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Office of Utilities Regulation

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**Jamaica Public Service Co. Ltd  
Rate Adjustment 2003**

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**Determination Notice**

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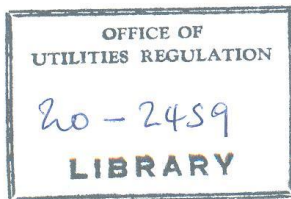
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**OFFICE OF UTILITIES REGULATION**

2003 March

### Abstract

In January 2001 the Office of Utilities Regulation ("the Office") completed its first evaluation of a tariff review application from Jamaica Public Service Company Limited (JPS) which became effective on February 1, 2001. The average non-fuel rates recommended by the Office and approved by the then Minister of Mining and Energy was 9.24 US¢/kWh. Under the rate schedule, JPS is allowed annual changes to its rates to reflect the impact of foreign and local inflation. The methodology for the annual rate adjustment is set out in the current rate schedule which is consistent with Schedule 3 of the All-Island Electricity Licence, 2001 ("the Licence"). This is the second annual Tariff adjustment under the current tariff regime.



## **Summary of JPS proposal for Rate Adjustment**

The Office received an application from JPS dated 17th December 2002 for a rate adjustment based on the terms of the All Island Licence<sup>1</sup>. The company, in its submission, sought approval for the following:

- An adjustment of 6.7% on the current non-fuel base rates in keeping with the annual adjustment clause contained in the rate schedule.
- The elimination of the rate 40A class with the reclassification of customers to Rate 20 and Rate 40.
- An increase of J\$0.0933/kWh in the energy rate applicable to Rate 40 and Rate 50 customers to recover revenue losses attributable to a Time of Use (TOU) design defect.
- The direct pass through of the non-fuel variable Operation & Maintenance (O&M) costs, as well as insurance costs, of Independent Power Producers (IPPs) via the fuel clause.
- The simplification of the fuel rate mechanism.
- The maintenance of the system losses and heat rate targets at existing levels pending a full review in the 2004 rate filing.

## **Summary of the Office's Analysis**

### **1.0 Tariff Performance**

<sup>2</sup>The average non-fuel tariff approved by the Office in February 2001 was 9.24 US ¢/kWh. However, the effective non-fuel rate over the review period, 2002/03 was 8.88 US¢/kWh (excluding billing effect<sup>3</sup>). This was 3.89% below the approved level.

JPS explained the difference between the tariff projections and actual performance as follows:

- The Sales Distribution Effect on the actual tariff which causes an unfavorable variance among the rate classes
- Time-of-Use Option Effect

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<sup>1</sup> Copy of JPS submission will be made available as addendum to this document

<sup>2</sup> Tariff was done at the base exchange rate of J\$44: US\$1

<sup>3</sup> Deviation of the actual rate from the approved rate due to the process of billing.

- Adverse movement of the exchange rate (the exchange rate effect).

Projections and actual performance seldom coincide directly. The Office's determination on the level of tariffs needed to provide a given quantum of revenues is dependent on projections and data submitted by the JPS. While the Office uses its best endeavors to test the information and projections made by the company, the company must take responsibility for the accuracy of the data and projections provided. The projected revenue per unit of energy can only be as accurate as the degree to which input data coincides with actual performance. The lag effect in adjusting for inflation and the failure to attain the system loss target would have contributed to the outturn of the actual rate vis-à-vis the approved rate.

Additionally, it does not necessarily follow that a negative variance of actual average tariff versus projection will always result in a shortfall of revenue especially where there is a fixed component in the tariff. The converse is also true. A positive variance will not always result in surplus revenue.

JPS currently operates under the price cap rule ( $RPI - X$ ) with respect to the non-fuel charge where RPI is a composite index comprised of the Jamaica Consumer Price Index, (CPI), the foreign exchange movement and the United States CPI and X represents the expected annual gain in JPS efficiency. In order to encourage the company to quickly implement efficiency improvement measures X was set at zero until 2004.

#### <sup>4</sup>Opportunity to Recover the Cost of Capital

In setting the price cap parameters, an important goal of the Office has been to afford JPS the *opportunity* to recover its cost of capital. Nevertheless, the policy objective of moving from Rate-base Rate-of-Return regulation to Price Cap regulation explicitly requires a de-linking of JPS' costs from its revenue requirements. A firm regulated under Price Cap regulation is not guaranteed a particular rate of return but has the opportunity to maximise its return based on the efficiency of its operation. In this way, Price Cap regulation emulates the competitive market more accurately than Rate-base Rate-of-Return regulation. Therefore, implicitly, there are a number of mechanisms built into Price Cap regulation to provide JPS with the opportunity to recover its cost of capital on its investments.

## 2.0 Annual Tariff Adjustment

In reviewing the data presented and after correcting inaccuracies in the company's presentation, the Office has determined that the overall escalation factor to be applied to the **non-fuel** base rates is 6.2% as shown in Table ES-2. Under the term of the

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<sup>4</sup> This is the same policy the Office applied to Price Cap for the Telecommunication sector. See Determination Notice on Cable and Wireless Price Cap Plan, pg 15, paragraph 5.12



Licence JPS is entitled to this adjustment with effect from February 1, 2003 until May 31, 2004.

The calculation is consistent with the Annual Adjustment Clause contained in the Rate Schedules, 2002. It takes into account several factors external to JPS that impact on its cost, and permits adjustments for:

1. The Base Exchange rate
2. Jamaican inflation, influencing 40% of the non-fuel cost
3. US inflation, affecting 60% of the non-fuel foreign related cost.

**Table ES-2**  
**Annual Adjustment Clause Calculation**

Line	Description	Formula	Value
L1	Base Exchange Rate		47
L2	Proposed Exchange Rate		50
L3	<u>Jamaican Inflation Index</u>		
L4	CPI @ Oct 02		1,539.2
L5	CPI @ Oct 01		1,454.7
L6	<u>US Inflation Index</u>		
L7	CPI @ Oct 02		181.3
L8	CPI @ Oct 01		177.7
L9	Exchange Rate Factor	$(L2-L1)/L1$	6.4%
L10	Jamaican Inflation Factor	$(L4-L5)/L5$	5.8%
L11	US Inflation Factor	$(L7-L8)/L8$	2.0%
L12	Escalation Factor	$0.6*L9*(1+0.6*L11)+0.4*L10$	6.2%

The escalation factor is applied uniformly to all rates and is derived from:

- The Jamaican inflation rate of 5.8%, point to point, derived from the annual All Jamaica CPI from October 2001 to October 2002 published by the Statistical Institute of Jamaica (STATIN)

- The US inflation rate of 2.0%, point to point, derived from the annual US Department of Labor statistical data from October 2001 to October 2002
- A change in the base exchange rate from J\$47:US\$1 to J\$50: US\$1

In accordance with Schedule 3 of the JPS Licence the adjustment date of the tariff is February 1, 2003, implying that the company is entitled to the incremental revenues for the 16-month period ending May 31, 2004, when the prices are to be reset. However, with the implementation date of April 1, 2003 JPS would be entitled to collect the incremental revenues over a 14-month period rather than 16 months. Accordingly, as the circumstances causing the delay in the implementation have been outside the control of the company, in order to satisfy the Licence obligations the actual increase has been adjusted to reflect the permitted revenue over the fourteen (14) month period ending May 31, 2004 which translates to an effective adjustment of 7.1% effective April 1, 2003.

Table ES-3 outlines the new non-fuel base rates that the Office is approving for implementation April 1, 2003. Consequent on the monthly adjustment for foreign exchange movements there has been an accumulative increase, to February 2003, of 4.5% in the **non-fuel** base rate since the last annual adjustment in April 2002. The effect of this is that the effective increase in the **non-fuel** base rate over February 2003 billing will be 3%. This translates to a 1.8% increase on the overall bill based on fuel rates at February 2003 and billing exchange rate at J\$53.74 to US\$1.00. The customer charge will, however, reflect the full 7.1% change on customers' bills.

**Table ES-3**  
**Summary of Recommended Rates**

Rate Class	Customer Charge	Energy Charge	Demand Charge	Demand Charge (J\$/kVa)		
				Off Peak	Part Peak	On Peak
	J\$/Month	J\$/kWh	J\$/kVa			
Rate 10 - Lifeline	58	4.102				
Rate 10 – Non Lifeline	58	5.795				
Rate 20	552	4.350				
Rate 40 – LV TOU	1,642	0.642	706	29	304	373
Rate 40A – LV	1,642	2.625	282	-	-	-
Rate 40 – MV TOU	1,642	0.597	695	29	299	367
Rate 50 – LV TOU	2,124	0.483	820	34	350	436
Rate 50 – MV TOU	2,124	0.467	803	34	345	425
Rate 60	413	6.160				
Traffic Signals	413	4.147				

### **3.0 The elimination of the Rate 40A class with the reclassification of customers to Rate 20 and Rate 40**

The Office agreed at the last tariff review that the rate 40A class would have been eliminated in 2003. However,

- since the existence of this rate class is not adversely affecting JPS' revenue at this time as any shortfall was allowed for in the overall rate 40 tariffs, and;
- since there is need for further reclassification and simplification of all rate classes to reflect costs;

JPS, in consultation with the Office, has agreed that this exercise will be best dealt with at the tariff review in 2004.

