Regulation Act (the OUR Act) shall, unless the contrary intention appears, have the same meaning when used in this Licence.
3. This Licence may be cited as the All-Island Electric Licence, 2001.
4. In this Licence unless the context otherwise requires:

"*Affiliate*" in relation to any person means any holding company or subsidiary of that person or any subsidiary of a holding company of that person in each case within the meaning of section 149 of the Companies Act;

"*Assets*" mean the material assets and facilities owned, operated or leased by the Licensee, including the Real Estate.

"*authorised*" in relation to any business or activity means authorised by licence granted under section 3 of the ELA;

"*authorised electricity operator*" means any holder of an Electricity Licence granted under section 3 of the ELA;

"*Chief Electrical Inspector*" means the Chief Electrical Inspector designated as such under the provisions of section 32 of the ELA;

"*Companies Act*" means the Companies Act and any amendments thereto;

"*Distribution Line*" means any electric power line operating below 69,000 volts;

"*Distribution System*" means that part of the electricity system that operates below 69,000 volts;

"*ELA*" means the Electric Lighting Act and any amendments thereto;

"*Electricity Licence*" means a licence granted under section 3 of the ELA and pursuant to the recommendation of the Office under section 4 of the OUR Act authorising the Licensee to carry out any or all of the generation, transmission, distribution or supply of electricity;

"*Fair Market Value*" means the market value of the Licensee when evaluated as an ongoing business concern including this Licence and all lands, buildings, works, materials, plant and property of all kinds whatsoever suitable to or intended for the purposes of the undertaking. The *Fair Market Value* shall be determined in accordance with the provisions of Condition 27;

"*Financial Year*" bears the meaning given in paragraph 1 of Condition 5;

"*Force Majeure*" means any event or circumstance or combination of such events or circumstances that (i) occurs inside Jamaica, except as provided in clause (h) below, (ii) is outside the reasonable control of the Licensee, (iii) cannot be prevented or overcome by the exercise of reasonable diligence, and (iv) materially and adversely affects the performance by the Licensee of its obligations under this Licence, to the extent that such event(s) or circumstance(s) meet the foregoing requirements (i) through (iv), including: (a) acts of God, fire, explosion, chemical contamination, earthquakes, flood, lightning, drought, tsunami, flood, torrential rain, storm, cyclone, typhoon, or tornado, pestilence or other natural catastrophes, epidemics or plague, or any strikes, work to rule, go-slows or other labour disturbances that directly affect the *Assets* of the Licensee, (b) any failure or inability by the Licensee to obtain or renew any licences (other than this Licence), concessions or permits or other *Governmental Requirements* that are necessary for the Licensee to conduct its business on terms and conditions at least as favourable as those contained in the original licence (and not this Licence), concession or permit after the submission of an application that fulfils all the applicable requirements of the relevant *Government Requirements* and the exercise of due diligence to obtain such licence (other than this Licence), concession or permit, (c) any strikes, work to rule, go-slows or other labour disturbances that extend beyond the *Assets* of the Licensee, are widespread or nation-wide or are of a political nature, including labour actions associated with or directed against a ruling political party, or those that are directed against the Licensee (or its contractors or suppliers) as part of a broader pattern of labour actions against companies or facilities with foreign ownership or management, (d) expropriation, requisition, confiscation, nationalization or compulsory acquisition by a *Governmental Authority* of the Licensee or any substantial portion of the *Assets*, (e) acts of war (whether or not declared), invasion, blockade or embargo, (f) acts of threats of terrorism or threat from terrorists, widespread riot, widespread violent demonstrations, widespread armed insurrection, widespread rebellion or revolution, (g) the closing or drastic reduction in capacity of public harbours, ports, docks, canals, roads, airports or other infrastructure, the rationing thereof or any import or export restrictions, or (h) to the extent that they result in disruption of the Licensee's ability to receive shipments of fuel, major equipment or critical spare parts, any strikes, work to rule, go-slows or other labour disturbances that occur outside of Jamaica;

"*Generation Business*" means the business of the Licensee in the generation of electricity;

"*Generation Code*" means the Generation Code required to be drawn up by the Licensee and approved by the Office as from time to time revised with the approval of the Office;

"*Generation Facility*" means any power plant and associated equipment owned or controlled by the Licensee with a net capacity in excess of 10 MW;

"*Generation Set*" means any plant or apparatus for the production of electricity;

*Condition 1: Interpretation, contd.*

"*Governmental Authority*" means any (a) national, municipal, central or local government, department, central bank, court, council, commission, board, bureau, tribunal, agency or instrumentality of Jamaica, or (b) any subdivision, agent, commission, board or authority of any of the foregoing.

"*Governmental Requirement*" means all laws, statutes, orders, ordinances, injunctions, constitutional provisions, treaties, licences, notices, rules, rulings, regulations, concessions, decisions, authorizations, consents, decrees, permits, proclamations, instructions, certifications, judgements, verdicts, confirmations, approvals, filings or similar items of, or granted by, any *Governmental Authority* which are applicable to the Licensee.

"*Guaranteed Standards*" mean the standards approved by the Office in accordance with Condition 17 and set out in Schedule 1;

"*Least Cost Expansion Plan*" means the plan to be prepared by the Licensee pursuant to Condition 21 and approved by the Office;

"*Licensed Business*" means the business of Generation, Transmission, Distribution and Supply of electricity as carried out under this Licence;

"*Minister*" means the Minister with portfolio responsibility for Electricity.

"*OUR Act*" means the Office of Utilities Regulation Act, 1995 and amendments thereto;

"*Outside person*" means any person who is not an Affiliate of the Licensee;

"*Overall Standards*" mean the standards of performance approved by the Office in accordance with Condition 17 and set out in Schedule 2;

"*Person*" means an individual, a partnership, a joint venture, a corporation, a limited liability company, a limited liability partnership, a trust, a self-regulating organization, unincorporated organization or a governmental entity or any department or agency thereof.

"*the Office*" means the Office of Utilities Regulation as defined in the OUR Act;

"*Price Controls*" mean the restrictions on prices charged by the Licensee imposed by virtue of Condition 15 and Schedule 3;

"*Regulatory Accounts*" mean the reports on the financial and operating performance of the Licensee in such detail and format as designated by the Office.

"*Regulatory Service Fees*" means the Fees from time to time in force under section 4 (5) (g) of the OUR Act;

"*Service Line*" means any electric line (including the poles and structures used for the support of same) through which energy may be supplied or be intended to be supplied by the Licensee to a consumer either from any distribution line or directly from a transmission line, generating station or sub-station of the Licensee.

"*Site*" means any land upon which any *Generation Facility* or any other part of the *System* is located or proposed to be located and any building or other physical structure located or proposed to be located on such land.

"*Subsidiary*" shall have the meaning specified in section 149 of the Companies Act;

"*Supply*" means the business of the Licensee in selling electricity to customers;

"*System*" means the transmission and distribution network consisting wholly or mainly of electric lines owned or operated by the Licensee and used to transmit electricity and includes any electrical plant and meters owned or operated by the Licensee in connection with the transmission and distribution of electricity;

"*Transmission Line*" means any electric power line operating at 69,000 volts or higher.

"*Transmission, Distribution and Supply Business*" means the business of the Licensee in the planning, development, construction and maintenance of the *System* and the operation of such system for the transmission, distribution and supply of electricity.

"*Transmission System*" means that part of the electricity system that operates at 69,000 volts or higher;

5. The Schedules attached to this Licence form part of the Conditions.
6. Any reference to a Condition of this Licence to a numbered paragraph is a reference to the paragraph bearing that number in the Condition in which the reference occurs.
7. Interpreting this Licence, headings shall be disregarded.
8. Any reference in this Licence to an Act shall include any regulations made thereunder.
9. Where in this Licence the Licensee is required, pursuant to section 9 of the OUR Act, to comply with any obligation within a specified time limit, that obligation shall be deemed to continue after that time limit if the Licensee fails to comply with that obligation within that time limit and the provisions of the OUR Act shall apply in respect of non-compliance where applicable.
10. The provisions of sections 8 and 52 of the Interpretation Act shall apply for the purposes of the service of any document pursuant to this Licence.

*Condition 2: General Conditions*

1. The Licensee is, for the purpose of this Licence, *Jamaica Public Service Company Limited* whose address for the purpose of this Licence is No. 6 Knutsford Boulevard, Kingston 5 in the Parish of St. Andrew.

*Condition 2: General Conditions, contd.*

2. The Licensee is hereby granted the Licence, right and privilege (hereinafter called "this Licence") to generate, transmit, distribute and supply electricity for public and private purposes in all parts of the Island of Jamaica, subject however, to the provisions of this Licence and to regulation as herein provided.
3. Subject to the provisions of this Licence the Licensee shall provide an adequate, safe and efficient service based on modern standards, to all parts of the Island of Jamaica at reasonable rates so as to meet the demands of the island and to contribute to economic development.
4. The Licensee shall have the exclusive right to provide service within the framework of an All-Island Electric Licence and the All-Island Electrical System. The exclusive right specified herein shall be as follows:
  - (a) In the first three years from the effective date of this Licence, the Licensee shall have the exclusive right to develop new generation capacity. Upon the expiry of this period the Licensee shall have the right together with other *outside person(s)* to compete for the right to develop new generation capacity.
  - (b) The Licensee shall have the exclusive right to transmit, distribute and supply electricity throughout Jamaica for a period of 20 years.

Provided that no firm or corporation or the Government of Jamaica or other entity or *person* shall be prevented from providing a service for its or his own exclusive use.

- ✓ 5. The Licensee shall have the right to purchase electricity in bulk from private suppliers for transmission and distribution through the All-Island Electrical System. Subject to consent by both parties any dispute as to the terms and conditions on which such transactions take place may be determined by *the Office*. The Licensee shall have no obligation to connect to private suppliers unless both Licensee and *Chief Electrical Inspector* agree that the private supplier's connection will not compromise the safety and protection of the System.
6. The Licensee shall discharge its obligations and perform the duties imposed or authorized under the relevant laws and shall enjoy the rights and exercise all powers conferred by such laws on authorized undertakers.
7. The Licensee may engage in any other business but no profits or losses resulting therefrom shall be taken into account in the fixing of rates for the *Licensed Business* and shall therefore keep separate accounts for the *Licensed Business*.
8. The Licensee may, subject to any Licence which may be required under any law or Act, maintain and use within its area of supply as a means of communication between the Licensee and its employees and/or contractors (but not including communication with other third parties) and only in respect of its business and affairs, telephone, telegraphic and radio or any other method of signalling or communication.
9. The Licensee shall be a company incorporated in Jamaica.
10. Any proposed reorganization of the capital structure of the Licensee shall be on such a basis where it:
  - (a) meets the ruling conditions in major international financial markets; and
  - (b) establishes an overall equity/debt ratio which conforms to the customary practices of electric utility operation recognizing the specific peculiarities of operating exclusively in Jamaica (i.e. Sovereign rating).
- ✓ 11. The Licensee shall not show any undue preference to or unduly discriminate against *any person* (whether or not it is any other business of the Licensee or an *Affiliate* of the Licensee) or class of persons as respects the sale or purchase of any goods (including electricity), service (including connections and use of system) or opportunity or access to the same.
12. The Licensee shall not take or omit to take any action or otherwise conduct itself in a manner which:
  - (a) is intended to have, has or is likely to have the effect of restricting, distorting or preventing competition in the procurement of generation capacity, after the aforementioned three-year period;
  - (b) is an abuse of a dominant position as defined in section 20 of the Fair Competition Act.

*Condition 3: Term of Licences*

1. Subject to the provisions herein contained the term of this Licence shall be twenty (20) years from the date hereof (hereinafter called "the date of the Licence") and negotiations for a new license shall be commenced not later than the beginning of the seventeenth year of the said term.

The Government of Jamaica shall have the right to acquire the Licensee's electricity undertaking at the expiration of the said period of twenty (20) years, in accordance with Condition 27, provided that the *Minister* shall give not less than two years' prior notice of the intention to do so. If no notice of intention to acquire is given as aforesaid and, if by the expiration of this Licence or of such further period as the *Minister* and the Licensee may agree, the terms and conditions of a new licence under the Electric Lighting Act shall not have been agreed on, this Licence shall continue in force for successive terms of ten years each, upon the same terms and conditions as are herein contained subject to the right of the Government to acquire the electricity undertaking of the Licensee at the end of each successive ten-year term upon giving not less than two years prior notice of the intention to do so and upon the same basis as provided for acquisition upon the expiration of the original 20-year term and provided, prior to the expiration of every such ten-year term, negotiation for a new licence shall be undertaken in accordance with the procedure herein prescribed with a view to agreeing upon the terms and conditions of a new licence.

*Condition 4: Assignment or Transfer of Licence*

1. This Licence shall not be assignable unless with the prior consent in writing of the *Minister* given in his absolute discretion.

*Condition 5: Accounts for the Licensed Business*

1. The financial year of the Licensee shall run from January 1 to December 31 or fiscal year as agreed by *the Office*.
2. The Licensee shall maintain such regulatory accounts as may reasonably be specified by *the Office* consistent with generally accepted accounting principles.
3. The Licensee shall in respect of the *Licensed Business*:
  - (a) Keep or cause to be kept for the period referred to in section 143 of the Companies Act and in the manner referred to in that section such accounting records in respect of the *Licensed Business* as would by sections 142 and 144 of the Companies Act be required to be kept.
  - (b) prepare on a consistent basis from such accounting records, accounting statements which conform to generally accepted accounting practices, state the accounting policies adopted, and are in such form and in such detail as *the Office* may from time to time reasonably require;
  - (c) procure in respect of accounting statements prepared in accordance with this Condition, a report by the Licensee's auditors for the time being and addressed to *the Office*, stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the *Licensed Business*; and
  - (d) deliver to *the Office* a copy of the accounting statements required to be prepared by this Condition together with the Auditor's report referred to in sub-paragraph (c) above as soon as reasonably practical and in any event within 3 months after the end of the period to which they relate.
4. The Licensee shall in respect of its financial affairs:
  - (a) keep and prepare such accounts and accounting statements for, and as at the end of each financial year, as would be required by sections 142 and 144 of the Companies Act to be kept by the Licensee if the Licensee were a Licensee which was not a subsidiary of any other company and which did not have any subsidiaries or *Affiliate(s)*; and
  - (b) procure in relation to such accounting statements a report of the auditors addressed to *the Office*, and deliver a copy of such accounting statements to *the Office*, in accordance with, *mutatis mutandis*, the requirements of sub-paragraph (c) and (d) of paragraph 3.
5. The Licensee shall make the accounting statements referred to in paragraphs 3 and 4 available to the public within 28 days of the date upon which it is required to deliver the same to *the Office* and shall, subject to payment of a reasonable charge, send a copy of such accounting statements to any person who requests them.

*Condition 6: Prohibited Activities and Protection of Assets*

1. In this Condition:
 

"*encumbrance*" means any mortgage, charge, standard security, assignment or assignation by way of security, right of possession or other form of security interest;

"*relevant asset*" means:

  - (a) any *asset* whose value is greater than 5% of the then current net value of the property, plant and equipment of the Licensee and employed by the Licensee in the operation of the *System*;
  - (b) any *asset* whose value is greater than 5% of the then current net value of the property, plant and equipment of the Licensee and forming part of the *System* or used in conjunction therewith, title or interest in land upon which any of the foregoing are situated; and
  - (c) any *generation set* owned by the Licensee that is used at a capacity factor greater than 10% in each of the most recent 3 years.
2. The Licensee shall not, except insofar as the Office may consent, such consent not to be unreasonably withheld:
  - (a) conduct any business other than the *Licensed Business*;
  - (b) guarantee the obligations of any person other than the Licensee;
  - (c) create any *encumbrance* over any *relevant asset* to secure any obligation of any such other person; or
  - (d) acquire or maintain any interest in any other holder of an Electricity Licence in Jamaica.
3. This Condition shall not prevent the Licensee from establishing subsidiaries in order to engage in any business other than the *Licensed Business*.
4. The Licensee shall maintain (which shall include appropriate registration in respect of intellectual property), repair and replace all *relevant assets* throughout the term of this Licence in accordance with good industry practice so as to enable it to meet its obligations under this Licence.

*Condition 7: Restriction on Use of Certain Information*

1. For the purposes of this Condition:
  - (a) "*protected information*" means information which the *outside person* marks as "confidential". Protected information shall not mean:

*Condition 7: Restriction on Use of Certain Information, contd.*

- (i) information that is independently developed by the Licensee without the utilization of the protected information;
  - (ii) information that is or becomes public knowledge without the fault of the Licensee;
  - (iii) information that is or becomes available to the Licensee from another source without any legal obligation to protect such information; or
  - (iv) information that is disclosed pursuant to a Governmental or legal requirement.
- (b) "*dealings*" includes dealing entered into otherwise than for the purposes connected with the transmission or distribution of electricity; and
- (c) "*nominated person(s)*" means the person(s) from time to time nominated by *the Office* for the purposes of this Condition by notice to the Licensee.

## 2. The Licensee shall ensure:—

- (a) that neither the Licensee nor any other person obtains any unlawful commercial advantage from its use of *protected information*; and
- (b) that *protected information* is not used by the Licensee or any other *person* for the purpose of obtaining for the Licensee or that other person:
  - (i) an unlawful advantage in the competitive process for the procurement of new generating capacity, after the aforementioned three-year period;
  - (ii) unlawful control of any body corporate which, directly or indirectly, has the benefit of any such licence or right.

or when carrying on activities other than activities carried on for the purposes of the operation of the *System*.

3. The Licensee shall implement such measures and procedures and take all such other steps as may be specified in directions issued by *the Office* from time to time for the purposes of this Condition to be in its opinion reasonably necessary for the purpose of securing compliance by the Licensee with its obligations under paragraph 2.

## 4. The Licensee shall:

- (a) procure and furnish to *the Office*, in such manner and at such times as *the Office* may reasonably require, such information and reports as *the Office* may consider necessary concerning the performance by the Licensee of its obligations under paragraphs 2 and 3 and the effectiveness of the measures, procedures and steps specified in the directions referred to in paragraph 3 to secure compliance by the Licensee with its obligations under paragraph 2;
- (b) take all reasonable steps to ensure that access to any data, information, records (in electronic format or otherwise) of the Licensee shall be given at any time and from time to time to any *nominated person(s)* for the purpose of investigating whether the Licensee has performed its obligations under paragraphs 2 and 3 and the effectiveness of the measures, procedures and steps specified in the directions referred to in paragraph 3 to secure compliance by the Licensee with its obligations under paragraph 2 and that the Licensee and its employees shall cooperate in any such investigation to the extent requested by the *nominated person(s)*; and
- (c) take all reasonable steps to ensure that *nominated person(s)* shall be entitled to inspect and/or take copies of such data, information records (in electronic format or otherwise) of the Licensee as they shall consider to be reasonably necessary for the purpose referred to in sub-paragraph (b) above.

5. This Condition is without prejudice to the duties at law of the Licensee towards *outside persons*.*Condition 8: Information Access and Audit Rights for the Office*

- 1. The Licensee shall furnish to *the Office* annual Regulatory Reports not later than 90 calendar days after the end of each financial year relating to its activities during that year in such form as *the Office* designates.
- 2. The report will detail information relating to the Licensee's performance against:
  - (a) the *Guaranteed Standards*;
  - (b) the *Overall Standards*;
  - (c) the technical service standards; and
- 3. The Licensee shall include such further information in the annual regulatory report as *the Office* reasonably requests from time to time.
- 4. The Licensee shall submit Quarterly reports to *the Office* providing information in relation to:
  - (a) *Guaranteed Standards*
  - (b) *Overall Standards*
  - (c) Technical Service Standards
  - (d) Any other information which may be reasonably specified from time to time

*Condition 8: Information Access and Audit Rights for the Office, contd.*

5. The Licensee shall provide such other reports to *the Office* as may be reasonably specified from time to time.
6. The Licensee shall, in accordance with good industry practice, maintain and keep all appropriate books, records and accounts in respect of the activities to which this Licence relates.
7. *The Office* and its agent shall be entitled during the normal business hours and without notice to attend at any premises from time to time owned or occupied by or in the possession of the Licensee for the purpose of inspecting any books, records and accounts of the Licensee to which this Licence relates and the Licensee shall fully co-operate and assist *the Office* for such purposes. Notwithstanding this obligation, the Licensee shall not be compelled to provide information which it could not be required to reveal in a civil action. The Licensee shall at the request of *the Office* furnish *the Office*, at the Licensee's expense, with a copy (in such format as *the Office* may specify) of any book, record or accounts as *the Office* may reasonably require.

*Condition 9: Use of Appropriate Staff*

1. The Licensee shall, in connection with the conduct of its licensed activities, ensure that all its employees are appropriately trained and qualified.
2. The Licensee shall endeavour, wherever prudent and reasonable, to employ Jamaican and CARICOM nationals to fill vacant posts.

*Condition 10: Payment of Regulatory Service Fees*

1. In accordance with section 6 of the OUR Act the Licensee shall pay such Regulatory Services Fees to the Office as are prescribed by *the Office* from time to time.
2. *The Regulatory Service Fees* shall be such amounts as apportioned from the budget of *the Office* of Utilities Regulation, which *the Office* thinks reasonably reflects the cost to be incurred by *the Office* in relation to regulating the services to which the Licence relates.
3. *Regulatory Service Fees* become due annually on April 1 but may be payable over the period of a year based on the arrangement made between *the Office* and the Licensee.

*Condition 11: Penalties for Breach*

1. Any neglect or wilful contravention of any provisions of this Licence shall render the Licensee subject to action under the provisions of section 9 of the OUR Act provided that *any person* having any civil claim against the Licensee shall in no way be prejudiced in enforcing the same by the fact that any penalty or penalties has or have been recovered against the Licensee in respect of the same act or omission or default out of which the civil claim aforesaid arises.
2. On application to *the Office* the Licensee shall be excused for any non-compliance with this Licence caused by *Force Majeure*.

*Condition 12: Charges for Use of the System OR Top-up OR Standby Supplies*

1. The Licensee shall prepare its charges for use of the *System* or top-up or standby supplies on a basis which is cost reflective and consistent with the price controls as approved by *the Office*.

*Condition 13: Duty to Connect*

1. The Licensee shall publish a Code, approved by *the Office*, setting out, in respect of connections within 100 metres of an electricity distribution line and not requiring transformation, forming part of the *System* (*local connections*), its standard terms and conditions for connection together with a schedule of its charges. The Code shall include a methodology indicating the principles by which the charges have been calculated.
2. The Licensee shall publish a Code, approved by *the Office*, setting out, in respect of connections at a distance greater than 100 metres from an electricity distribution line forming part of the *System* (*complex connections*) the basis upon which charges for *complex connections* will be made in such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable for the provision of a connection.
3. The Licensee shall prepare its charges for *complex connections* on a basis which is cost-reflective, including a reasonable rate of return.
4. On an application by any person for a *complex connection*, the Licensee shall, within the periods specified in Schedule 1, offer to enter into an agreement to connect that *person* to the *System* on fair and reasonable terms and at charges consistent with its published Code for *complex connections* and shall simultaneously notify the *person* of the procedure to be followed in the event of a failure by the Licensee and the person to agree to terms.
5. If the Licensee and an applicant for a *complex connection* have failed to agree on the terms offered by the Licensee for connection to the *System* within 45 working days after the application has been made, then *the Office* may, on application by the person seeking such connection, settle any terms of the agreement in dispute between the Licensee and that person in such manner as appears to *the Office* after having considered the submissions of both parties to be fair and reasonable and if so directed by *the Office* the Licensee shall offer to enter into an agreement upon the terms settled by *the Office*.
6. The Licensee shall prepare and submit to *the Office* for its approval and thereafter publish a Code of Practice concerning reimbursements to those customers who have paid a charge as a contribution-in-aid-of-construction for a *complex connection* and/or where other customers subsequently request a connection that depends upon the original *complex connection*.

*Condition 13: Duty to Connect, contd.*

7. The Licensee shall, not more frequently than annually, be entitled to revise its charges (or basis for charges) for connection to the *System* to a level approved by *the Office* so as to permit it to achieve a reasonable rate of return on its capital.
8. The Licensee shall publish the Codes referred to in paragraphs 1 and 2 above, as from time to time in force, in such places and by such methods as will bring the Codes to the attention of the greatest number of its actual and potential customers.
9. The Licensee shall, not more frequently than annually, be entitled to publish, with the consent of the Office, a revised version of the Codes referred to in paragraphs 1 and 2 above.
10. Notwithstanding any other provisions, the Codes shall contain the following:

- (i) The Licensee shall at all times during the term of this Licence or any extension thereof furnish and maintain a supply of electricity for public and private use in accordance with reasonable standards of safety and dependability as understood in the electric business.
- (ii) The rights of any *person* desiring to obtain electric service will be subject to his entering into an agreement with the Licensee in such form as may be established by the Licensee from time to time with the approval of *the Office*.

Terms and conditions of supply that are existing on the date of this Licence shall remain in force until modified by the Licensee with the prior approval of *the Office*. Any approved modification of the standard terms and conditions of supply shall have immediate application on publication in the Jamaica Gazette and in one issue of a daily newspaper provided that where the modification is, in the opinion of *the Office*, of minor importance, *the Office* may, if it thinks it proper by order waive the requirement above.