### **4.0 Recovering TOU Revenue**

In its 2002 Rate Adjustment submission JPS argued that the current Time-Of-Use (TOU) rates as currently structured have created an incentive for customers to migrate to the TOU option without any change to their load pattern. Conversely, those that would be worst off under TOU have no incentive to change. This is sending the wrong signal and belies the purpose of the TOU rate which is to provide real benefits to customers who shift their loads to the off-peak period. JPS had proposed that it should not be permissible for any customer to enter or move to the TOU option unless it is demonstrated that a minimum of 30% of energy consumed occur during the off-peak period. Additionally, JPS indicated that the proposal, if implemented, would result in deterring further migration of standard customers<sup>5</sup> to the TOU option and hence prevent further revenue exposure, which at present is US\$2.108 million.

The Office has determined that the loss of revenue to JPS is due to a defect in the design of the TOU tariff option. Consequently, any attempt to recover expected revenue will necessitate an appropriate change in the structure of the tariff. The Rate Schedule 2001 states that TOU customers may, upon application, be billed under optional rates for demand and fuel, based on the time of day electricity is consumed. JPS has the right to decide whether or not to offer the TOU rate to a customer.

The Office reaffirms its previous position that JPS may to establish the conditions under which customers will qualify for the TOU rate. Such conditions must however be approved by the Office and published by JPS. Customers will have the right to appeal to the Office if dissatisfied with JPS' action on a case-by-case basis.

The Office is not minded to accept JPS' new proposal of an incremental increase in the base energy rate of Rate 40 and Rate 50.

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<sup>5</sup> Standard Customers refer to those customers who are currently billed on the standard Demand Charge as per Rate Schedule 2001.



## 5.0 Variable Purchase Power Charge

JPS is proposing that the variable energy and incremental insurance costs associated with power purchases from contracted Independent Power Producers (IPPs) be treated as pass-through to the consumers in much the same way the fuel cost is pass-through. The present rate design allows for these purchases to pass-through in both the fuel and non-fuel charges. The non-fuel variable costs and insurance costs are included in the non-fuel base rate while the fuel costs and operation and maintenance costs are pass-through in the fuel rate. The insurance costs have shown volatility since the September 11, 2001 terrorist attacks in the US and is currently at a higher level than was projected in the tariffs. On the other hand there can be under or over recovery of fixed costs if the sales level varies from that which was assumed in the setting of the tariffs. The projections submitted by JPS indicates that notwithstanding the increases in insurance costs, there will still be an over recovery of IPP costs in the upcoming year.

The IPP costs, therefore, have to be looked at in totality to ensure there is precise pass-through of all costs. This would involve the separate charging of all IPP costs that may eventually evolve into a separate generation charge on bills.

The Office is of the view that a consideration of this proposal will require a comprehensive analysis of all costs associated with the sale and purchase of energy and capacity as they impact on the **non-fuel** base tariff revenue requirements. This will allow the Office to isolate the IPP costs and revenues due to JPS to ensure an equitable pass-through. Since the rate base cannot be reset until 2004, the Office has determined that it will not accommodate the company's request in this regard.

## 6.0 Uniform Fuel Rate

JPS has proposed that as a first step towards addressing a comprehensive strategy of fuel price stability management, approval be granted for the introduction of a uniform fuel rate across all rate classes. JPS proposes to replace the present multiple fuel rate system with a single rate for all classes but gives due recognition to the necessary differentiation of fuel charges for customers on TOU. JPS has based this proposal on the belief that the present fuel rate tariff, which is cost-reflective, is of such a great degree of complexity that much would be gained by adopting a single fuel rate. This is to be derived by dividing total system fuel cost by total consumption (kWh) for the period.

The main argument in favor of uniformity is that it reflects the per-unit cost of purchasing fuel and it is a simple and transparent mechanism. The main argument in favor of differential fuel charges is that this would reflect the higher technical losses incurred in serving low voltage (LV) consumers<sup>6</sup> who necessitate the purchase of more fuel, a significant portion of which is at system peak, and

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<sup>6</sup> The low voltage consumers referred to are primarily residential consumers

therefore those customers impose higher cost on JPS. Since this is an additional cost imposed by LV customers fuel charges should be differentiated in this manner.

A single fuel rate as proposed by JPS, may be the simplest way of calculating the fuel rate, however, it does not represent, from an economic costing standpoint, the most equitable method. The Office is of the view that a rate wherever possible should reflect the relative cost each rate class imposes on the system. To the extent that the fuel cost is different depending on the rate classes demand profiles then different weights reflecting the relative costs can be computed. However, the most recent analysis shows only marginal differences between the differential fuel charges across rate classes. The Office is of the view that the marginal differences in fuel charges across rates classes is of far less consequence than the anticipated improvement in billing simplicity and has determined that JPS can adopt a uniform fuel rate as proposed.

## **7.0 Fuel Clause Efficiency Targets**

### **Heat Rate**

Since April 1, 2002 JPS has operated with a total system heat rate target in the Fuel Clause of 11,900kJ/kWh. The Company has proposed that there be no adjustment to the system heat rate target at this time. JPS has posited that since the establishment of the target, there has been little material change in the composition or characteristic of the generation units of either the IPPs or JPS.

The Office is of the view that there have been and will be notable changes in the mix of the generating units since the target was established. These are:

- During September/October 2002, JPS commissioned into service two 40MW combustion turbines at Bogue Power Station
- During the second half of 2003, Heat Recovery Steam Generators (HRSGs) will be coupled to these units together with a 40MW steam turbine and the plant operated in combined cycle mode with a total output of 120MW.

An analysis of the historical system heat rate and forecasted system heat rate have indicated that JPS is expected to achieve and maintain a system heat rate of 11,600 kJ/kWh for 2003. This heat rate is achievable based on the following assumptions:

- Plant Availability of 83% for JPSCo and 90 % for IPP plants with Equivalent Forced Outage Rate of 8% and 4% respectively.
- Deteriorating heat rate for 2003 relative to 2002 at respective power stations
- The commissioning of the Combined Cycle plant in October 2003.



The Office has determined that a projected system heat rate of 11,900 kJ/kWh is conservative:

- given the notable changes in the composition of the generation units and the attendant improvement in heat rate that should be derived from these additions.

This being the case, the likely effect of these considerations is the lowering of the system heat rate below 11,900 kJ/kWh, especially if the Combined Cycle Plant is commissioned in July rather than October. A target heat rate of 11,600kJ/kWh is considered to be realistically achievable.

#### **Losses**

JPS is reporting a 0.3 percentage point increase in system losses for 2002 compared to year 2001. System Losses at December 2002 was 17.2%. JPS has proposed that the losses target be kept at the present level of 15.8% for the computation of the applicable fuel rate to be passed through to customers. Lower levels of losses indicate higher levels of efficiencies by JPS and result in lower fuel rate. The converse is also true.

Arising out of the JPS' status reports for January 2003, the Office continues to be unhappy with the company's efforts at controlling and reducing system losses. The Office notes, however, that the following actions are in progress:

- The implementation of the upgrading of the Customer Information Systems (CIS). This will bring about greater control in the billing process.
- Installation of 78 km of insulated secondary conductors in areas prone to illegal connections
- Upgrading of seven feeders with an equivalent saving of 2,312 MWh of energy on an annualized basis

The Office is however mindful of the need to provide the utility with the incentive to reduce losses and consequently has determined that the losses target will remain at 15.8% and that JPS may retain, in full, any gains that may accrue from surpassing this target. This incentive will remain in place until the tariff review in 2004 is completed.

## **The Office Determination**

The following is an overall summary of the Office's determination to the JPS rate adjustments proposals:

1. The current average non-fuel base rate is to be adjusted upward by **7.1% effective** April 1, 2003.

It should be noted however, that the effective non-fuel increase to the customers is 3.1% on the non-fuel charges given that the exchange rate adjustment from J\$47: US\$1 to J\$50 is already reflected in the current billing.

The new rates for JPS' non-fuel electricity rates are to be set in accordance with table ES-3. Based on these factors, as applied to the April billing, the customers should see an increase of approximately 1.8% on their overall bills.

2. JPS may, as a first step towards addressing a comprehensive strategy of fuel price stability management introduce a uniform fuel rate across all rate classes but give due recognition to the necessary differentiation of fuel charges for customers on TOU.
3. The Office accepts that JPS has a right, under the terms of the 2001 tariff schedule to eliminate the rate 40A rate class. However, the Office, being mindful of the need for further reclassification and simplification of all rate classes to reflect costs, considers that the elimination of rate 40A will be best dealt with at the 2004 tariff review. JPS and the Office have agreed that it would be appropriate to make this change at that time.
4. The losses target to remain at 15.8 %. JPS may keep all gains that may accrue as a result of surpassing this target. This incentive will remain in effect until the 2004 tariff review.
5. The system heat rate shall be 11,600 kJ/kWh
6. The tariff schedules are to be amended to reflect the impact of this Determination.