- (iii) For *local connections* the Licensee shall upon being required to do so by the owner or occupier of any premises that is not already served and whose premises situated within two pole spans totalling more than 100 metres but one pole span where the first span exceeds 100 metres along a public road or highway from any distribution line of the Licensee given and continue to give a supply of energy for such premises at no construction cost to such owner or occupier up to the distance along a public road or highway aforesaid.
- (iv) The Licensee will give a supply of energy for any premises so long as the owner or occupier will contribute to the Licensee the cost of distribution line extension in excess of the aforesaid distance. The cost of so much of the service line as may be passed over the property of such owner or the premises of such occupier and so much of such service line as may be necessary for a greater distance than 30 metres from the point of connection to the distribution line shall, if the Licensee so requires, be defrayed by such owner or occupier. If the service line is required to be laid underground the Licensee may bear the equivalent cost of up to 30 metres of overhead service line. The Licensee may require such owner or occupier for whom such distribution line extension is constructed to agree to pay for electricity service for a period of two years at the applicable rate in force from time to time.  
Should transformation of voltage be required then the Licensee may require such owner or occupier to contribute to the Licensee, part or all of the cost of providing and installing the transformation facilities.
- (v) Any dispute between the Licensee and an applicant for a supply of service, an extension or improvement of service and as to performance by the Licensee of its obligations under this Licence, shall be determined by *the Office*.

11. In this Condition the provision embodied in Condition 24, relating to the Licensee's duty to connect shall apply.

*Condition 14: Charges and Terms and Conditions for the Supply of Electricity*

1. The Licensee shall, save where it enters into special contracts with customers for the supply of electricity pursuant to section 14 of the OUR Act, charge its customers for such a supply according to published tariffs, approved by *the Office*, as updated from time to time. Such published tariffs shall be cost-reflective, unless otherwise directed by *the Office*. Each tariff category will apply uniformly across the Island and there will be no discrimination to customers on the tariff charged based on location.
2. In accordance with policy directives issued by the *Minister*, *the Office* may require the Licensee to provide a concessional or lifeline tariff for residential customers in such a manner that will not compromise the allowed revenue across retail customer classes serviced by the Licensee.
3. The Licensee shall publish the statement of terms and conditions referred to in Condition 13 and its scale of tariffs in such places and by such methods as will bring them to the attention of the greatest number of its actual and potential customers. The Licensee shall make its terms and conditions available to customers, on demand.
4. Where *the Office* considers that by reason of the complexity of any such tariffs proposed by the Licensee, simplified explanatory statements are required or expedient for the understanding of tariff by customers, *the Office* may direct the Licensee to draw up such explanatory statements and thereafter to publish them with the tariffs to which they relate.
5. The Licensee shall not make any revision in the tariff applicable to any class of customers without the consent of *the Office* and shall, if required by *the Office*, make proposals for phasing in such a revision.
6. The Licensee shall, not more frequently than annually, be entitled to publish, with the consent of *the Office*, a revised version of the statement referred to in paragraph 4 above.
7. Tariffs shall become effective on the date specified in a publication of the Jamaica Gazette under the authority of *the Office*. The Licensee shall bring any new tariff to the attention of its customers by publication in at least one issue of a National newspaper.

*Condition 15: Price Controls*

1. The Licensee is subject to the conditions in Schedule 3.
2. The prices to be charged by the Licensee in respect of the supply of electricity shall be subject to such limitation as may be imposed from time to time by *the Office*.
3. The accounts and records of the Licensee shall be maintained in such manner as may be prescribed by *the Office* from time to time after consultation with the Licensee.

The book value of the property of the Licensee may be adjusted from time to time as a result of revaluations approved by *the Office* and the book value of such property at any given time shall be the value thereof in accordance with the most recent revaluation plus subsequent additions at cost and less subsequent retirements at book value.

4. Provisions for depreciation shall be maintained separately for the following classes of property:
  - (1) each generating plant subdivided into original plant existing at the date of this Licence and each additional generating unit;
  - (2) the transmission system as a whole;
  - (3) the distribution system as a whole;
  - (4) general property classified as follows:
    - (i) automotive equipment
    - (ii) buildings
    - (iii) other equipment

For annual depreciation expense purposes when the amount accumulated in the depreciation reserve applicable to a generating plant or unit is equal to its book value (depreciable property only) the generating plant or unit shall be considered as retired for the purpose of annual depreciation accruals.

The foregoing classification may be altered from time to time by *the Office* in consultation after with the Licensee.

5. Annual depreciation allowance shall be computed by applying reasonable annual straight line depreciation rates to the value of property, plant and equipment stated at book value. *The Office* shall satisfy itself as to the reasonableness of applicable depreciation rates; and from time to time determine the adequacy of the depreciation reserves and the reasonableness of the lives used, provided that in respect of the items of plant and equipment listed in Schedule 4 to this Licence, *the Office* shall not establish depreciation rates lower than the respective rates set out in the said Schedule without consulting the Licensee.

*Condition 16: Codes of Practice*

1. At the direction of the Office, from time to time, the Licensee shall prepare and publish Codes of Practice in respect of the various matters that affect customers. These would address such issues as Efficient Use of Energy; Payment of Bills; Disabled Customers and Customers of Pensionable Age; Handling Customer Complaints.
2. Notwithstanding paragraph 1 above, the Licensee may issue Codes Practice on its own volition.
3. In drafting Codes of Practice in accordance with paragraph 1, and in carrying out any review in accordance with paragraph 4, the Licensee shall consult with such bodies as *the Office* may designate, from time to time, and shall have regard to any representations made by them about the code of practice or the manner in which it is likely to be or (as the case may be) has been operated.
4. From time to time, and whenever required to do so by *the Office*, the Licensee shall review the Codes. The Licensee shall submit any proposed revisions to the Code to *the Office* for approval prior to implementation.
5. The Licensee shall:
  - (a) send a copy of any Code of Practice prepared in accordance with paragraph 1 and of any revision of such code prepared in accordance with paragraph 4 (in each case, in the form approved by *the Office*) to *the Office*;
  - (b) draw to the attention of customers the existence of the Codes and any significant revisions to it, and advise consumers how they may be inspected;
  - (c) make a copy of each Code available for inspection by the public during normal business hours at any of its premises usually open to the public; and
  - (d) give or send free of charge copies of the Codes (as from time to time revised) to any person who requests it.

*Conditions 17: Guaranteed Standards and Overall Standards*

1. The Licensee shall use all reasonable endeavours to achieve the *Guaranteed Standards* and the *Overall Standards*.
2. Breach of the *Guaranteed Standards* shall result in the Licensee making the applicable compensatory payment set out in Schedule 1 to the affected customer(s).
3. The Licensee shall give all reasonable assistance to *the Office*, or such other person as the Office may designate to assist it, in the monitoring of the Licensee's performance of the *Guaranteed Standards* and *Overall Standards*.
4. The Licensee shall collect data on its performance against the *Guaranteed Standards* and the *Overall Standards* and report this to *the Office* in such form and with such frequency as *the Office* may require.

*Conditions 17: Guaranteed Standards and Overall Standards, contd.*

5. Guaranteed Standards as well as the level of compensation payments will be reviewed periodically by the office (normally between tariff reviews) and where appropriate and in consultation with the Licensee, introduce new standards.
6. For the period April 2001–December 2002 the Licensee shall make compensatory payments based on applications made by customers, thereafter, compensatory payments shall be made automatically.
7. *Overall Standards* will be reviewed periodically by *the Office* (at tariff reviews) and where appropriate and in consultation with the Licensee, new standards introduced at tariff reviews.
8. *Guaranteed and Overall Standards* that may be in force from time to time form part of this Licence, and are subject to publication in the Jamaica Gazette under the authority of *the Office*.

*Condition 18: Competition for New Generation*

1. Save to the extent *the Office* agrees, or as provided for in this Licence, the Licensee shall not contract for new capacity other than pursuant to a competitive tendering procedure and in conformity with the following paragraphs of this condition.
2. Prior to issuing any invitations to tender, the Licensee shall submit to *the Office* for its approval a report:
  - (a) providing energy and demand forecasts;
  - (b) identifying the need for either new generating capacity and when such capacity is required or demand side management measures;
  - (c) outlining the manner in which it intends to conduct the competition;
  - (d) setting out the arrangements for pre-qualification and advertising;
  - (e) setting out the form of the request for proposals;
  - (f) including details of the required generating capacity together with a justification of any such details requirements;
  - (g) including details of the site, where the site is under the control of the Licensee;
  - (h) setting out the evaluation criteria;
  - (i) containing other relevant documents and such other information as the Office reasonably requires; and
  - (j) where the site is under the control of the Licensee, approvals or no-objections from other Regulatory agencies (e.g. Natural Resources Conservation Authority).
3. The Licensee shall be obliged to provide tenderers with the most recent Least Cost Expansion Plan, which *the Office* approves, for inclusion in the invitations to tender.
4. The Licensee shall be obliged—
  - (a) to conduct the tender process in accordance with its report once approved by *the Office*;
  - (b) to provide such information to *the Office*, or any person designated by *the Office* with regard to the conduct of the competition and negotiations with bidders;
  - (c) to permit the attendance of representatives of the Office, or any person designated by *the Office*, in any meetings to review and evaluate bids;
  - (d) to pay for an independent evaluator from fees collected from the bidders to conduct the tender process, in accordance with a procedure approved by *the Office* based on that outlined in paragraph 2 above, where the Licensee is one of the tenderers for the provision of new capacity; and
  - (e) to conduct a further competitive tendering process, when directed by *the Office*, in any case where the tendering procedure has not, in the reasonable opinion of *the Office*, been conducted in accordance with the tender process approved by *the Office*.
  - (f) The cost of the tendering process will be funded by qualifications fees from potential bidders.
5. For the purposes of this Condition "new capacity" shall include contracts for the purchase of electricity from existing or *new generation sets*; contracts for the construction of a new generating sets or the extension or re-powering of existing *generation sets* to reduce demand for electricity above 15 MW.
6. For capacity additions of under 15 MW *the Office* may, after consultation with the Licensee, approve a simpler procurement methodology, on a case by case basis.
7. Notwithstanding the foregoing, the requirement for competitive tendering for the procurement of new capacity will not become effective until the completion of three years after the date of this Licence.
8. *The Office* may, in instances of *Force Majeure*, waive the requirements for competitive tendering. In such instances *the Office* shall make its reason for so doing public.

*Condition 19: Economic Purchasing of Electricity*

1. The Licensee shall purchase electricity at the best effective price reasonably obtainable having regard to the sources available, contractual arrangements and Government policy.

*Condition 19: Economic Purchasing of Electricity, contd.*

2. In the discharge of its obligations under paragraph 1, the Licensee shall:
  - (a) have regard to any considerations liable to affect its ability to discharge its obligations under this Licence in the future, including the future security, reliability and diversity of sources of electricity available for purchase.
  - (b) operate in accordance with the approved arrangements (or those specified by *the Office*) and not discriminate in its dealing as operator of the *System*, and in the operation of the merit order and any accounting and other systems which reflect the terms of the arrangements set out between itself and any other generator of electricity.

*Condition 20: Economic Purchasing of Other Goods and Services.*

1. Without prejudice to Condition 19 the Licensee shall purchase or otherwise acquire goods and services from the most economical sources available to it having regard to the quantity, timing and nature of the goods or services required to enable discharge of its obligations under this Licence and in compliance with the Fair Competition Act and any regulations made thereunder.
2. The Licensee shall, if requested by *the Office*, submit to *the Office* its procedures for procurement.

*Condition 21: Long Term Planning Procedures*

1. The Licensee shall within 6 months of this Licence being granted submit to *the Office* for its approval a statement setting out its Long Term Planning Procedures. Such procedures shall set out the methodology which will be used by the Licensee to prepare the Least Cost Expansion Plan which shall conform to internationally accepted best industry practice.
2. The Licensee shall submit the Least Cost Expansion Plan referred to in paragraph 1 to *the Office* for review. *The Office*, when satisfied that the plan represents the least economic costs for system expansion consistent with internationally accepted best industry practice, will recommend the plan to the *Minister* for his approval. On receipt of the recommendation from *the Office*, the *Minister* shall:
  - (a) approve the plan; or
  - (b) refer the recommendation back to *the Office* for further consideration.
3. The Licensee shall revise its Long Term Planning Procedures at the request of *the Office*, taking into account developments in internationally accepted best industry practice.
4. The Licensee shall not, without the consent of *the Office*, permanently close, retire or cease utilising any *Generation Set*.