### **The Office does not support JPS' proposals for:**

- An increase of J\$0.0933/kWh in the energy rate of Rate 40 and Rate 50 customers to recover revenue losses attributable to Time of Use (TOU) design defect.
- The maintenance of the heat rate targets at existing levels of 11,900 kJ/kWh pending a full review in the 2004 rate filing.

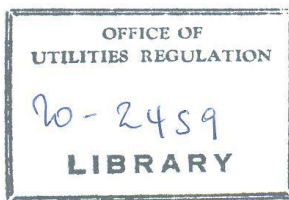
**JAMAICA PUBLIC SERVICE COMPANY LIMITED  
RATE SCHEDULES 2003  
THE ALL-ISLAND ELECTRIC LICENCE 2001**

Approval of the prices to be charged by the Jamaica Public Service Company Limited in respect of the supply of electricity.

In exercise of the powers conferred on the Office of Utilities Regulation by the ALL ISLAND ELECTRIC LICENCE 2001 the prices to be charged by the Jamaica Public Service Company Limited in respect of the supply of electricity as set out in the following Schedules are HEREBY APPROVED effective April 1, 2003.



**J Paul Morgan  
Director General  
Office of Utilities Regulation**



4/1/03 6:13 AM

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**SCHEDULE I : RATE 10 –RESIDENTIAL SERVICE**

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**AVAILABILITY**

Throughout the Island.

**APPLICABILITY**

This rate is applicable to normal residential customers for all single phase domestic uses, including single phase motor(s) of 3.730 kW (5 H.P.) or less and individual capacity, when all service is taken through one meter at a single point of delivery.

**CHARACTER OF SERVICE**

Service is alternating current, nominally 50 Hertz (cycles per second), single phase 110 volts, or 110/220 volts. At the Company's discretion, three phase 220 volts service may be provided under this rate in accordance with the terms and conditions currently in effect.

**CUSTOMER CHARGE**

The Customer Charge is applicable regardless of the level of consumption and shall be a fixed monthly contribution of \$58 towards the cost of providing the service.

**MINIMUM CHARGE**

The minimum charge shall be the Customer Charge.

**ENERGY RATE**

The Energy Rate shall be \$4.102 per kilowatt-hour (kWh) for each of the first 100 kilowatt-hours per month and \$5.795 per kWh for each kilowatt-hour in excess of 100 kilowatt-hours per month. The Energy Rate covers costs that vary with consumption such as the cost of wear and tear of the electricity plant in service and also such additional fixed costs not recovered through the Customer Charge. The Energy Rate does not include any portion of fuel cost. Recovery of fuel cost is dealt with as a separate charge.

**Fuel Rate**

The Fuel Rate shall be a fixed monthly amount per kilowatt-hour and shall remain fixed except when adjusted in the manner set out in the Additional Terms and Conditions hereto. The Fuel Rate applicable as at April 1, 2003 shall be as set out in the Additional Terms and Conditions hereto and that rate shall be subject to adjustments from time to time in the manner prescribed in the Fuel Clause contained in the Additional Terms and Conditions hereto. Thereafter, the Fuel Rates applicable shall be ascertainable by reference to the latest schedule of Fuel Rates. The Fuel Rate represents the total cost of fuel (including the cost of fuel for power purchased from Independent Power Producers) required to produce and deliver each kilowatt-hour of electricity. The Fuel Rate in force at the time shall apply to all kilowatt-hours sold under this schedule.

**FOREIGN EXCHANGE ADJUSTMENT**

The Foreign Exchange Adjustment in force at the time shall apply to all charges under this schedule. The requisite terms and conditions of the Foreign Exchange Adjustment provision are set out in the Additional Terms and Conditions hereto.

**METER READING AND BILLING**

The Company reserves the right to read meters every other month but nevertheless to render bills monthly or every other month. In the event that the Company exercises the right to render bills every other month all blocks of this schedule shall be doubled in calculating the two-month bill.



## **SCHEDULE II : RATE 20 - GENERAL SERVICE**

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### **AVAILABILITY**

Throughout the Island.

### **APPLICABILITY**

This rate is applicable to customers other than residential, with demand of less than 25 kilovolt-amperes (kVA) for all purposes not specifically provided for in other schedules, provided that customers' equipment do not cause undue voltage fluctuations as defined in the Company's terms and conditions currently in effect and all service is taken through one meter at a single point of delivery. Not applicable for standby, breakdown or auxiliary service.

### **CHARACTER OF SERVICE**

Service is alternating current, nominally 50 Hertz (cycles per second), single phase 110 volts, 110/220 volts, three phase 220 volts delta. Primary voltage as applicable and available. Primary or secondary supply and metering at the option of the Company through one meter at one point of delivery.

### **CUSTOMER CHARGE**

The Customer Charge is applicable regardless of the level of consumption and shall be a fixed monthly contribution of \$552 towards the cost of providing the service.

### **MINIMUM CHARGE**

The minimum charge shall be the Customer Charge

### **ENERGY RATE**

The Energy Rate shall be \$4.350 per kilowatt-hour for all kilowatt-hours. The Energy Rate covers costs that vary with consumption such as the cost of wear and tear of the electricity plant in service and also such additional fixed costs not recovered through the Customer Charge. The Energy Rate does not include any portion of fuel cost. Recovery of fuel cost is dealt with as a separate charge.

### **FUEL RATE**

The Fuel Rate shall be a fixed monthly amount per kilowatt-hour and shall remain fixed except when adjusted in the manner set out in the Additional Terms and Conditions hereto. The Fuel Rate applicable as at April 1, 2003 shall be as set out in the Additional Terms and Conditions hereto and that rate shall be subject to adjustments from time to time in the manner prescribed in the Fuel Clause contained in the Additional Terms and Conditions hereto. Thereafter, the Fuel Rates applicable shall be ascertainable by reference to the latest schedule of Fuel Rates. The Fuel Rate represents the total cost of fuel (including the cost of fuel for power purchased from Independent Power Producers) required to produce and deliver each kilowatt-hour of electricity. The Fuel Rate in force at the time shall apply to all kilowatt-hours sold under this schedule.

**TRANSFORMER OWNERSHIP AND METERING DISCOUNT**

For those customers with privately owned transformers, a discount of 1.5% of the Energy Rate will be applied.

**FOREIGN EXCHANGE ADJUSTMENT**

The Foreign Exchange Adjustment in force at the time shall apply to all charges under this schedule. The requisite terms and conditions of the Foreign Exchange Adjustment provision are set out in the Additional Terms and Conditions hereto.

**METER READING AND BILLING**

The Company reserves the right to read meters every other month but nevertheless to render bills monthly or every other month.

**TERMS OF CONTRACT**

A contract for a period of three (3) years may be required as a condition of service under this schedule.

### **SCHEDULE III: RATE 40 - POWER SERVICE**

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#### **AVAILABILITY**

Throughout the Island.

#### **APPLICABILITY**

This rate is applicable to customers other than residential, with demand of 25 kilovolt – amperes (kVA) or more for all power and lighting purposes. Service is to be taken through one meter at a single point of delivery. Not applicable for standby, breakdown or auxiliary service.

#### **CHARACTER OF SERVICE**

Service is alternating current, nominally 50 Hertz (cycles per second) and three-phase.

#### **Low Voltage Classification**

This service is provided and metered at three phase 220 volts delta system or three phase 415/240 volts star system. When service is supplied at 415/240 volts, the customer will be required to provide the necessary subsidiary transformer(s) for any 110 volts or 110/220 volts service.

#### **Medium Voltage Classification**

This service is provided and metered at primary voltage (6.9 kilovolts, 12 kilovolts, 13.8 kilovolts or 24 kilovolts) as applicable and available.

#### **TIME OF USE OPTION**

The Company may upon application bill Customers under the optional rates for demand and fuel, based on the time of day electricity is consumed.

On-peak hours:	Monday-Friday 6:00 p.m. to 10:00 p.m.
Partial-peak hours:	Monday-Friday 6:00 a.m. to 6:00 p.m.
Off-peak hours:	Monday-Friday 10:00 p.m. to 6:00 a.m., and weekends and Public Holidays

#### **CUSTOMER CHARGE**

The Customer Charge is applicable regardless of the level of consumption and shall be a fixed monthly contribution of \$ 1,642 towards the cost of providing the service.

#### **MINIMUM CHARGE**

The minimum charge shall be the sum of the Demand and Customer Charges.

### DEMAND CHARGE

The Demand Charge for each kilovolt-ampere (kVA) billing demand shall be determined by the customer's voltage classification and usage option.

VOLTAGE CLASSIFICATION	STANDARD (\$/kVA per Month)	TIME OF USE OPTION (\$/kVA per Month)		
		Off-peak	Part-Peak	On-Peak
Low Voltage (LV)	706.00	29.00	304.00	373.00
Medium Voltage (MV)	695.00	29.00	299.00	367.00

### ENERGY RATE

The Energy Rate shall be \$0.642 per kilowatt-hour for the Low Voltage classification and \$0.597 per kilowatt-hour for the Medium Voltage classification. The Energy Rate covers costs that vary with consumption such as the cost of wear and tear of the electricity plant in service and all such additional fixed costs not recovered through Customer and Demand Charges. The Energy Rate does not include any portion of fuel cost. Recovery of fuel cost is dealt with as a separate charge.

### Fuel Rate

The Fuel Rate shall be a fixed monthly amount per kilowatt-hour and shall remain fixed except when adjusted in the manner set out in the Additional Terms and Conditions hereto. The Fuel Rate applicable as at April 1, 2003 shall be as set out in the Additional Terms and Conditions hereto and that rate shall be subject to adjustments from time to time in the manner prescribed in the Fuel Clause contained in the Additional Terms and Conditions hereto. Thereafter, the Fuel Rates applicable shall be ascertainable by reference to the latest schedule of Fuel Rates. The Fuel Rate represents the total cost of fuel (including the cost of fuel for power purchased from Independent Power Producers) required to produce and deliver each kilowatt-hour of electricity. The Fuel Rate in force at the time shall apply to all kilowatt-hours sold under this schedule.

### BILLING DEMAND

#### Standard

The kilovolt-ampere (kVA) Billing Demand for each month shall be the maximum demand for that month, or 80% of the highest maximum demand during the six-month period ending with the month for which the bill is rendered, whichever is higher but not less than 25 kilovolt-amperes (kVA).



#### **TIME OF USE OPTION**

**On-Peak and Partial Peak:** Billing Demand in these periods is the maximum registered demand for the respective On-Peak and Partial-Peak hours of that month. The minimum 25 kilovolt-amperes (kVA) does not apply.

**Off-Peak:** The Billing Demand for this period each month shall be the maximum demand for that month (regardless of the time of use period it was registered in), or 80% of the highest maximum demand during the six-month period ending with the month for which the bill is rendered, whichever is higher but not less than 25 kilovolt-amperes (kVA).

#### **DETERMINATION OF MAXIMUM DEMAND**

The maximum Billing Demand shall be the integrated average load in kVA measured in the 15-minute interval in which such average load in kVA is highest during the month.

#### **TRANSFORMER OWNERSHIP AND METERING DISCOUNT**

For those customers with privately owned transformers, a discount of 1.5% of the Demand Charge will be applied each month.

#### **FOREIGN EXCHANGE ADJUSTMENT**

The Foreign Exchange Adjustment in force at the time shall apply to all charges under this schedule. The requisite terms and conditions of the Foreign Exchange Adjustment provision are set out in the Additional Terms and Conditions hereto.

#### **TERMS OF CONTRACT**

A contract for a period of three (3) years may be required as a condition of service, or of selection of the Time-of-Day option



### **SCHEDULE III: RATE 40A - POWER SERVICE**

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#### **AVAILABILITY**

Throughout the Island. This rate will not be available after May 31, 2004. All customers in this rate Class will be transferred to an appropriate rate class on June 1, 2004 as this rate will cease to exist.

#### **APPLICABILITY**

This rate is applicable to existing customers with demand of 25 kilovolt-amperes (kVA) or more and whose average monthly energy consumption during the year 2000 was 30,000 kilowatt-hour or less, for all power and lighting purposes. Service is to be taken through one meter at a single point of delivery. Not applicable for standby, breakdown or auxiliary service. Customers under this Rate can apply to the Company for Rate 40 or Rate 50 classification.

#### **CHARACTER OF SERVICE**

Service is alternating current, nominally 50 Hertz (cycles per second) and three-phase.

This service is provided and metered at three phase 220 volts delta system or three phase 415/240 volts star system. When service is supplied at 415/240 volts, the customer will be required to provide the necessary subsidiary transformer(s) for any 110 volts or 110/220 volts service.

#### **CUSTOMER CHARGE**

The Customer Charge is applicable regardless of the level of consumption and shall be a fixed monthly contribution of \$ 1,642 towards the cost of providing the service.

#### **MINIMUM CHARGE**

The minimum charge shall be the sum of the Demand and Customer Charges.

#### **DEMAND CHARGE**

The Demand Charge of \$282 per month for each kilovolt-ampere (kVA) of Billing Demand shall be applicable.

#### **ENERGY RATE**

The Energy Rate shall be \$2.625 for all kilowatt-hour. The Energy Rate covers costs that vary with consumption such as the cost of wear and tear of the electricity plant in service and all such additional fixed costs not recovered through Customer and Demand Charges. The Energy Rate does not include any portion of fuel cost. Recovery of fuel cost is dealt with as a separate charge.

**Fuel Rate**

The Fuel Rate shall be a fixed monthly amount per kilowatt-hour and shall remain fixed except when adjusted in the manner set out in the Additional Terms and Conditions hereto. The Fuel Rate applicable as at April 1, 2003 shall be as set out in the Additional Terms and Conditions hereto and that rate shall be subject to adjustments from time to time in the manner prescribed in the Fuel Clause contained in the Additional Terms and Conditions hereto. Thereafter, the Fuel Rates applicable shall be ascertainable by reference to the latest schedule of Fuel Rates. The Fuel Rate represents the total cost of fuel (including the cost of fuel for power purchased from Independent Power Producers) required to produce and deliver each kilowatt-hour of electricity. The Fuel Rate in force at the time shall apply to all kilowatt-hours sold under this schedule.

**BILLING DEMAND**

The kilovolt-ampere (kVA) Billing Demand for each month shall be the maximum demand for that month, or 80% of the highest maximum demand during the six-month period ending with the month for which the bill is rendered, whichever is higher but not less than 25 kilovolt-amperes (kVA).

**DETERMINATION OF MAXIMUM DEMAND**

The maximum Billing Demand shall be the integrated average load in kVA measured in the 15-minute interval in which such average load in kVA is highest during the month.

**TRANSFORMER OWNERSHIP AND METERING DISCOUNT**

For those customers with privately owned transformers, a discount of 1.5% of the Demand Charge will be applied each month.

**FOREIGN EXCHANGE ADJUSTMENT**

The Foreign Exchange Adjustment in force at the time shall apply to all charges under this schedule. The requisite terms and conditions of the Foreign Exchange Adjustment provision are set out in the Additional Terms and Conditions hereto.

## **SCHEDULE IV : RATE 50 - LARGE POWER**

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### **AVAILABILITY**

Throughout the Island.

### **APPLICABILITY**

This rate is applicable to customers other than residential, with demand of 500 kilovolt-amperes (kVA) or more for all power and lighting purposes. Service is to be taken through one meter at a single point of delivery. Not applicable for standby, breakdown or auxiliary service.

### **CHARACTER OF SERVICE**

Service is alternating current, nominally 50 Hertz (cycles per second) and three-phase.

#### **Low Voltage Classification**

This service is provided and metered at three phase 220 volts delta system or three phase 415/240 volts star system. When service is supplied at 415/240 volts, the customer will be required to provide the necessary subsidiary transformer(s) for any 110 volts or 110/220 volts service.

#### **Medium Voltage Classification**

This service is provided and metered at primary voltage (6.9 kilovolts, 12 kilovolts, 13.8 kilovolts or 24 kilovolts) as applicable and available.

### **TIME OF USE OPTION**

The Company may upon application bill Customers under the optional rates for demand and fuel, based on the time of day electricity is consumed.

On-peak hours:	Monday-Friday 6:00 p.m. to 10:00 p.m.
Partial-peak hours:	Monday-Friday 6:00 a.m. to 6:00 p.m.
Off-peak hours:	Monday-Friday 10:00 p.m. to 6:00 a.m., and weekends and Public Holidays

### **CUSTOMER CHARGE**

The Customer Charge is applicable regardless of the level of consumption and shall be a fixed monthly contribution of \$2,124 towards the cost of providing the service.

### **MINIMUM CHARGE**

The minimum charge shall be the sum of the Demand and Customer Charges

### DEMAND CHARGE

The Demand Charge for each kilovolt-ampere (kVA) billing demand shall be determined by the customer's voltage classification and usage option.