*Condition 22: Generation Code*

1. The Licensee shall, subject to paragraph 4, have in force at all times and shall implement and comply with a *Generation Code*, consistent with Internationally required technical standards and which is in accordance with prudent utility practice:
  - (a) covering all material technical aspects relating to connections to and the operation and use of the *System* (and insofar as they affect the *System*, the operation of electric lines and electrical plant connected to that *System*);
  - (b) setting out the rules and procedures which govern the despatch and scheduling of generator maintenance;
  - (c) setting out the rules and procedures which provide for safe and secure operation of the system; and
  - (d) which is designed to ensure:
    - (i) the development, maintenance and operation of an efficient, co-ordinated and economical system for the generation and transmission of electricity; and
    - (ii) the promotion of the security and efficiency of the *System* as a whole.
2. The *Generation Code* in force at the date of this Licence shall be reviewed and resubmitted to *the Office* for its approval, within nine months of the date of this Licence. Thereafter, the Licensee shall periodically on its own volition or on the request of *the Office*, review the *Generation Code*. The Licensee shall keep *the Office* fully informed of the submissions to any review process and of any consequent proposals for revision, which shall be subject to the approval of *the Office*.
3. In preparing, implementing and complying with the *Generation Code*, including the scheduling of maintenance of the *System*, the Licensee shall not unduly discriminate against or unduly prefer any person or group of persons in favour of or as against any other person or group of persons.
4. *The Office* may, following consultation with the Licensee, issue directions suspending the Licensee's obligations to implement or comply with the *Generation Code* to such extent as may be specified in the directions.

In the event that such a suspension is granted, the Licensee shall take all necessary action to ensure full compliance with obligations for which the suspension had been issued as soon thereafter as is practicable and shall immediately notify *the Office* when it was again in full compliance.

*Condition 23: Merit Order Despatch*

1. The Licensee shall establish and operate as part of the *Generation Code* a merit order system, for *generation sets* that are subject to central despatch.
2. The Licensee shall schedule and issue direct instructions for the despatch in accordance with a merit order system of all available *generation sets* of each *authorised electricity operator* which are required or are agreed to be subject to such scheduling and instructions.

*Condition 23: Merit Order Despatch, contd.*

3. Subject to the factors in paragraph 4, the Licensee shall schedule and issue direct instructions for the despatch of such *generation sets* as are at such times available to generate or transfer electricity:
  - (a) in ascending order of the marginal cost in respect of any hour for the generation and delivery or transfer of electricity into the *System*, to the extent allowed by *Transmission System* operating constraints based on "Equal Incremental Cost-System" principles; and
  - (b) as will in aggregate and after taking into account electricity delivered into or out of the *System* from or to other sources be sufficient to match at all times (so far as possible in view of the availability of *generation sets*) demand forecast taking account of information provided by authorized electricity operators, together with an appropriate margin of reserve for security operation.
4. The factors referred to in paragraph 3 above include:
  - (a) forecast demand (including transmission losses and distribution losses);
  - (b) economic and technical constraints from time to time imposed on the *System* or any part or parts thereof;
  - (c) the dynamic operating characteristics of available *generation sets*; and
  - (d) other matters provided for in the *Generation Code*.
5. The Licensee shall provide to the Office such information as the Office shall request concerning the merit order system or any aspect of its operation.

*Condition 24: Technical and Service Standards*

1. The Licensee shall follow prudent utility practices, detailed technical design standards relating to the *Transmission System* and the *Distribution System* to cover areas such as technical criteria and conditions for connection of customers; reliability targets for major sub-systems of the *transmission system*; the configuration and distribution of sub-stations and transformers and design standards for the *transmission* and *distribution systems*.
2. The Licensee shall use all reasonable endeavours to comply with:
  - (a) the standards referred to in paragraph 1;
  - (b) the *Guaranteed Standards*;
  - (c) the *Overall Standards* that are applicable from time to time.
3. The standards of construction to be adopted shall be specified and shall be subject to adaptation and revision from time to time by the Office after consultation with the Licensee.
4. Subject to paragraph 4 of this Condition, the Licensee shall adopt the relevant Safety Rules, Design and Construction Standards published by the American National Standards Institute (ANSI) and any revisions thereof, as they apply to the installation and maintenance of electric supply and communication lines exterior to buildings. The Licensee shall adopt such other Safety Rules and Construction Standards and any other applicable standards as may be prescribed by the Jamaica Bureau of Standards.
5. The Licensee shall not connect a supply of electricity to any premises unless they shall first have received a Certificate of Inspection and approval from the *Chief Electrical Inspector* or his authorized agent.
6. The Licensee shall not energize any new, rebuilt or modified transmission or distribution line until these have been inspected and certified by the *Chief Electrical Inspector*.

*Condition 25: Powers to Carry Out Street Works, Way Leaves, Etc.*

1. In this Condition:
 

"*Street work powers*" mean the statutory powers of the Licensee to perform such functions as the laying of electric lines; the breaking up of any street; railway or tramway; altering the position of wires or pipes under a street; the compulsory acquisition of land; the erection of electric lines; posts; other plant or equipment; entering land and conducting surveys and the felling or trimming of any tree or vegetation and similar powers.
2. The Licensee shall within nine months of this Licence being granted prepare and submit to the Office for its approval a Code of Practice concerning the exercise of street work powers.
3. In drafting a Code of Practice in accordance with paragraph 2, and in carrying out any review in accordance with paragraph 3, the Licensee shall consult with bodies such as the Ministry and agencies responsible for road works and shall have regard to any representations made by them about the Code of practice or the manner in which it is likely to be or has been operated.
4. From time to time, and whenever required to do so by the Office, the Licensee shall review the Code. The Licensee shall submit any proposed revisions to the Code to the Office for approval prior to implementation.
5. The Licensee shall:
  - (a) send a copy of the Code of Practice prepared in accordance with paragraph 2, and of any revision of such Code prepared in accordance with paragraph 3 (in each case, in the form approved by the Office) to the Office;
  - (b) make a copy of the Code of Practice available for inspection by the public during normal business hours at any of its premises usually open to the public; and

*Condition 25: Powers to Carry Out Street Works, Way Leaves, etc., contd.*

- (c) give or send free of charge a copy of the Code of Practice (as from time to time revised) to any person who requests it.
6. The Licensee may exercise such rights and shall observe such conditions relating to way-leaves, entry to private property and the construction of lines above or below ground, as the relevant laws may prescribe. In addition the Licensee shall have the right to trim trees or shrubbery which may overhang any public way and may interfere with electric lines or cables constructed by the Licensee.
  7. If in the construction, maintenance and repair of its transmission, distribution or service lines, it shall be necessary for the Licensee to disturb public ways and places or the plant of any other utility, the Licensee shall restore or pay the cost of restoring such public ways and places and utility plant to at least as a good condition as they were before such disturbance.
  8. Should the Government or any agency thereof or the Kingston and Saint Andrew Corporation or any Parish Council or other municipal or local authority require the Licensee to relocate its transmission or distribution line or appurtenances thereto, the Government or agency thereof or the Kingston and Saint Andrew Corporation or Parish Council or other municipal or local authority as the case may be shall reimburse the Licensee for the cost of so relocating its transmission or distribution lines or appurtenances thereto. The cost of relocating lines is hereby defined as the sum of (a) and (b) below:—
    - (a) the cost of moving to a new location and/or removing from service existing poles and/or wire and other equipment; and
    - (b) the difference between—
      - (i) the cost of the new line or new portions (including any additional way-leaves); and
      - (ii) the accrued depreciation (estimated if not known) of the poles and/or wires and equipment and way-leaves removed from service after taking into account the salvage value of the items removed from service.

The cost of relocating lines may be agreed between the Licensee and the body or authority at whose request such removal or relocation was undertaken either in advance of the work being undertaken or at any other stage and in the absence of such agreement all costs incurred should be billed in accordance with sub-paragraphs (a) and (b) and any dispute arising therefrom shall be determined by *the Office*.

*Condition 26: Rural Electrification*

1. The Licensee and Rural Electrification Programme Limited (REP) shall periodically agree on the development plans proposed by REP. Such plans will include an approximate timing and cost of such facilities that the Licensee would be expected to acquire.
2. Within three months of the effective date of the Licence, the Licensee will make an offer to REP as to the conditions for acquiring any assets developed by REP and not yet transferred to the Licensee.
3. The Licensee shall, when requested by REP within 2 months of such request, offer terms for the purchase by the Licensee of electrical infrastructure assets developed by REP provided that the Licensee shall not be obliged to acquire any such assets:
  - (i) where such assets have not been constructed to internationally recognized standards;
  - (ii) where such assets are incompatible with the System;
  - (iii) to the extent that the value of the assets to be acquired pursuant to this Condition in any year is not comparable with the approximate cost (adjusted for inflation) that was previously agreed;
  - (iv) was not included in the development plan, previously agreed by the Licensee and REP; or
  - (v) to the extent it is otherwise not reasonable in all the circumstances.
4. Where the Licensee and REP have not agreed on the terms for the purchase of assets within three months of the request by REP, or in the event that there is failure to agree under paragraph 2, the Licensee shall refer the matter to *the Office* who may direct the Licensee as to the Terms it is to offer to REP.
5. Once an agreement has been entered into for the purchase of assets pursuant to paragraph 1 above those assets shall form part of the System for the purposes of this Licence and be *relevant assets* for the purposes of Condition 6.
6. The Licensee shall not be obliged to undertake extension of distribution lines to rural towns or communities unless *the Office* is satisfied:—
  - (a) that the extension can be undertaken without disturbing the progress of the development programme;
  - (b) that finance is available to the Licensee at reasonable cost;
  - (c) as to the potential of the extension of services for producing revenues in relation to the capital outlay involved;
  - (d) that the service to be provided can be absorbed within the total revenues of the Licensee produced by the level of electric rates then existing without reducing the rate of return which the Licensee may receive after taking into account any limitation of prices which may be imposed by *the Office* under Condition 15 hereof;

otherwise the extension shall only be undertaken subject to a contribution-in-aid-of-construction at a level approved by *the Office* and to refunding on bases to be determined by *the Office*. *The Office* may consult with the Minister on the priorities for rural electrification extensions.

*Condition 27: Acquisition of Service*

1. The acquisition price to be paid by Government to the Licensee shall be the fair market value of an ongoing business concern including this Licence and all lands, building, works, materials, plant and property of all kinds whatsoever suitable to or intended for the purposes of the undertaking. *Fair market value* shall be determined by a mutually agreed team of independent valuation experts. In the absence of agreement on the team of independent valuation experts, the team shall be decided pursuant to the Arbitration Act on application by the *Minister* of Licensee. The site of the arbitration shall be Jamaica, and none of the arbitrators shall be nationals of Jamaica or the United States, nor shall any arbitrator be an employee or agent or former employee or agent of any of the parties. The language of the arbitration shall be English.
2. Upon giving notice of acquisition in accordance with the terms of this Licence the Government shall:
  - (a) have the right by its valuers to inspect all the Licensee's property and its books of account and records;
  - (b) three calendar months before the expiration of the Licence or extension thereof the Licensee will furnish to the Government a Certificate by their Auditors of the probable estimate of the sum to be paid by the Government upon acquisition and arrangements will then be concluded as to the manner of payment by the Government.
  - (c) on the date of acquisition the Government shall pay to the Licensee such sum as may be agreed in accordance with the arrangements concluded under (b) above.

*Condition 28: Joint Use of Poles*

1. The Licensee may enter into any arrangements or contracts for the joint use of poles and, if the public interest so requires, *the Office* shall have the right, to direct the Licensee, after consultation, to use any poles jointly with any other public utility or telecommunications service providers so long as such use shall not contravene any other law or violate any safety code, or, in the sole opinion of the Licensee, provide an unsafe working condition for Licensee's employees. It shall be a condition of any such directions that the Licensee shall receive such fair compensation for the use of the Licensee's poles by any other public utility as may be agreed or fixed by *the Office*.
2. The Licensee shall make the use of its poles available to Subscriber Television Companies (STV) for the attachment of cables and other other appurtenances. The Licensee shall be entitled to fair compensation for the use of its poles by such companies, including any costs for pole modifications.
3. The Licensee shall deposit with *the Office*, the procedures that are in place for management of the joint-pole arrangements with other utility companies or telecommunications service providers, along with the scale of charges that may be in effect for the time being.
4. The Licensee shall publish a Code of Practice for use by STV companies, setting out the procedures and standards for use of its poles by the STV companies. A copy of this Code of Practice, along with the scale of charges that may be in effect for the time being must be deposited with *the Office*.
5. The prices which the STV companies are charged by the Licensee for attachments to its poles shall be fair and reasonable and subject to the approval of *the Office*.