VOLTAGE CLASSIFICATION	STANDARD (\$/kVA per Month)	TIME OF USE OPTION(\$/kVA per Month)		
		Off-peak	Part-Peak	On-Peak
Low Voltage (LV)	820.00	34.00	350.00	436.00
Medium Voltage (MV)	803.00	34.00	345.00	425.00

### ENERGY RATE

The Energy rate shall be \$0.483 per kilowatt-hour for the Low Voltage classification and \$0.467 per kilowatt-hour for the Medium Voltage classification. The Energy Rate covers costs that vary with consumption such as the cost of wear and tear of the electricity plant in service and all such additional fixed costs not recovered through Customer and Demand Charges. The Energy Rate does not include any portion of fuel cost. Recovery of fuel cost is dealt with as a separate charge.

### FUEL RATE

The Fuel Rate shall be a fixed monthly amount per kilowatt-hour and shall remain fixed except when adjusted in the manner set out in the Additional Terms and Conditions hereto. The Fuel Rate applicable as at April 1, 2003 shall be as set out in the Additional Terms and Conditions hereto and that rate shall be subject to adjustments from time to time in the manner prescribed in the Fuel Clause contained in the Additional Terms and Conditions hereto. Thereafter, the Fuel Rates applicable shall be ascertainable by reference to the latest schedule of Fuel Rates. The Fuel Rate represents the total cost of fuel (including the cost of fuel for power purchased from Independent Power Producers) required to produce and deliver each kilowatt-hour of electricity. The Fuel Rate in force at the time shall apply to all kilowatt-hours sold under this schedule.

### BILLING DEMAND

#### Standard

The kilovolt-ampere (kVA) Billing Demand for each month shall be the maximum demand for that month, or 80% of the highest maximum demand during the six-month



period ending with the month for which the bill is rendered, whichever is higher but not less than 500 kilovolt-amperes (kVA)

#### **TIME OF USE OPTION**

**On-Peak and Partial Peak:** Billing Demand in these periods is the maximum registered demand for the respective On-Peak and Partial-Peak hours of that month. The minimum 500 kilovolt-amperes (kVA) does not apply.

**Off-Peak:** The Billing Demand for this period each month shall be the maximum demand for that month (regardless of the time of use period it was registered in), or 80% of the highest maximum demand during the six-month period ending with the month for which the bill is rendered, whichever is higher but not less than 500 kilovolt-amperes (kVA).

#### **DETERMINATION OF MAXIMUM DEMAND**

The maximum Billing Demand shall be the integrated average load in kVA measured in the 15-minute interval in which such average load in kVA is highest during the month.

#### **TRANSFORMER OWNERSHIP AND METERING DISCOUNT**

For those customers with privately owned transformers, a discount of 1.5% of the Demand Charge will be applied each month.

#### **FOREIGN EXCHANGE ADJUSTMENT**

The Foreign Exchange Adjustment in force at the time shall apply to all charges under this schedule. The requisite terms and conditions of the Foreign Exchange Adjustment provision are set out in the Additional Terms and Conditions hereto.

#### **TERMS OF CONTRACT**

A contract for a period of three (3) years may be required as a condition of service, or of selection of the Time-of-Day option



## **SCHEDULE V : RATE 60 - STREET LIGHTING**

### **AVAILABILITY**

Throughout the Island by way of fixtures within the Company's secondary distribution system. Dusk to dawn service controlled by photocell or other device to provide for approximately 4,450 hours of service per lamp per year.

### **APPLICABILITY**

This rate is applicable to Public Authorities, Statutory Organizations and Private customers to provide lighting on public roadways, streets, parks, gardens, and other public areas as well as for private property at the customer's request.

### **CHARACTER OF SERVICE**

Service is alternating current nominally 50 Hertz (cycles per second), single-phase 110 volts or 110/220 volts. Installation in accordance with the Company's specifications as to equipment, installation, operation and maintenance standards

### **CUSTOMER CHARGE**

The Customer Charge is applicable regardless of the level of consumption and shall be a fixed monthly contribution of \$413 towards the cost of providing the service.

### **ENERGY RATE PER LAMP PER MONTH**

The Energy Rate covers costs that vary with consumption such as the cost of wear and tear of the electricity plant in service and all such additional fixed costs not recovered through Customer and Demand Charges. The Energy Rate does not include any portion of fuel cost. Recovery of fuel cost is dealt with as a separate charge.

**A. Company owned facilities** - the installation, operation and maintenance of the fixtures installed within the company's secondary distribution system are covered by the following rates:

<b>STREET LIGHTS \$ PER LAMP PER MONTH FOR ENERGY RATES</b>									
TYPE	50 W	70 W	100 W	125 W	150 W	160 W	175W	250 W	400 W
Incandescent(1)			241		356				
Mercury Tungsten						384	419		
Mercury Vapor(2)				299				597	959
High Pressure Sodium		241	321		459			746	1,136

- (1) These prices apply only to existing installations. The Company will not provide new installations of these types of lamps, except in areas where it is necessary to provide compatibility with existing lamps.
- (2) No new installations or replacements of these types of lamps will be made.

**B. Metered Circuits** - traffic signals, traffic control systems installations, installed owned and maintained by the customer shall be metered and charged \$4.147 per kilowatt-hour (kWh) for all kilowatt-hours. Street lighting installations, installed owned and maintained by the customer shall be metered and charged \$6.160 per kilowatt-hour.

**FUEL RATE**

The Fuel Rate shall be a fixed monthly amount per kilowatt-hour and shall remain fixed except when adjusted in the manner set out in the Additional Terms and Conditions hereto. The Fuel Rate applicable as at

April 1, 2003 shall be as set out in the Additional Terms and Conditions hereto and that rate shall be subject to adjustments from time to time in the manner prescribed in the Fuel Clause contained in the Additional Terms and Conditions hereto. Thereafter, the Fuel Rates applicable shall be ascertainable by reference to the latest schedule of Fuel Rates. The Fuel Rate represents the total cost of fuel (including the cost of fuel for power purchased from Independent Power Producers) required to produce and deliver each kilowatt-hour of electricity. The Fuel Rate in force at the time shall apply to all kilowatt-hours sold under this schedule.

**FOREIGN EXCHANGE ADJUSTMENT**

The Foreign Exchange Adjustment in force at the time shall apply to all charges under this schedule. The requisite terms and conditions of the Foreign Exchange Adjustment provision are set out in the Additional Terms and Conditions hereto.

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## Fuel Rates (J/kWh)

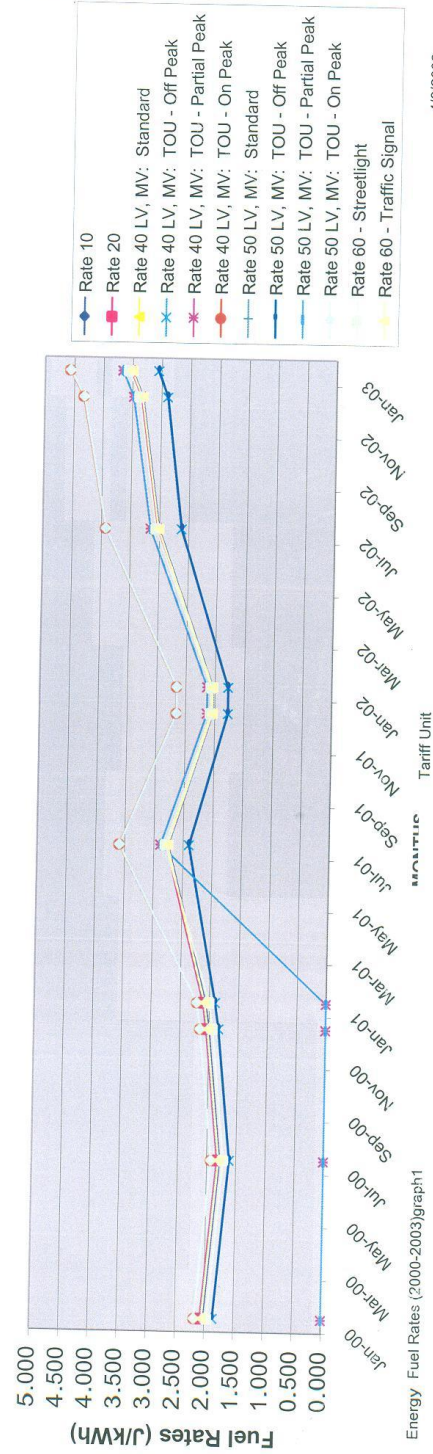
(1999-2003)

	2000			2001			2002			2003		
	Jan-00	Jul-00	Dec-00	Jan-01	Jul-01	Dec-01	Jan-02	Jul-02	Dec-02	Jan-03	Jul	Dec
Rate 10	2.020	1.775	1.995	2.060	2.750	2.030	2.029	3.002	3.311	3.494		
Rate 20	2.065	1.820	2.040	2.105	2.782	2.054	2.053	3.037	3.350	3.535		
Rate 40 LV, MV: Standard	2.043	1.798	2.018	2.083	2.760	2.038	2.037	3.013	3.323	3.506		
Rate 40 LV, MV: TOU - Off Peak	1.857	1.612	1.832	1.897	2.397	1.770	1.769	2.617	2.886	3.046		
Rate 40 LV, MV: TOU - Partial Peak	-	-	-	-	2.883	2.128	2.127	3.147	3.471	3.662		
Rate 40 LV, MV: TOU - On Peak	2.172	1.927	2.147	2.212	3.592	2.652	2.651	3.921	4.325	4.564		
Rate 50 LV, MV: Standard	2.052	1.807	2.027	2.092	2.757	2.035	2.034	3.009	3.319	3.502		
Rate 50 LV, MV: TOU - Off Peak	1.857	1.612	1.832	1.897	2.394	1.767	1.767	2.613	2.882	3.041		
Rate 50 LV, MV: TOU - Partial Peak	-	-	-	-	2.879	2.126	2.125	3.143	3.467	3.658		
Rate 50 LV, MV: TOU - On Peak	2.172	1.927	2.147	2.212	3.588	2.649	2.648	3.916	4.319	4.558		
Rate 60 - Streetlight	1.960	1.715	1.935	2.000	2.797	2.065	2.064	3.053	3.367	3.553		
Rate 60 - Traffic Signal	2.040	1.795	2.015	2.080	2.761	2.038	2.038	3.014	3.324	3.508		

**Note :**

Prior to February 2001 the On-Peak period was from 8am to 10pm, Mondays to Fridays, Except on Public Holidays and Part-Peak was non-existent.