*Condition 29: Revocation*

1. The *Minister* may, on the recommendation of the *Office*, at any time revoke this Licence by not less than sixty days' notice in writing (the "*Revocation Notice*") to the Licensee:
  - (a) if, upon charges being proffered with proper particulars, it shall have been determined that the Licensee has, without just cause or excuse, failed to comply with any material term of this Licence or to carry out in good faith and with reasonable diligence the activities referred to in this Licence, which determination shall specify in exact detail the respects in which the Licensee so failed, provided that such failure shall have continued for a period of thirty days and shall have materially impaired the provision of electricity service to the Island of Jamaica;
  - (b) if the Licensee has gone into compulsory or voluntary liquidation other than for the purpose of amalgamation or reconstruction;
  - (c) if any fee payable under Condition 10, or any fine imposed by a Court of Law is unpaid thirty days after it has become due and after the expiration of this thirty-day period it remains unpaid for a further period of thirty-days after the *Office* or the Court has given the Licensee notice that the payment is overdue;
  - (d) if the Licensee is convicted of a criminal offence by a Court of Law, which offence has materially impaired the provision of electricity service to the Island of Jamaica;

provided that the Licensee shall have been given the *Revocation Notice* and reasonable time and opportunity of not less than sixty days to remedy the failure so specified before the Licence may be revoked.
2. Upon revocation of this Licence, the *Minister* or his designee may give notice, within six months of the date of the revocation of the Licence, of his intention to acquire the Licensee's *Licensed Business*. The price shall be equal to seventy-five percent of *Fair Market Value*. *Fair Market Value* shall be determined in accordance with the provisions of Condition 27.
3. If the *Minister* or his designee does not wish to acquire the Licensee's *Licensed Business*, then upon the written directive of the *Minister*, the Licensee shall seek offers within a period of not more than two years after revocation for the purchase of its *Licensed Business* which shall be in a condition as to be ready for immediate working provided that the persons purchasing the *Licensed Business* and the terms of the sale shall be provided by the *Minister*.

*Condition 29: Revocation, contd.*

If no sale is satisfactorily concluded within the said two years the *Minister* or his designee shall take steps as are just and necessary to ensure the provision of electric service to the Island of Jamaica in the future.

4. Upon sale within the terms of paragraph 3 of this Condition 29, the Licence shall vest in the purchaser and remain in full force in favour of the purchaser of the *Licensed Business*.
5. Notwithstanding the issuance of the *revocation notice*, the Licensee shall, if requested by the *Minister*, continue to operate the *Licensed Business* in accordance with prudent utility practice or at the same standards that were used to operate the *Licensed Business* prior to the date of the *revocation notice*, whichever is higher.
6. At any time after the revocation of the Licence but prior to the sale of the Licensee's *Licensed Business* pursuant to paragraph 2 or 3 of this Condition 29, if the Licensee demonstrates to the reasonable satisfaction of the *Minister* that the failures which gave rise to the revocation (and any ensuing failures) have been cured and the Licensee is capable of fulfilling its obligations under the Licence, the Minister may, on the recommendation of the *Office*, at any time withdraw the *Revocation Notice* and notify the Licensee that it is no longer required to seek offers for the purchase of its *Licensed Business*.
7. The powers of the *Office* under this Schedule are in addition to its powers under the Acts.

*Condition 30: Modification*

1. This Licence may be modified at any time during the term by agreement between the Licensee and the *Minister*.
2. Notwithstanding paragraph 1, modifications to the Conditions and Schedules relating to Standards and Price Controls shall be modified by the *Office*, after taking the views of the Licensee into consideration, without reference to the *Minister*.

*Condition 31: Step-in Rights*

1. For purposes of this Condition 31, the following terms shall have the meanings ascribed to them:
  - (a) "*Forced Outage*" means any partial or complete interruption of a portion of the System and/or any *Generation Facility* that is not the result of (a) a *Scheduled Outage* or (b) an event or occurrence of *Force Majeure*.
  - (b) "*Initial Period*" shall have the meaning specified in paragraph 2 of this Condition 31.
  - (c) "*Real Estate*" means all of the real property (including any interests in real property, material easements and related rights) owned or leased by the Licensee.
  - (d) "*Scheduled Outage*" means a partial or complete interruption of System and/or any *Generation Facility* operation that (a) has been planned in advance; and (b) is for inspection, testing, preventative maintenance, corrective maintenance or improvement.
  - (e) "*Step-in Event*" shall have the meaning specified in paragraph 2 of this Condition 31.
  - (f) "*Take-over Period*" means the period of time commencing on the date that the *Minister* or his designee enters any and/or all *Site(s)* and begins to operate the System and/or any *Generation Facility* and ending on the date the Licensee re-enters any and/or all *Site(s)* and recommences operation of the System and/or any *Generation Facility*.
2. If the Licensee shall have ceased to operate all, or any substantial part of the System and/or any *Generation Facility* for a period of forty-eight (48) consecutive hours (the *Initial Period*) without the prior written consent of the *Minister* (a *Step-in Event*), then the *Minister* or his designee shall be entitled to enter any and/or all of the *Site(s)* and operate the System and/or any *Generation Facility*, provided however, that
  - (a) the *Minister* shall give prompt notice to the Licensee determining that the *Initial Period* has concluded, the said notice to be provided by means reasonably calculated to ensure prompt actual notice to the Licensee; and
  - (b) (I) a *Step-in Event* shall not have occurred and the *Minister* or his designee shall not be entitled to enter any and/or all of the *Site(s)* and operate the System and/or any *Generation Facility* if the cessation of operation resulted from—
    - (i) an event of *Force Majeure*;
    - (ii) a *Forced Outage* or a *Scheduled Outage*; or
    - (iii) an action or failure to act by the *Minister* or the *Office* in contravention of any right or entitlement of the Licensee under this Licence; or
 (II) to the extent that the Licensee is proceeding with diligence and good faith to overcome or remedy such event and such event is overcome or remedied within forty-eight hours immediately after the *Initial Period*.
3. If the *Minister* or his designee enters any and/or all *Site(s)* and operates the System and/or any *Generation Facility* upon the occurrence of a *Step-in Event*, the *Minister* or his designee shall operate the System and/or any *Generation Facility* in accordance with prudent utility practice, but in any event, at not less than the same standards that were used to operate the System and/or any *Generation Facility* prior to the date of occurrence of the *Step-in Event*.
4. Upon the occurrence of a *Step-in Event*, the *Minister* or his designee shall be entitled to enter any and/or all of the *Site(s)* and operate the System and/or any *Generation Facility* until the Licensee demonstrates to the reasonable satisfaction of the *Minister* that it can resume proper operation of the System in accordance with the terms and conditions of the Licence and that the *Step-in Event* will be overcome or remedied. The Licensee must demonstrate to the *Minister* that it can and will secure or otherwise acquire and utilise (i) the requisite qualified personnel, (ii) sufficient financial resources, and

*Condition 31: Step-in Rights, contd.*

- (iii) any other resources identified to be needed in each case to resume proper operation of the *System* and/or any *Generation Facility* in accordance with the terms and conditions of this Licence and to overcome or remedy the *Step-in Event*. If the Licensee is unable to make such a demonstration to the reasonable satisfaction of the *Minister* within ninety days after the *Initial Period*, the *Minister* shall have the right to acquire, and/or to have his designee acquire all of the rights, title and interest of the Licensee in the *Licensed Business* for a purchase price which shall be an amount equal to 50% of the *Fair Market Value* at such time determined in accordance with Condition 27. If the *Minister* elects to exercise his right to acquire all such rights, title and interest, payment in accordance with this paragraph 4 shall be made to the Licensee not later than (2) years after notice of election to exercise such right.
5. The *Minister* shall only indemnify and hold the Licensee harmless from any loss or damage to the *System* and/or any *Generation Facility* and for any injury to *Persons* incurred as a direct result of the *Minister's* or his designee's gross negligence or wilful misconduct in the operation of the *System* and/or any *Generation Facility* during the *Take-over Period*, and then only to the extent that such loss, damage or injury is not covered by insurance.
6. The *Minister* may designate any other qualified *Person(s)* as his designee for purposes of exercising any of the powers conferred by this Condition 31.

*Condition 32: Appeal of Office Decision*

1. (i) If the Licensee is aggrieved by a decision of, or failure to act, by *the Office*, under this Licence, the Licensee may appeal to the Appeal Tribunal (hereinafter called "the Tribunal")—
- (a) in the case of a decision of *the Office*, within thirty days after notification to the Licensee of that decision;
- (b) in the case of a failure of *the Office* act, within twenty-one days after the date on which *the Office* was required to act.
- (ii) On hearing an appeal under this Licence the Appeal Tribunal shall have regard to the legality, rationality and procedural propriety of the Office in arriving at its decision and may:
- (a) confirm, modify or reverse the decision of *the Office* or any part thereof; or
- (b) by a direction in writing, refer the decision back to *the Office* for reconsideration by it, either generally or in relation to any matter specified in the direction,
- and the Tribunal shall, at the same time, state the reasons for so doing.
- (iii) The Tribunal may, on application by the Licensee, order that the decision of the Office to which an appeal relates shall not have effect until the appeal is determined.
- (iv) The Appeal Tribunal may dismiss an appeal if it is of the opinion that the appeal is frivolous or vexatious or not made in good faith;
- (v) Where the appeal Tribunal dismisses an appeal, it shall inform the Licensee and *the Office* in writing stating the reasons therefor.
- (vi) In making a decision the Appeal Tribunal shall observe reasonable standards of procedural fairness and the rules of natural justice and act in a timely fashion.
2. (i) The Appeal Tribunal shall consist of three members appointed by the *Minister* as follows:
- (a) one member shall be a former Judge of the Supreme Court or the Court of Appeal and shall be the Chairman of the Tribunal;
- (b) one member shall be appointed on the recommendation of the Licensee; and
- (c) one member shall be appointed on the recommendation of *the Office*.
- (ii) The members of the Tribunal shall hold office for such period not exceeding two years as the *Minister* may determine and shall be eligible for reappointment.
- (iii) The *Minister* may appoint any person to act in the place of the chairman or any other member of the Tribunal in the case of the absence or inability to act of the chairman or other member.
- (iv) (a) Any member of the Tribunal other than the chairman may at any time resign his office by instrument in writing, addressed to the *Minister* and transmitted through the chairman, and from the date of the receipt by the *Minister* of such instrument that member shall cease to be a member of the Tribunal.
- (b) The chairman may at any time resign his office by instrument in writing addressed to the *Minister* and such resignation shall take effect as from the date of receipt by the *Minister* of that instrument.
- (v) The *Minister* may at any time revoke the appointment of any member of the Tribunal if such member—
- (a) becomes of unsound mind or becomes permanently unable to perform his functions by reasons of ill health;
- (b) is convicted and sentenced to a term of imprisonment.
- (c) fails without reasonable excuse to carry out any of the functions conferred or imposed on him under this Licence;
- (d) engages in such activities as are reasonably considered prejudicial to the interest of the Tribunal.

*Condition 32: Appeal of Office Decision, contd.*

- (vi) If any vacancy occurs in the membership of the Tribunal, such vacancy shall be filled by the appointment of another member thereof by the *Minister*.
- (vii) The names of all members of the Tribunal as first constituted and every change in the membership thereof shall be published in the Gazette.
- (viii) There shall be paid to the Chairman and other members of the Tribunal in respect of each appeal, such remuneration, whether by way of honorarium, salary or fees, and such allowances as the *Minister* may determine.
- (ix) The decisions of the Tribunal shall be by a majority of votes of the members.
- (x) The Tribunal shall regulate its own proceedings.

*Condition 33: Notices*

1. Notices, orders and other documents under this Licence may be in writing or in print or in electronic format (permitting confirmation of receipt) and shall, if served on:
  - (a) *the Office*, be addressed to:  
The Director General; and
  - (b) the Licensee, be addressed to:  
The Managing Directorat the address, facsimile and email addresses communicated by the respective parties to each other from time to time.
2. Any notice, order or document required or authorized to be served upon any body or person under this Licence may be served by the same being addressed to such body or person and being left at or transmitted by electronic mail or facsimile or by registered post to the address of such body or to the usual or last known place of abode of such person. If served by post it shall be deemed to have been served at the time when the containing letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that such letter was properly addressed, registered and put into the post. If served by electronic mail or facsimile it shall be deemed to have been served when the electronic mail or facsimile shall have been transmitted by the sender.