## Fuel Rates by Rate Class 1999 - 2003



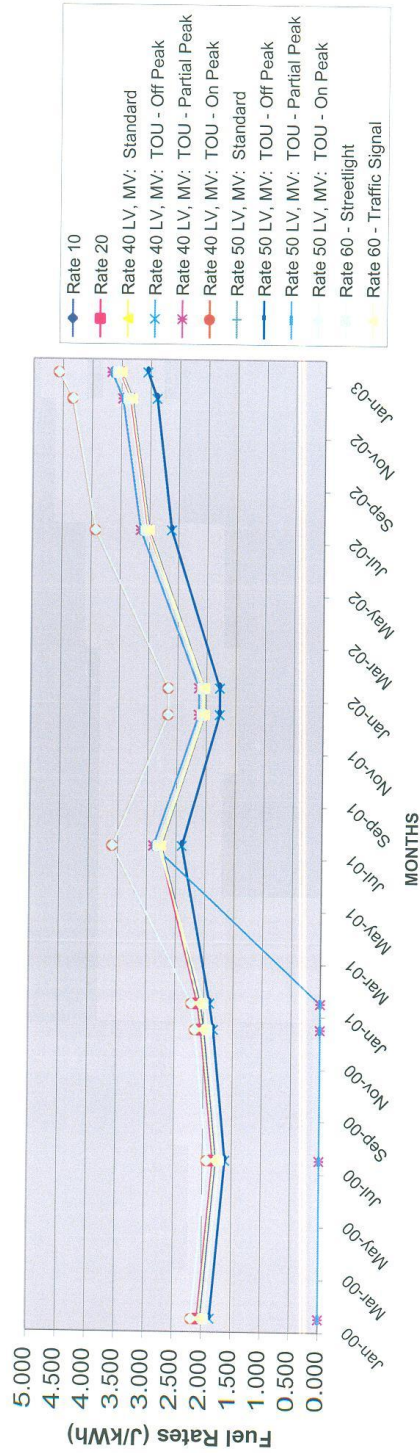
Energy Fuel Rates (2000-2003)graph1

Tariff Unit

4/3/2003



# Fuel Rates by Rate Class 1999 - 2003





## Fuel Rates (\$/kWh)

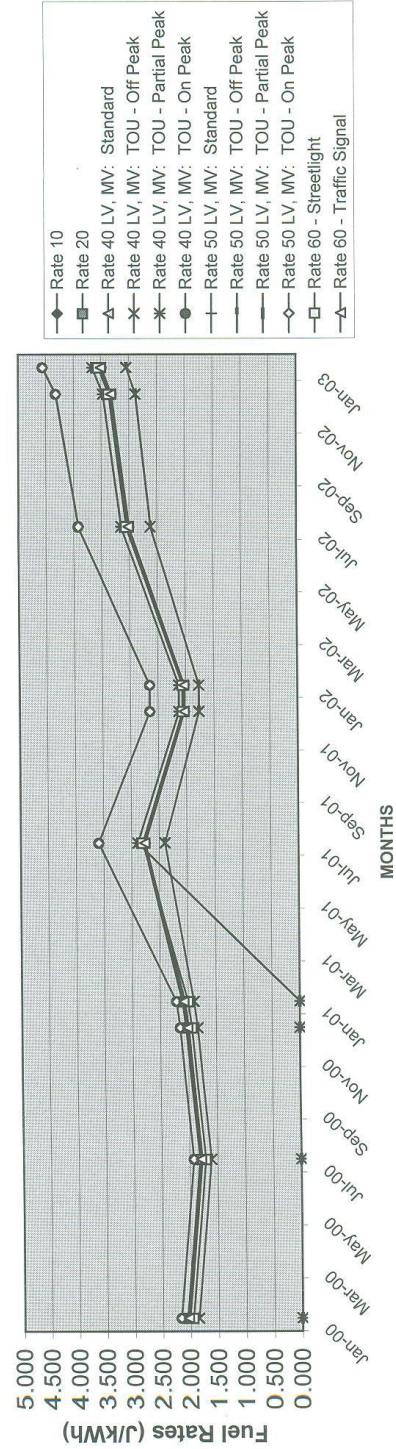
(1999-2003)

	2000			2001			2002			2003		
	Jan-00	Jul-00	Dec-00	Jan-01	Jul-01	Dec-01	Jan-02	Jul-02	Dec-02	Jan-03	Jul	Dec
Rate 10	2.020	1.775	1.995	2.060	2.750	2.030	2.029	3.002	3.311	3.494		
Rate 20	2.065	1.820	2.040	2.105	2.782	2.054	2.053	3.037	3.350	3.535		
Rate 40 LV, MV: Standard	2.043	1.798	2.018	2.083	2.760	2.038	2.037	3.013	3.323	3.506		
Rate 40 LV, MV: TOU - Off Peak	1.857	1.612	1.832	1.897	2.397	1.770	1.769	2.617	2.886	3.046		
Rate 40 LV, MV: TOU - Partial Peak	-	-	-	-	2.383	2.128	2.127	3.147	3.471	3.662		
Rate 40 LV, MV: TOU - On Peak	2.172	1.927	2.147	2.212	3.592	2.652	2.651	3.921	4.325	4.564		
Rate 50 LV, MV: Standard	2.052	1.807	2.027	2.092	2.757	2.035	2.034	3.009	3.319	3.502		
Rate 50 LV, MV: TOU - Off Peak	1.857	1.612	1.832	1.897	2.394	1.767	1.767	2.613	2.882	3.041		
Rate 50 LV, MV: TOU - Partial Peak	-	-	-	-	2.879	2.126	2.125	3.143	3.467	3.658		
Rate 50 LV, MV: TOU - On Peak	2.172	1.927	2.147	2.212	3.588	2.649	2.648	3.916	4.319	4.558		
Rate 60 - Streetlight	1.960	1.715	1.935	2.000	2.797	2.065	2.064	3.053	3.367	3.553		
Rate 60 - Traffic Signal	2.040	1.795	2.015	2.080	2.761	2.038	2.038	3.014	3.324	3.508		

**Note:**

Prior to February 2001 the On-Peak period was from 8am to 10pm, Mondays to Fridays, Except on Public Holidays and Part-Peak was non-existent.

## Fuel Rates by Rate Class 1999 - 2003



Electricity Report

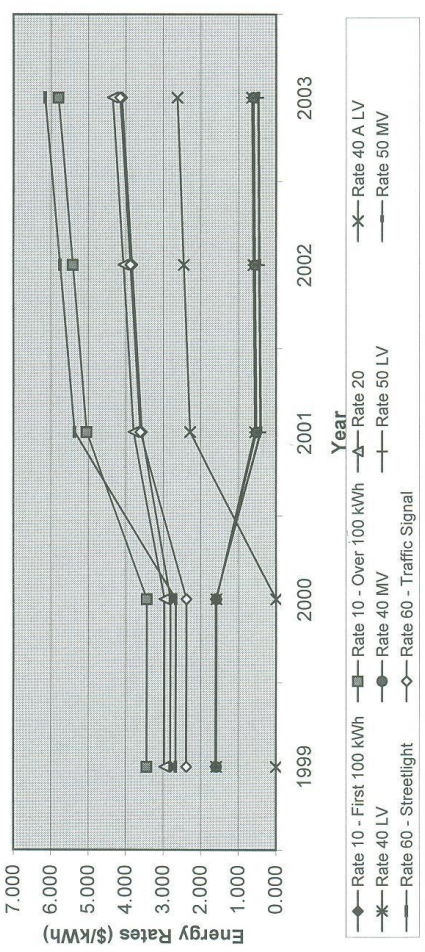
27/12/2001  
R/F

# Energy Rates (J\$/kWh)

(1999-2003)

	1999	2000	2001	2002	2003
Rate 10 - First 100 kWh	2.803	2.803	3.572	3.830	4.102
Rate 10 - Over 100 kWh	3.433	3.433	5.047	5.410	5.795
Rate 20	2.967	2.967	3.788	4.061	4.350
Rate 40 A LV	-	-	2.286	2.451	2.625
Rate 40 LV	1.580	1.580	0.559	0.599	0.642
Rate 40 MV	1.580	1.580	0.519	0.557	0.597
Rate 50 LV	1.603	1.603	0.421	0.451	0.483
Rate 50 MV	1.603	1.603	0.407	0.436	0.467
Rate 60 - Streetlight	2.665	2.665	5.364	5.750	6.160
Rate 60 - Traffic Signal	2.378	2.378	3.612	3.872	4.147

Energy Rates by Rate Class



Energy Fuel Rates (2000-2003)graph1



## **SCHEDULE VI : STANDBY CLASS**

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### **AVAILABILITY**

Throughout the Island.