SCHEDULE 1  
Guaranteed Standards

Code	Description	Performance Measure	Units	Apr. 2001– Dec. 2002 (Inclusive) Standard	Jan. 2002– Dec. 2002 (Inclusive) Standard
EGS1	Connection to supply (simple) connection point within 30 meters	a) Supply and meter already installed b) Service drop and meter to be installed	Working Days	4 5	4
EGS2	Connection to supply (complex) connection point between 30 and 250 meters	a) Supply within 30 to 100 meters: i) provide works estimate ii) complete construction—after customer acceptance of estimate b) Supply between 100 and 250 meters i) provide works estimate ii) complete construction—after customer acceptance of estimate	Working Days	10 30 15 40	10 30 15 40
EGS3	Response to emergency and service calls (single events affecting the distribution system)	Maximum time to restore supply to all affected customers	Hours	6	6
EGS4	Billing punctuality	Time for first bill to be mailed after service connection	Working Days	30	30
EGS5	Response to customers' queries (including metering queries)	Time to acknowledge inquiry after receipt: a) Maximum time to complete investigation and communicate final position. Time begins to run from receipt of enquiry. b) Maximum time to complete investigation and communicate final position. Time begins to run after 3rd party action is complete if 3rd party is involved (e.g. Insurance claim)	Working Days	5 30 60	4 24 60
EGS6	Reconnection after payment of overdue amounts or agreement on payment schedule	Maximum time to restore supply after payment is made: a) Urban b) Rural	Working Days	1 2	1 2
EGS7	Receipts of compensation payments	Maximum time to respond to a claim for compensatory payment	Days	45	45

SCHEDULE 1, *contd.*

## Compensatory Payments

1. The Licensee shall, in those instances that a *Guaranteed Standard* is breached, make payments for each breach to each affected customer as follows:
  - (1) Residential — \$150.00
  - (2) Industrial/Commercial — \$750.00
2. For each period that the compensatory payment remains outstanding, the Licensee shall make additional payments of the same amount for each succeeding period provided that maximum exposure of the Licensee for such payments shall not exceed four periods.
3. Compensatory payments are to be credited to customers' bills as a separate line item—  
"Credit for Breach of *Guaranteed Standard*"
5. *Guaranteed Standards* will not be in effect during a period of *Force Majeure*.

SCHEDULE 2  
OVERALL STANDARDS

Code	Standard	Units	Apr. 2001– Dec. 2001 (Inclusive)	Jan. 2002– Dec. 2002 (Inclusive) standard
EOS1	Minimum notice of 48 hours prior notice of planned outages.	Percentage (%) of planned outages for which at least forty-eight (48) hours advance notice is provided.	100%	100%
EOS2	Percentage of line faults repaired within a specified period of the fault being reported.	Urban: 48 hours Rural: 96 hours	100% 100%	100% 100%
EOS3	Number of complaints to JPS.	Total telephone and written complaints per 10,000 customers per annum.	245	230
EOS4	Average number of customer minutes lost per customer.	Average minutes lost per customer per annum.	324	275
EOS5	Total number of customer minutes lost split into: — generation — transmission — distribution	Total customer minutes lost per annum allocated between the Licensee's main areas operation.	000 29,872 61,109 70,563	T.B.A.* at Adjustment Date
EOS6	Total system losses (difference between energy generated and energy for which revenue is received).	System losses as a percentage of total energy delivered to customers.	15.8%	T.B.A.* at Adjustment Date
EOS7	Frequency of meter reading.	Percentage of meters read within time specified in the Licensee's billing cycle (currently, monthly for non-domestic customers and bi-monthly for domestic customers).	99%	99%
EOS8 (a)	Frequency of meter testing.	Percentage of rates 40 and 50 customers meters tested for accuracy annually.	50%	50%
EOS8 (b)	Frequency of meter testing.	Percentage of other rate categories of customer meters tested for accuracy annually.	20%	25%
EOS9	Billing punctuality.	98% of all bills to be mailed within a specified time after meter is read.	6 Working days	5 Working days
EOS10	Restoration after unplanned (forced) outages on the distribution system.	Percentage of customer's supplies to be restored within 24 hours of forced outages in both Rural and Urban areas.	98%	98%

Standards will not be in effect during period of *Force Majeure*.

\* To be agreed.

SCHEDULE 3  
PRICE CONTROLS

1. In this Schedule:

"*Adjustment date*" means the date for the implementation of the annual adjustment of tariffs using the Performance Based Rate-making mechanism (PBRM).

"*Test year*" shall comprise the latest twelve months of operation for which there are audited accounts and the results of the test year adjusted to reflect:

- (i) Normal operational conditions, if necessary;
- (ii) Such changes in revenues and costs as are known and measurable with reasonable accuracy at the time of filing and which will become effective within twelve months of the time of filing. Costs, as used in this paragraph, shall include depreciation in relation to plant in service during the last month of the test period at the rates of depreciation specified in the Schedule to this Licence. Extraordinary or Exceptional items as defined by The Institute of Chartered Accountants of Jamaica shall be apportioned over a reasonable number of years not exceeding five years; and
- (iii) Such changes in accounting principles as may be recommended by the independent auditors of the Licensee.

"*Rate Base*" means the value of the net investment in the licensed business. The *Rate Base* shall be calculated on the net electric system investment made by the Licensee at the time the rates are being set and shall include net investment made by the Licensee in the generation, transmission and distribution and general plant assets. The *Rate Base* shall include appropriate rate-making adjustments to take into account known and measurable changes in the plant investment base and shall be increased or reduced by any positive or negative working capital requirement that may exist at such time. Working capital shall include, among other things, the cost of an appropriate level of fuel which is held in inventory, cost of appropriate levels of other inventories and an appropriate percentage of annual non-fuel operating expenses less any appropriate offsets.

2. Rates for Electric Power

(A) The rates for electric power shall consist of the following components:

- (i) A Non-Fuel Base Rate ("Non-Fuel Base Rate") which is adjusted annually by a component to incorporate a PBRM.
- (ii) A Fuel Rate which is adjusted monthly to reflect fluctuations in fuel costs.
- (iii) Both (i) and (ii) above are adjusted monthly to account for movements in the monetary exchange rate between the US Dollar and Jamaican Dollar.
- (iv) Other extraordinary costs related to Government imposed obligations.

(B) Initial Non-Fuel Rates from the Effective Date through May 31, 2004

Prices will be controlled and fixed by the tariff regime which effective February 1, 2001; with the proviso that—

- (i) the Office will annually review the efficiency levels (system losses and heat rate) and where appropriate adjust these in the tariff.
- (ii) The Licensee co-operates with the Office to conduct a cost of service study, the results of which will form the basis for rebalancing the tariffs in order to remove cross subsidies across rate classes.

(C) Rates Post May 31, 2004

**Non-Fuel Base Rate:** The Licensee shall submit a filing with the Office no later than March 1, 2004 and thereafter on each succeeding fifth anniversary, with an application for the recalculation of the Non-Fuel Base Rates. The new Non-Fuel Base Rate will become effective ninety (90) days after acceptance of the filing by the Office. This filing shall include an annual non-fuel revenue requirement calculation and specific rate schedules by customer class. The revenue requirement shall be based on a test year in which the new rates will be in effect and shall include efficient non-fuel operating costs, depreciation expenses, taxes, and a fair return on investment. The components of the revenue requirement which are ultimately approved for inclusion will be those which are determined by the Office to be prudently incurred and in conformance with the OUR Act, the Electric Lighting Act and subsequent implementing rules and regulations. The revenue requirement shall be calculated using the following formula unless such formula is modified in accordance with the rules and regulations prescribed by the Office.

Non-Fuel Revenue Requirement = non-fuel operating costs + depreciation + taxes + return on investment, with the component defined as follows:

**Non-fuel operating costs:** All prudently incurred costs which are not directly associated with investment in capital plant, other operating costs shall include, but not be limited to: salaries and other costs related to employees; operating costs of generation, transmission and distribution and supply facilities; interest costs on other borrowings not associated with capital investment, if applicable; rents and leases on property associated with the *Licensed Business*; taxes which the Licensee is required to pay other than income taxes of the Licensee; and other costs which are determined to be reasonably incurred in connection with the *Licensed Business*.

SCHEDULE 3, *contd.*

**Depreciation:** The depreciation component will be calculated by applying annual depreciation rates, as provided at Schedule 4, to the gross value of the individual plant asset accounts.

**Taxes:** Taxes which are calculated based on the net income of the Licensee (Income Taxes) and payable to the Government of Jamaica shall be a component of the revenue requirement. Loss carry-forwards and any incentives to encourage capital investments are not included in the calculation of income taxes.

**Return on Investment:** This component is calculated based on the approved Rate Base of the Licensee and the required rate of return which allows the Licensee the opportunity to earn a return sufficient to provide for the requirements of consumers and acquire new investments at competitive costs. *The Office* shall determine a working capital component of the Rate Base.

The Licensee shall provide schedules that support these specific operating costs, depreciation expenses, and taxes. The return on investment shall be calculated by multiplying the allowed rate-of-return by the Licensee's total investment base (rate Base) for the test year. The allowed rate of return is the Licensee's Weighted Average Cost of Capital (WACC). The WACC ("K%") will balance the interests of both consumers and investors and be commensurate with returns in other enterprises having corresponding risks which will assure confidence in the financial integrity of the enterprise so as to maintain its credit and to attract capital. The WACC will be based on the actual capital structure or an appropriately adjusted capital structure which adjustment is required to keep parity of the interests of the consumers and investors and at the time of the filing such capital structure and WACC shall be adjusted by any known and measurable changes which are expected to occur during the test year.

$$\text{Return on Investment} = K\% * (\text{Rate Base})$$

## 3. Rate Review Process

- (A) The Licensee shall file with *the Office* proposed rates schedules and shall demonstrate that the non-fuel rates proposed for the various rate categories will generate the non-fuel revenue requirement for the test year.

*The Office* shall accept such filing within ten (10) working days following certified delivery of the filing with the Office unless the filing is clearly deficient to the extent that it will not allow the complete evaluation of the Licensee's application including the proposed rates schedules. If the Office determines that the filing is deficient it shall reject such filing within the said ten working days and shall notify the Licensee clearly identifying the deficiencies.

Upon acceptance of the rate filing *the Office* shall initiate a rate proceeding to conduct its review of the Licensee's proposed rates in which *the Office* shall have full discretion to accept, modify or reject the proposed rates. *The Office* shall have the full discretion to determine the format and procedure at such proceedings and in making its decision shall observe reasonable standards of procedural fairness and the rules of natural justice and act in a timely manner. The Office's review shall consist of an evaluation of the non-fuel revenue requirement including prudent operating costs, depreciation expenses, taxes and a return on investment.

In the absence of an order from the Office upon the expiry of ninety (90) days after acceptance of the filing by the Licensee—

- (a) rejecting the rates proposed by the Licensee on the merits;
- (b) approving the rates proposed by the Licensee; OR

if *the Office* issues an order rejecting or modifying any portion of the Licensee's proposed rates, then upon the occurrence of any of the said events, the Licensee may refer the matter to the Appeal Tribunal as established under Condition 32 to finally settle and the parties hereby consent to and agree to be bound by the decision of the Tribunal.

The decision of the Tribunal shall become effective on the day of the Tribunal's ruling.

- (B) The Licensee shall submit to the Office no later than September 1, 2003, and every succeeding five (5) years thereafter, a proposal for new baseline values for the performance indicators contained in the Performance Based Rate-making Mechanism, the first of which shall become effective simultaneously with the Non-fuel Base Rate. The Licensee shall also have the option of proposing new performance indicators or mechanisms for *the Office's* consideration. Upon receipt of any such proposal, *the Office* shall conduct a review of the Licensee's proposed performance indicators or mechanisms and shall have the full discretion to accept, modify, reject or order the implementation of alternative performance indicators or mechanisms; provided, however, that any Performance Based Rate-making Mechanism shall include (I) an applicable price index (including, if necessary, a factor thereof) which serves as a reasonable proxy index for the measurement of the periodic change in the Licensee's non-fuel costs, and (II) a performance-based discount factor which rewards or penalizes the Licensee (as the case may be). The filing to support the application for a new PBRM will include:

- audited financial report for the *Licensed Business* for the most recent financial year;
- a proposed X-factor for the next five-year period including a total factor productivity study used in determining the appropriate level of the X-factor;
- a report on the quality of service provided by the Licensee during the previous five-year period;
- proposed revisions to any of the components of the PBRM with justifications;
- other things specified.

SCHEDULE 3, *contd.*

- (C) The Non-Fuel Base Rate shall be capped under the Performance Based Rate-making Mechanism described in paragraph (b) above.
- (D) Fuel Rate Adjustment Mechanism: The Licensee shall apply the Fuel rate Adjustment Mechanism that is in force on the date of this Licence. The Fuel Cost Mechanism that is in force on the date of this Licence is described in Exhibit 2.

The Licensee shall include with its filing schedules giving the distribution of the fuel cost across the rate categories.

#### 4. Annual Performance-Based Rate-making Filings for Electric Tariffs

The process to be used by *the Office* in the implementation and management of the incentive regulation process is set out in detail in Exhibit 1. The specific factors to be used in the incentive mechanism will be determined by *the Office* after consultation with the Licensee and set out in rules pursuant to the provisions of the OUR Act and the ELA.

The Licensee shall make annual filings to *the Office* at least sixty days prior to the Adjustment Date. These filings shall include the support for the performance indices, the CPI indices, and the proposed Non-Fuel Base Rates for electricity, and other information as may be necessary to support such filings. The annual data for the performance indices will be reflective of the twelve (12) months ending sixty (60) days prior to the Adjustment Date. In the absence of an order from the Office upon the expiry of sixty (60) days of the filing by the Licensee—

- (a) rejecting the rates proposed by the Licensee on the merits;
- (b) approving the rates proposed by the Licensee; OR

if *the Office* issues an order rejecting or modifying any portion of the Licensee's proposed rates, then upon the occurrence of any of the said events, the Licensee may refer the matter to the Appeal Tribunal as established under Condition 32 to finally settle and the parties hereby agree to be bound by the decision of the Tribunal.