### **APPLICABILITY**

This Rate is applicable for standby service to customers with a minimum demand of 25 Kilovolt-amperes (kVA), who own and operate power production equipment or other source of power to meet their own power requirement and in addition take supply from the Company at one location through one meter at a single point of delivery.

### **CHARACTER OF SERVICE**

Service is alternating current, nominally 50 Hertz (cycles per second) and three-phase.

#### **Low Voltage (LV) Classification**

This service is provided and metered at three phase 220 volts delta system or three phase 415/240 volts star system. When supply is supplied at 415/240 volts, the customer will be required to provide the necessary subsidiary transformer for any 110 volts or 110/220 volts service.

#### **Medium Voltage (MV) Classification**

This service is provided and metered at primary voltage (6.9 kilovolts, 12 kilovolts, 13.8 kilovolts or 24 kilovolts) as applicable and available.

### **TIME OF USE SERVICE**

All customers with this service will be billed under time of use rates for demand and fuel, based on the time of day electricity is consumed.

On-peak hours:	Monday-Friday 6:00 p.m. to 10:00 p.m.
Partial-peak hours:	Monday-Friday 6:00 a.m. to 6:00 p.m.
Off-peak hours:	Monday-Friday 10:00 p.m. to 6:00 a.m., and weekends and Public Holidays

### **RESERVE CAPACITY CHARGE**

The service shall be based on a contracted demand or reserve capacity of which the minimum shall be 25 kilovolt-amperes (kVA). If in providing supply the billing demand is higher than the contracted level, the Company thereafter shall apply this billing demand as the new reserve capacity level. The reserve capacity shall therefore be the contracted demand or the maximum demand in the customer's monthly consumption history, whichever is higher.

The Reserve Capacity Charge shall be \$69 per kVA per month and shall be applied during months in which standby service is not taken.

**CUSTOMER CHARGE**

The Customer Charge is applicable regardless of the level of consumption and shall be a fixed monthly contribution of \$2,124 towards the cost of providing the service.

**MINIMUM CHARGE**

The minimum charge shall be the sum of the Reserve Capacity and Customer Charges.

**DEMAND CHARGE**

The Demand Charge for each kilovolt-amperes (kVA) billing demand shall be determined by the customer's voltage classification and usage option.

VOLTAGE CLASSIFICATION	TIME OF USE (\$/kVA)		
	Off-peak	Part-Peak	On-Peak
Low Voltage (LV)	34.00	350.00	436.00
Medium Voltage (MV)	34.00	345.00	425.00

**ENERGY RATE**

The Energy Rate shall be \$0.483 per kilowatt-hour for the Low Voltage (LV) classification and \$0.467 per kilowatt-hour for the Medium Voltage (MV) classification. The Energy Rate covers costs that vary with consumption such as the cost of wear and tear of the electricity plan in service. The Energy Rate does not include any portion of fuel cost. Recovery of fuel cost is dealt with as a separate charge.

**FUEL RATE**

The Fuel Rate shall be a fixed monthly amount per kilowatt-hour and shall remain fixed except when adjusted in the manner set out in the Additional Terms and Conditions hereto. The Fuel Rate applicable as at April 1, 2003 shall be as set out in the Additional Terms and Conditions hereto and that rate shall be subject to adjustments from time to time in the manner prescribed in the Fuel Clause contained in the Additional Terms and Conditions hereto. Thereafter, the Fuel Rates applicable shall be ascertainable by reference to the latest schedule of Fuel Rates, which the Company may publish from time to time. The Fuel Rate represents the total cost of fuel (including the cost of fuel for power purchased from Independent Power Producers) required to produce and deliver each kilowatt-hour of electricity. The Fuel Rate at the time shall apply to all kilowatt-hours sold under this schedule.

**BILLING DEMAND**

**On-Peak and Partial Peak:** Billing Demand in these periods is the maximum registered demand for the respective On-Peak and Partial-Peak hours of that month.



**Off-Peak:** The kilovolt-ampere (kVA) Billing Demand for this period each month shall be the maximum demand for that month (regardless of the time of use period in which it was registered).

**DETERMINATION OF MAXIMUM DEMAND**

The maximum Billing Demand shall be the integrated average load in kVA measured in the 15-minute interval in which such average load in kVA is highest during the month.

**TRANSFORMER OWNERSHIP AND METERING DISCOUNT**

For those customers with privately owned transformers, a discount of 1.5% of the Demand Charge will be applied each month.

**FOREIGN EXCHANGE ADJUSTMENT**

The Foreign Exchange Adjustment in force at the time shall apply to all charges under this schedule. The requisite terms and conditions of the Foreign Exchange Adjustment provision are set out in the Additional Terms and Conditions hereto.

**TERMS OF CONTRACT**

A contract for a period of three (3) years may be required as a condition of service.

## JP Morgan

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**From:** cowilson@jpsco.com  
**Sent:** Monday, March 31, 2003 5:35 PM  
**To:** jpmorgan@our.org.jm  
**Cc:** SDavis@jpsco.com; ngrant@jpsco.com  
**Subject:** Rate Simulation



Rates simulation cur  
vs pro 20...

The attachment shows the expected increases by Rate Category.

Note, that although the average increase is 1.8%, it is uneven across the Rate Classes because of the introduction of the Uniform Fuel Rate.

The increase ranges between 1.5% for Rae 20 to approximately 2.1% for Rate 10.

Best Regards

Cedric  
=====

(See attached file: Rates simulation cur vs pro 2003.xls)

The JPSCo. Mindset:

"We act with integrity, we shape the future, we deliver results, we care about people, we act as one team, we have a winning attitude"

Legal Note: This transmission is directed in confidence solely to the person(s) named above and may not otherwise be distributed, copied or disclosed without the express consent of the sender.

**Bill Comparison - February & March 2003**

**Rate 10**

**Usage 250 kWh**

Description	Current \$	Proposed \$	Change	
			\$	%
Energy First 100 kwh	383.00	410.20	27.20	7.1%
Energy Next	811.50	869.25	57.75	7.1%
Fuel Charge	941.50	1,006.75	65.25	6.9%
Customer Charge	54.00	58.00	4.00	7.4%
Sub Total	2,190.00	2,344.20	154.20	7.0%
F/E Adjust	235.54	131.51	-104.03	-44.2%
<b>Total</b>	<b>2,425.54</b>	<b>2,475.71</b>	<b>50.17</b>	<b>2.07%</b>

Rates	Current	Proposed	Change	
Energy First 100 kwh	3.830	4.102	0.27	7.1%
Energy Next	5.410	5.795	0.39	7.1%
Fuel Charge	3.766	4.027	0.26	6.9%
Customer Charge	54.00	58.00	4.00	7.4%
Base Exchange Rate	47.00	50.00	3.00	6.4%
Billing Exchange Rate	53.74	53.74	0.00	0.0%
<b>Usage (kWh)</b>	<b>250</b>	<b>250</b>		

**Bill Comparison - February & March 2003**

**Rate 20**

**Usage 1000 kWh**

Description	Current \$	Proposed \$	Change	
			\$	%
Energy Charge	4,061.00	4,350.00	289.00	7.1%
Fuel Charge	3,811.00	4,027.00	216.00	5.7%
Customer Charge	515.00	552.00	37.00	7.2%
Sub Total	8,387.00	8,929.00	542.00	6.5%
F/E Adjust	902.05	500.92	-401.13	-44.5%
<b>Total</b>	<b>9,289.05</b>	<b>9,429.92</b>	<b>140.87</b>	<b>1.5%</b>

Rates	Current	Proposed	Change	
Energy Charge	4.061	4.350	0.29	7.1%
Fuel Charge	3.811	4.027	0.22	5.7%
Customer Charge	515.00	552.00	37.00	7.2%
Base Exchange Rate	47.000	50.000	3.00	6.4%
Billing Exchange Rate	53.740	53.740	0.00	0.0%
<b>Usage (kWh)</b>	<b>1000</b>	<b>1000</b>		



**Bill Comparison - February & March 2003**  
**Rate 40A LV - Standard**

**Demand Usage 100 kVA**

Description	Current \$	Proposed \$	Change	
			\$	%
Energy Charge	12,000.10	12,852.00	851.90	7.1%
Fuel Charge	18,506.88	19,716.19	1,209.31	6.5%
Demand Charge	26,300.00	28,200.00	1,900.00	7.2%
Customer Charge	1,533.00	1,642.00	109.00	7.1%
Sub Total	58,339.98	62,410.19	4,070.22	7.0%
F/E Adjust	6,274.65	3,501.21	-2,773.44	-44.2%
<b>Total</b>	<b>64,614.63</b>	<b>65,911.40</b>	<b>1,296.78</b>	<b>2.01%</b>

Rates	Current	Proposed	Change	
Energy Charge	2.451	2.625	0.17	7.1%
<b>Fuel Charge</b>	<b>3.780</b>	<b>4.027</b>	0.25	6.5%
Demand Charge	263.00	282.00	19.00	7.2%
Customer Charge	1533.00	1642.00	109.00	7.1%
Base Exchange Rate	47.00	50.00	3.00	6.4%
Billing Exchange Rate	53.740	53.740	0.00	0.0%
<b>Energy Usage (kWh)</b>	<b>4,896</b>	<b>4,896</b>		
<b>Demand Usage (kVA)</b>	<b>100</b>	<b>100</b>		

**Assumptions**

Load Factor	8%
Power Factor	85%

**Bill Comparison - February & March 2003**  
**Rate 40 LV - Standard**

**Demand Usage 200 kVA**

Description	Current \$	Proposed \$	Change	
			\$	%
Energy Charge	25,661.16	27,503.28	1,842.12	7.2%
Fuel Charge	161,935.20	172,516.68	10,581.48	6.5%
Demand Charge	131,800.00	141,200.00	9,400.00	7.1%
Customer Charge	1,533.00	1,642.00	109.00	7.1%
Sub Total	320,929.36	342,861.96	21,932.60	6.8%
F/E Adjust	34,516.98	19,234.56	-15,282.42	-44.3%
<b>Total</b>	<b>355,446.34</b>	<b>362,096.52</b>	<b>6,650.18</b>	<b>1.87%</b>

Rates	Current	Proposed	Change	
Energy Charge	0.599	0.642	0.04	7.2%
<b>Fuel Charge</b>	<b>3.780</b>	<b>4.027</b>	0.25	6.5%
Demand Charge	659.00	706.00	47.00	7.1%
Customer Charge	1533.00	1642.00	109.00	7.1%
Base Exchange Rate	47.00	50.00	3.00	6.4%
Billing Exchange Rate	53.740	53.740	0.00	0.0%
<b>Energy Usage (kWh)</b>	<b>42,840</b>	<b>42,840</b>		
<b>Demand Usage (kVA)</b>	<b>200</b>	<b>200</b>		

**Assumptions**

Load Factor	35%
Power Factor	85%

**RATE SUMMARY EFFECTIVE APRIL 1, 2003**  
**BASE EXCHANGE RATE JS50.00 = US\$1.00**

	RATE CATEGORY	CUSTOMER CHARGE \$ Per Month	ENERGY CHARGE \$ Per kWh	DEMAND CHARGE \$ per kVA per Month				FUEL CHARGE \$ per kWh (See Details)			
				STAN- DARD	OFF- PEAK	PARTIAL PEAK	ON- PEAK	STAN- DARD	OFF- PEAK	PARTIAL PEAK	ON- PEAK
10	RESIDENTIAL First 100 kWh Over 100 kWh	58 58	4.102 5.795					2.815 2.815			
20	GENERAL	552	4.350					2.815			
40-ALV	POWER Low Voltage	1,642	2.625	282				2.815			
40-LV	POWER Low Voltage	1,642	0.642	706	29	304	373	2.815	2.445	2.940	3.664
40-MV	POWER Medium Voltage	1,642	0.597	695	29	299	367	2.815	2.445	2.940	3.664
50-LV	LARGE POWER Low Voltage	2,124	0.483	820	34	350	436	2.815	2.445	2.940	3.664
50-MV	LARGE POWER Medium Voltage	2,124	0.467	803	34	345	425	2.815	2.445	2.940	3.664
60	STREETLIGHT	413	6.160					2.815			
60	METER CIRCUITS	413	4.147					2.815			

- (1) Minimum standard Billing Demand per month: 25kVA for Rate 40 & 500 kVA for Rate 50.  
(2) Minimum off-peak Billing Demand shall be the maximum of the current On-peak or Partial-peak demand or 80% of the highest off peak demand in the 6-month period ending with the month for which the bill is rendered or 25 kVA in respect of Rate 40 and 500 kVA in respect of Rate 50.  
(3) Standby Rates: see details in the Schedules.

## Schedule 6

**SUMMARY OF PROPOSED 2003 RATES**  
Based on Annual Adjustment Clause

Rate Class	Customer Charge J\$/month	Energy Charge J\$/kWh	Demand Charge (\$/kVA)				Fuel Charge (\$/kWh)			
			Standard	Off Peak	Partial Peak	On Peak	Standard	Off Peak	Partial Peak	On Peak
Rate 10 - 1st 100 kWh	58	4.102					2.801			
Rate 10 - over 100 kWh	58	5.794					2.801			
Rate 20	552	4.349					2.834			
Rate 40A LV	1,642	2.625	282				2.812			
Rate 40 LV TOU	1,642	0.642	706	29	304	373	2.812	2.443	2.936	3.660
Rate 40 MV TOU	1,642	0.597	695	29	299	367	2.812	2.443	2.936	3.660
Rate 50 LV TOU	2,124	0.483	820	34	350	436	2.807	2.438	2.933	3.654
Rate 50 MV TOU	2,124	0.467	803	34	345	425	2.807	2.438	2.933	3.654
Rate 60	413	6.159					2.849			
Traffic Signals	413	4.147					2.834			



## JP Morgan

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**From:** cowilson@jpsco.com  
**Sent:** Monday, March 31, 2003 6:24 PM  
**To:** jpmorgan@our.org.jm  
**Cc:** SDavis@jpsco.com; CMatthews@jpsco.com  
**Subject:** Heat Rate Adjustment

Paul,

Our simulation shows that had the heat rate been 11,600 kJ/kwh (instead of 11,900 kJ/kWh) for the 9-month period Apr - Dec 2002 the Revenue loss to the Company would have been J\$183 M. Therefore assuming the same generating conditions for 12 months the Revenue loss would be approximately J\$244 M for 1 year.

Regards

Cedric  
=====

The JPSCo. Mindset:

"We act with integrity, we shape the future, we deliver results, we care about people, we act as one team, we have a winning attitude"

Legal Note: This transmission is directed in confidence solely to the person(s) named above and may not otherwise be distributed, copied or disclosed without the express consent of the sender.

**NEWS RELEASE**

**“OUR APPROVES RATE INCREASE FOR JPSCo”**

The Office of Utilities Regulation (OUR) has approved a 3 point 1 percent increase in the non fuel rate charged by the Jamaica Public Service Company to take effect on the First of April, 2003. However JPSCo's customers will only see an approximate 1 point 8 percent increase in their overall bill.

JPSCO has already received a 4 percent increase on the non fuel rate since the last adjustment in April 2002, through the monthly foreign exchange adjustments.

The JPSCo bill is a combination of the non fuel rate and the fuel charge. The effect of the OUR's decision in granting this 3 point 1 percent increase in the non fuel charge, will be an approximate 1 point 8 percent increase in the overall bill.

JPSCo has also been given approval to introduce a uniform fuel rate across all rate classes as part of a comprehensive strategy of fuel price stability management. However JPSCo will have to give due recognition to the necessary differentiation of fuel charges for customers on the Time Of Use (TOU) rate .

The OUR has also reaffirmed its position that JPSCo may establish the conditions under which customers qualify for the TOU rate. Such conditions must however be approved by the OUR and published by JPSCo. Customers will have the right of appeal to the OUR if dissatisfied with JPSCo's action on a case-by-case basis.

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## **OUR RELEASE.....2**

A JPSCo proposal for a J\$0.0933/kWh increase in the energy rate of Rate 40 and Rate 50 customers to recover revenue losses attributable to a design defect in the TOU rate structure, and another to maintain the heat rate targets at existing levels of 11,900 kJ/kWh pending a full review in the 2004 rate filing, were denied by the OUR.

The OUR has insisted that the company pass on efficiency gains in its fuel conversion to its customers and therefore determined that the system heat rate will be reduced to 11, 600 kJ/kWh.

=30=

**Contact : David Geddes**  
**Communication Services Manager**  
**9686053/4**  
**3610957**