In the event that the Tribunal rules in favour of the Licensee in any of the three events the decision of the Tribunal shall become effective on the day of the Tribunal's ruling.

#### 5. Government Imposed Obligations

##### 1. In this Section:

"Government Imposed Obligation" means any obligation imposed by the Government or its agencies on the Licensee, after the date of this Licence, in the areas of—

- environmental standards, laws and regulations
- licence fees
- taxes other than general income, corporate or general consumption tax
- any condition that applies specifically to the Licensed Business

2. A Government Imposed Obligation shall be deemed to be material only if the annual incremental costs or savings to the Licensee that result therefrom amount to at least \$10 million adjusted annually for Jamaican inflation from the date of this Licence.
3. The Licensee may file, with the Office, a proposal to apply a surcharge as a result of the effects of a Government Imposed Obligation which is deemed to be material. This proposal will be subject to notice and protest, including prudence review. The Licensee shall provide with such proposals, a detailed explanation of the need for the surcharge. Such details shall include a demonstration that the Government Imposed Obligation is material and is known, measurable, reasonable, prudently incurred, mitigated and the cost for which a surcharge is being requested and arises solely from the Government Imposed Obligation. The Licensee shall not apply any surcharge in respect of Government Imposed Obligation without the approval of the Office.
4. The Licensee shall on its own volition or when directed to do so by the Office file a proposal for a refund to its customers the amounts equal to the value of any savings resulting from a Government Imposed Obligation which is deemed to be material. The procedure to be followed shall be analogous to that used in applying for the imposition of surcharge resulting from a Government Imposed Obligation.
5. The Licensee shall submit, with its filing for the annual adjustment or at the end of any surcharge period, whichever is appropriate, a report reconciling the surcharge and the actual costs relating to Government Imposed Obligation. In the event that amounts obtained through the said surcharges exceed the said actual costs incurred, the Licensee shall refund to its customers such excess amounts, adjusted for interest. The Licensee shall file a report of refunds with the Office giving details of the distribution of the refunds to its customers within 30 days of filing the reconciliation report.
6. In the event that the amounts obtained through the surcharge is less than the actual costs incurred by the Licensee as a result of the Government Imposed Obligation, the Licensee shall be allowed to recover such amounts from its customers. It shall file a report with the Office, giving details of the shortfall and the recovery mechanism, for approval.

#### EXHIBIT 1

##### Performance Based Rate-making Mechanism

##### Annual Growth Rate for Non-Fuel Base Rates

The Non-Fuel Base Rate for each customer class shall be adjusted on an annual basis, commencing June 1, 2004, (*Adjustment Date*), pursuant to the following formula:

$$ABNF_y = ABNF_{y-1} (1 + dPCI)$$

SCHEDULE 3, *contd.*

where:

ABNF <sub>y</sub>	=	Adjusted Non-Fuel Base Rate for Year "y".
ABNF <sub>y-1</sub>	=	Non-Fuel Base Rate prior to adjustment
DPCI	=	Annual rate of change in non-fuel electricity prices as defined below
PCI	=	Non-fuel Electricity Pricing Index

The annual Performance-Based Rate-Making (PBRM) filing will follow the general framework where the annual rate of change in non-fuel electricity prices (dPCI) will be determined through the following formula:

$$dPCI = dI \pm X \pm Q \pm Z$$

where:

dI	=	the annual growth rate in an inflation and devaluation measure;
X	=	the offset to inflation (annual real price increase or decrease) resulting from productivity changes in the electricity industry;
Q	=	the allowed price adjustment to reflect changes in the quality of service provided to the customers; and,
Z	=	the allowed rate of price adjustment for special reasons not captured by the other elements of the formula.

Each of these essential components of the PBRM framework is described below.

**Annual Rate of Change of Electricity Prices (dPCI)** is the annual rate of change that will be applied to the average non-fuel (\$/k Wh) price of electricity to all consumers.

**Annual Inflation Growth Rate (dI)** represents the changes in the value of the Jamaican Dollar against the US Dollar and the inflation in the cost of providing electricity products and services. Specifically, dI is set as:

$$dI = [0.6 * (EX_y - EX_b)/EX_b + 0.6 * \{0.6 * (USI_{y-1} - USI_{y-2})/USI_{y-2}\} + 0.4 * (Jal_{y-1} - Jal_{y-2})/Jal_{y-2}] +$$

where:

EX <sub>y</sub>	=	Applicable US Foreign Exchange Rate at <i>Adjustment Date</i>
EX <sub>B</sub>	=	US Base Exchange Rate
USI <sub>y-1</sub>	=	An agreed US inflation index as at 60 days prior to the <i>Adjustment Date</i>
USI <sub>y-2</sub>	=	An agreed US inflation index one year prior to the date used for USI <sub>y-1</sub>
Jal <sub>y-1</sub>	=	Jamaican inflation index as at 60 days prior to the <i>Adjustment Date</i>
Jal <sub>y-2</sub>	=	Jamaican inflation index one year prior to the date used for Jal <sub>y-1</sub>

#### Annual X Factor Offset to Inflation

The X-Factor is based on the expected productivity gains of the *Licensed Business*. The X-Factor is to be set to equal the difference in the expected total factor productivity growth of the *Licensed Business* and the general total factor productivity growth of firms whose price index of outputs reflect the price escalation measure "dI".

#### Allowed (Q-Factor) Price Escalation Reflecting Changes in Quality of Service

The Q-factor adjusts the annual escalation rate to reflect changes in the quality of service provided to customers by the Licensee. The Q-factor will be a symmetrical adjustment to the PCI. A benchmark level will be determined for each specified service component.

#### Allowed (Z-Factor) Price Escalation Reflecting Special Circumstances

The Z-factor is the allowed percentage increase in the price cap index due to events that:

- a) affect the Licensee's costs;
- b) are not due to the Licensee's managerial decisions; and
- c) are not captured by the other elements of the price cap mechanism.

This will include the *Government Imposed Obligations* specified in Section 5 of Schedule 3.

#### EXHIBIT 2

##### Fuel Cost Adjustment Mechanism

The cost of fuel per kilo-watt hour (net of efficiencies) shall be calculated each month on the basis of the total fuel computed to have been consumed by the Licensee and Independent Power Producers (IPPs) in the production of electricity as well as the Licensee's generating heat rate as determined by the *Office* at the adjustment date and the IPPs generating heat rate as per contract with the IPPs and system losses, as determined by the *Office* at the adjustment date of total net generation (the Licensee and IPPs).

The fuel cost portion of the monthly bill computed under the appropriate rate schedule will be calculated in the following manner:

$$F = F_m / S_m$$

Where:

- Billing Period = The billing month during the effective period for which the adjusted fuel rates will be in effect as determined by the Office.
- F = Monthly Adjustment Fuel Rate in J\$ per kWh rounded to the nearest one-hundredth of a cent applicable to bills rendered during the current Billing Period.
- $F_m$  = Total applicable energy cost for period

The total applicable energy cost for the period is:

- the cost of fuel adjusted for the determined heat rate and system losses and which fuel is consumed in the Licensee's generating units or burned in generating units on behalf of the Licensee for the calendar month which ended one month prior to the first day of the billing period plus;
- the fuel portion of the cost of purchased power (including IPPs), adjusted for the determined system losses, for the calendar month which ended one month prior to the first day of the billing period; and
- an amount to correct for the over-recovery or under-recovery of total reasonable and prudent fuel costs, such amount shall be determined as the difference between fuel costs billed, using estimated fuel costs, and actual reasonable and prudent fuel costs incurred during the month which ended one month prior to the first day of the billing period.

$S_m$  = the kWh sales in the Billing Period.

The kWh sales in the billing period is the actual kWh sales occurring in the billing period which ended one month prior to the first day of the applicable billing period.

The Fuel Rate Adjustment including the Schedule for application of the fuel charge to each rate class, shall be submitted by the Licensee to the Office ten (10) days prior to the end of the month just preceding the applicable billing month and shall become effective on the first billing cycle on the applicable billing month.

#### EXHIBIT 3

##### Adjustment for Foreign Exchange Variations

The total tariff, including the Non-Fuel Based Tariff, the Base Fuel Tariff, tariff adjustments for fuel cost variations and tariff adjustments under the Performance Based Related Mechanism) will be adjusted for all consumer classes on a monthly basis using the following adjustment mechanism.

$$\text{Tariff}_m = \text{Tariff}_b * [1 + .75 * (\text{EXC}_{m-1} - \text{EXC}_b) / \text{EXC}_b]$$

where:

- $\text{Tariff}_m$  = Adjusted tariff for the month
- $\text{Tariff}_b$  = Unadjusted tariff for the month
- $\text{EXC}_{m-1}$  = The Exchange Rate which is shown on the face of the bill that is the arithmetic mean of the daily weighted average of rates at which financial institutions in Jamaica sell United States dollars for Jamaican Dollars on the Spot Market (the "Spot Market Weighted Average Selling Rate") issued by the Bank of Jamaica for the month, two months preceding the month of billing. If no such rate is issued on any particular day by the Bank of Jamaica or, if the current system for determining the rate at which United States Dollars are exchanged for Jamaican Dollars shall have changed then, for the purpose of this provision, the rate for each such day shall be the weighted average of the rates at which Commercial Banks in Jamaica sell United States Dollars for Jamaican Dollars on each such day as determined by the Licensee. Where the billing period exceeds one month, that rate shall be the arithmetic mean of the monthly average exchange rates determined in accordance with the foregoing.
- $\text{EXC}_b$  = Base exchange rate for Jamaican Dollars into United States Dollars.

The Licensee shall file all necessary information in support of the exchange rate adjustment with the Office five (5) days prior to the beginning of the month for which such adjustment will take effect.

The base exchange rate may be changed from time to time after consultation between the Office and the Licensee.

SCHEDULE 4  
SCHEDULE OF RATES FOR DEPRECIATION

		Depreciable Lives (Yrs.)
<b>Steam Production Plant:</b>	4%	25
<b>Hydraulic Production Plant:</b>		
	Civil Works	2% 50
	Mechanical and Electrical Equipment	2.86% 35
	Roads and Bridges	2.5% 40
<b>Other Production Plant:</b>		
	Civil Works	2.5% 40
	Mechanical, Electrical and Accessory Equipment	4% or 5% 25 or 20
<b>Transmission Plant:</b>	4%	25
<b>Distribution Plant:</b>		
	Overhead and Underground Lines	3.33% 30
	Structures	3.33% 30
	Other Equipment	4% 25
<b>General Plant:</b>		
	Structures	2% 50
	Transport Equipment	14.3% 7
	Tools and Laboratory Equipment	4% 25
	Office and Stores Furniture and Equipment	5% 20
	Communications and Other Equipment	6.65% 15

SCHEDULE 4, *contd.*

## (EXPANDED) SCHEDULE OF RATE FOR DEPRECIATION AND RELATED DEPRECIABLE LIVES

Jamaica Public Service Company Limited Fixed Assets Detail for Power Generation STEAM PRODUCTION PLANT			
Retirement Units	% of Total Asset	Est. Life (Yrs.)	W. Avg. Life
<b>BOILER</b>			
	36.9%		
Boiler Structure	5.5%	40	2.2
<b>Fans and Air Supply Systems:</b>			
Forced Draft Fan	3.0%	25	0.7
Service and Instrument Air System	1.1%	15	0.2
Balance of System	1.5%	25	0.4
Air Heaters	3.7	15	0.6
Commission Systems	3.7%	15	0.6
<b>Furnace Components:</b>			
Upper Drum	5.2%	35	1.8
Lower Drum	3.3%	35	1.2
Boiler Bank	1.1%	15	0.2
Superheater tubes and headers	0.8%	6	0.0
Sidewall tubes and headers	0.7%	15	0.1
Roof Floor and Frontwall tubes	0.7%	15	0.1
Main steam pipe and Stop Valve	1.1%	25	0.3
Boiler Controls	1.4%	10	0.1
Soot Blower System	2.2%	6	0.1
Balance of Plant	1.8%	25	0.5
<b>FUEL SYSTEMS</b>			
	2.1%		
Fuel Oil Systems	2.1%	10	0.2
<b>TURBINE GENERATOR</b>			
	21.1%		
<b>Turbine</b>			
Mark V control system	0.2%	10	0.0
Governor	1.1%	15	0.2
Turbine Casing	4.0%	35	1.4
Rotor	5.3%	35	1.8
Nozzles and Diaphragms	3.2%	15	0.5
Main Valves	0.1%	25	0.0
Bearings (Thrust and Journal)	0.2%	5	0.0
Balance of Plant	0.3%	25	0.1
<b>Generator</b>			
Stator	2.8%	35	1.0
Rotor	2.4%	35	0.8
Excitation System	0.5%	35	0.1
Ex2000 Controls	0.2%	20	0.0
Hydrogen System	0.6%	10	0.1
Lubrication System	0.2%	25	0.1
<b>Cooling Water System</b>			
	4.2%		
Condenser	0.55%	15	0.1
CW Pumps and accessories	1.10%	20	0.2
Topprogge System	0.55%	15	0.1
Heat Exchangers	1.10%	25	0.3
Balance of Plant	0.93%	25	0.2
<b>FEEDWATER SYSTEM</b>			
	4.2%		
Boiler Feed Pump and Accessories	0.67%	20	0.1
Hotwell Pumps and Accessories	0.38%	20	0.1
Feedwater Heaters and Accessories	2.19%	10	0.2
Balance of Plant	0.97%	25	0.2

SCHEDULE 4, <i>contd.</i>			
(EXPANDED) SCHEDULE OF RATE FOR DEPRECIATION AND RELATED DEPRECIABLE LIVES, <i>contd.</i>			
ELECTRICAL SYSTEMS	14.8%		
Main Step-up Transformer	2.2%	25	0.6
Auxiliary Step-down Transformer	1.0%	25	0.2
Motor Control Center	3.2%	15	0.5
Protection and Instrument Equipment	3.3%	15	0.5
Breakers and Switchgear	3.0%	25	0.7
Balance of Plant	2.1%	25	0.5
PPMCS	6.3%	6	0.4
STRUCTURE AND IMPROV.	10.4%		
Foundations for Plant	8.9%	50	4.4
Cranes and other equipment	1.1%	25	0.3
Fire Protection System	0.5%	10	0.0
AVERAGE LIFE	100.0%		25
AVERAGE DEPRECIATION RATE			4.0%

JAMAICA PUBLIC SERVICE COMPANY LIMITED  
FIXED ASSETS DETAIL FOR POWER GENERATION  
Hydraulic Production Plant

Retirement Units	% of Total Asset	Est. Life (Yrs.)	W. Avg. Life
<b>CIVIL WORKS</b>	<b>41.3%</b>		
Infrastructure			
Access Roads	2%	40	0.8
Weir	2%	50	1.0
Canals	28%	50	13.9
Head Pond	2%	50	1.0
Penstock	2%	50	1.0
Power House	6%	50	2.9
<b>MECHANICAL WORKS</b>	<b>36.5%</b>		
Mechanical Equipment			
Penstock Manifold	17%	25	4.3
Turbine governor	17%	25	4.3
Auxillary Equipment	2%	20	0.4
<b>ELECTRICAL EQUIPMENT</b>	<b>18.3%</b>		
Generator			
Rotor	4%	30	1.1
Stator	4%	30	1.1
Casing	3%	30	0.8
Accessories	2%	25	0.5
Transformer	4%	25	0.9
Switchgear and electrics	3%	25	0.7
<b>INSTRUMENT AND CONTROL</b>	<b>3.9%</b>		
Instrument	4%	15	0.6
<b>AVERAGE LIFE</b>	<b>100.0%</b>		<b>35</b>
<b>AVERAGE DEPRECIATION RATE</b>			<b>2.8%</b>

JAMAICA PUBLIC SERVICE COMPANY LIMITED  
FIXED ASSETS DETAIL FOR POWER GENERATION  
Other Production Plant (Diesel Plant)

Retirement Units	% of Total Asset	Est. Life (Yrs.)	W. Avg. Life
<b>BARGE STRUCTURE</b>	<b>18.18%</b>		
Hull Structure			
Steel Hull	13%	25	3.2
Foundations for Plant	4%	50	1.9
Cranes and other equipment	1%	10	0.1
<b>ENGINE</b>	<b>40%</b>		
Engine Block and Components			
Engine Block	9%	30	2.8
Cylinder Liner Sets	1%	5	0.1
Pistons, Crowns, Crank Shaft	4%	25	1.1
Cooling Water System	2%	20	0.4
Fuel Oil System	4%	15	0.6
Lube Oil System	2%	15	0.3
Turbocharging System	4%	10	0.4
Starting System	0%	25	0.1
Balance of Plant	14%	25	3.5
<b>GENERATOR AND ACC.</b>	<b>16%</b>		
Excitation System	1%	20	0.3
Rotor	4%	30	1.1
Stator	4%	30	1.1
Casing	2%	30	0.5
Balance of Plant	6%	25	1.4
<b>ELECTRICAL SYSTEMS</b>	<b>15%</b>		
Main transformer and Aux.	2%	25	0.4
Switchgear and electrics	7%	25	1.8
Motor Control Center	2%	15	0.3
Balance of Plant	4%	25	0.9
<b>INSTRUMENT AND CONTROL</b>	<b>2%</b>		
PPMS and Instruments	2%	10	0.2
<b>STEAM GENERATING SYSTEM</b>	<b>9%</b>		
Aux. Boiler	4%	25	1.1
Economizer	2%	25	0.5
Balance of Plant	2%	25	0.5
<b>AVERAGE LIFE</b>			<b>25</b>
<b>AVERAGE DEPRECIATION RATE</b>			<b>4.0%</b>

**JAMAICA PUBLIC SERVICE COMPANY LIMITED**  
**FIXED ASSETS DETAIL FOR POWER GENERATION**  
**Other Production Plant (GT)**

Retirement Units	% of Total Asset	Est. Life (Yrs.)	W. Avg. Life
<b>ENGINE</b>	<b>43.2%</b>		
Air Intake and Compressor System	19%	25	2.5
Turbine			
Stationary Blades	3%	10	0.3
Rotor Blades	5%	10	0.5
Rotor Shaft	3%	30	1.0
Casing	3%	30	1.0
Fuel and other Auxiliaries	6%	20	1.3
Combustion Chamber	12%	15	1.7
<b>GENERATOR AND ACC.</b>	<b>19.7%</b>		
Excitation System	2%	20	0.5
Rotor	5%	30	1.4
Stator	7%	10	2.2
Casing	5%	30	1.4
Balance of Plant	1%	20	0.1
<b>ELECTRICAL SYSTEMS</b>	<b>17.0%</b>		
Stepup Transformer	3%	25	0.6
Switchgear and electrics	4%	25	1.1
Motor Control Center	4%	15	0.6
Balance of Plant	6%	25	.5
<b>INSTRUMENT AND CONTROL</b>	<b>7.7%</b>		
Instrument and Controls	8%	10	0.8
<b>STRUCTURES AND IMPROV.</b>	<b>12.4%</b>		
Foundations for Plant	11%	50	5.3
Cranes and other equipment	1%	25	0.3
Fire Protection System	1%	10	0.1
<b>AVERAGE LIFE</b>			<b>24</b>
<b>AVERAGE DEPRECIATION RATE</b>			<b>4.2%</b>

JAMAICA PUBLIC SERVICE COMPANY LIMITED  
FIXED ASSETS DETAIL FOR HIGH VOLTAGE SUBSTATION  
Transmission Plant

Retirement Units	% of Total Asset	Est. Life (Yrs.)	W. Avg. Life
<b>STATION EQUIPMENT</b>	<b>38.2%</b>		
High Voltage Bus Bard 138/69 kV			
138 kV Line Breakers	1.18%	20	0.2
69 kV Line Breakers	0.75%	20	0.1
High Voltage Breakers	0.75%	20	0.1
Buswork	1.36%	20	0.4
Support Structures	3.39%	30	1.0
Manholes	0.01%	30	0.0
Instrument Transformers	0.16%	20	0.0
138 kV Disconnect Switches	0.32%	20	0.1
69 kV Disconnect Switches	0.24%	20	0.0
Power and Control Cables	0.79%	20	0.2
<b>Power Transformer</b>			
60/80 MVA Power Transformer	18.08%	20	3.6
25/33 MVA Power Transformer	9.04%	20	1.8
138 kV Lighting Arresters	0.05%	15	0.0
69 kV Lighting Arresters	0.02%	15	0.0
Grounding Transformer	2.09%	20	0.4
<b>GENERATING PLANT</b>	<b>60.1%</b>		
Station Grounding and Shielding	0.57%	25	0.1
Station Auxiliary Supplies	0.42%	15	0.1
Automatic Transfer Switch	0.02%	15	0.0
Station Control Panel	0.41%	15	
Line Protection Panel	0.57%	15	0.1
Bus Protection Panel	0.95%	15	0.1
Transformer Protection Panel	0.59%	15	0.1
Capacitors and Accessories	0.14%	20	0.0
Relay House	56.51%	20	17.0
<b>STRUCTURES AND IMPROVEMENTS</b>	<b>1.0%</b>		
Lighting System	0.02%	5	0.0
A/C Unit	0.10%	5	0.0
Fence	0.88%	15	0.1
Fire Alarm System	0.01%	5	0.0
<b>COMMUNICATION</b>	<b>0.64%</b>		
RTU Panel	0.34%	15	0.1
48 V dc Battery and Charger	0.9%	15	0.0
Wave Trap	0.15%	15	0.0
Coupling Capacitor Potential Device	0.06%	15	0.0
<b>AVERAGE LIFE</b>			<b>25.0</b>
<b>AVERAGE DEPRECIATION RATE</b>			<b>4.0%</b>

## JAMAICA PUBLIC SERVICE COMPANY LIMITED

## FIXED ASSETS DETAIL FOR DISTRIBUTION PLANT

## Distribution Feeders

Retirement Units	Sub-Components	Est. Life (Yrs.)
Main Trunk	Structural Support (3 phase—poles and guys	30.00
	Crossarms, Insulator, conductor, grounding	30.00
	Capacitor	30.00
Primary Lateral	Main Line Switches	30.00
	Structural Support (1, 2, 3 phase—poles and guys	30.00
	Crossarms, Insulator, conductor, grounding	20.00
Sub-Lateral (primary)	Dropout switches	30.00
	Structural Support (1, 2, 3 phase—poles and guys	30.00
	Crossarms, Insulator, conductor, grounding	30.00
	Dropout switches	30.00
	(primary from a primary)	
Secondary Distribution	Structural Support (poles and guys)	30.00
	Crossarms, Insulator, conductor, grounding	30.00
	Transformer (polemounted, protection)	30.00
Metering	110 220 meters	30.00
	3 ph. meters	30.00
	Demand meters	30.00
Installation on customer premises	Pad-mounted transformer	30.00
	Underground system (cable, terminations, protection)	30.00
Services	Service wires	30.00
Street Light		30.00

Depreciation Rate approximately 3.33%

JAMAICA PUBLIC SERVICE COMPANY LIMITED  
FIXED ASSETS DETAIL FOR DISTRIBUTION PLANT  
Low Voltage Substation

Retirement Units	% of Total Asset	Est. Life (Yrs.)	W> Avg. Life
<b>STATION EQUIPMENT</b>	<b>7.78%</b>		
<b>Low Voltage Bus Bar 24/13.8/12 kV</b>			
Line Reclosers	0.69%	20	0.1
Low Voltage Circuit Breakers	1.04%	20	0.2
Buswork	1.38%	30	0.4
Support Structures	1.56%	30	0.5
Manholes	0.02%	30	0.0
Low Voltage Grounding Transformer	1.66%	25	0.4
Current Transformer	0.03%	20	0.0
Potential Transformer	0.03%	20	0.0
Disconnect Switches	0.12%	20	0.0
Lighting Arresters	0.06%	15	0.0
Power and Control Cables	1.21%	20	0.2
<b>GENERAL PLANT</b>	<b>89.7%</b>		
Station Grounding and Shielding	0.86%	25	0.2
Auxiliary Station Supplies	0.72%	15	0.1
Station Control Panel	0.62%	15	0.1
Line Protection Panel	0.86%	15	0.1
Capacitors and Accessories	0.21%	20	0.0
Relay House	86.42%	30	25.0
<b>STRUCTURES AND IMPROVEMENTS</b>	<b>1.54%</b>		
Lighting System	0.02%	5	0.0
A/C Unit	0.16%	5	0.0
Fence	1.35%	15	0.2
Fire Alarm System	0.1%	5	0.0
<b>COMMUNICATION</b>	<b>1.0%</b>		
RTU Panel	0.5%	15	0.1
48 V dc Battery and Charger	0.1%	4	0.0
Wave Trap	0.2%	6.5	0.0
Coupling Capacitor Potential Device	0.1%	2.8	0.0
<b>AVERAGE LIFE</b>			<b>29</b>
<b>AVERAGE DEPRECIATION RATE</b>			<b>3.5%</b>

Dated the 30th day of March, 2001.

ROBERT D. PICKERSGILL,  
Minister of Mining and Energy.