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# Office of Utilities Regulation

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JAMAICA PUBLIC SERVICE COMPANY LIMITED  
REVISED BACK BILLING POLICY

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## DETERMINATION NOTICE

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**OFFICE OF UTILITIES REGULATION**

May 29, 2012

**DOCUMENT TITLE AND APPROVAL PAGE**

**DOCUMENT NUMBER: ELE2012002\_DET002**

**1. DOCUMENT TITLE:**

**JAMAICA PUBLIC SERVICE COMPANY LIMITED - REVISED BACK BILLING POLICY**

**2. PURPOSE OF DOCUMENT:**

The document sets out the Office's decision regarding the approval and dissemination of the Jamaica Public Service Company Limited-Revised Back Billing Policy pursuant to Directive issued to the Jamaica Public Service Company Limited ELE2011007\_DIR001 issued November 24, 2011.

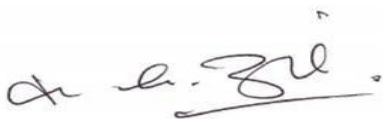
**3. RECORD OF REVISIONS**

<b>Revision Number</b>	<b>Description</b>	<b>Date</b>

**4. APPROVAL**

This Determination is approved by the Office of Utilities Regulation and becomes effective on **June 1, 2012**.

On behalf of the Office:



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Ahmad Zia Mian  
**Director General**

**Date: May 29, 2012**

## 1.0 DETERMINATION

- 1.1 The Office of Utilities Regulation (“the Office”) having reviewed the further draft Revised Back Billing Policy submitted by the Jamaica Public Service Company Limited (“JPS”), and amended same pursuant to its statutory powers and in particular having regard to:
- (i) the objective of promoting and encouraging the development of modern and efficient utility service;
  - (ii) the need to ensure the economic and financial viability of JPS and the electricity sector generally, and
  - (iii) the interests of the Jamaican consumer.

### HEREBY MAKES THE FOLLOWING DETERMINATION:

- 1.2 The Office **HEREBY APPROVES** the JPS Revised Back Billing Policy attached hereto as **Appendix “A”**.
- 1.3 The Office **HEREBY DETERMINES** that JPS shall within five (5) calendar days of this approval issue the said JPS Revised Back Billing Policy as a Code of Practice and make it publicly available in accordance with Condition 16 of the Amended and Restated All-Island Electric Licence, 2011 (the “Licence”).

## 2.0 LEGISLATIVE FRAMEWORK

- 2.1 Pursuant to Section 4(1) of the Office of Utilities Regulation Act (the “OUR Act”), the Office is empowered to regulate electricity services, and on its own initiative or at the request of any person carry out such investigations in relation to the provision of electricity services as will enable it to determine whether the interests of the consumer are adequately protected.
- 2.2 Pursuant to Condition 2(3) of the Licence, JPS 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.
- 2.3 Pursuant to Section 4(2)(a) of the OUR Act, the Office is authorized to give directions to regulated entities generally, with a view of ensuring the efficient operation of the regulated entities, and that the needs of consumers of utility services provided by the licensees are met.
- 2.4 Pursuant to Condition 16 of the Licence, the Office may give directions to the JPS to prepare, review and issue approved Codes of Practice of various matters that affect customers.

2.5 Condition 16 of the Licence provides as follows:

**“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 of 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 consumers 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.”*

### **3.0 BACKGROUND TO OFFICE DECISION**

- 3.1 During the months preceding October 2011, consumers raised concerns regarding the high electricity bills received which were perceivably linked to the new electronic digital meters being introduced by JPS to replace the electromechanical meters that were in use for decades.
- 3.2 Consequently, the OUR appointed an Independent Investigator at the end of August 2011 to investigate JPS’ billing, meter replacement, meter inspections and audit, and

meter testing practices and procedures in response to the consumer concerns and reaction to the electronic digital meters.

- 3.3 A Report entitled: “**INVESTIGATION OF THE JAMAICA PUBLIC SERVICE COMPANY LTD. (JPS) BILLING AND METERING SYSTEM FOR ELECTRICITY CONSUMPTION**” (the “Report”) was submitted by the Independent Investigator in October 2011.
- 3.4 With respect to JPS’ back billing policy and practices, the Independent Investigator concluded that JPS’ back-billing policies did not accord with “best practices”. Further, (as exemplified by how they were being applied) they were vague in certain specified areas which lend itself to inconsistency and did not inure to the benefit of the protection of customer rights. Hence JPS’ back-billing policies were in need of review and amendment.
- 3.5 Following consultation with JPS regarding the recommendations made by the Independent Investigator, the Office issued a Directive to JPS (ELE2011007\_DIR001) dated November 24, 2011(the “Directive”) inter alia, to revise its back billing policies in accordance with the provisions of the Directive and submit same for the Office’s review and approval.
- 3.6 By letter dated December 23, 2011, JPS submitted a draft Revised Back Billing Policy (the “Revised Back Billing Policy”) for the Office’s review and approval. The OUR examined same and sent its comments to JPS by letter dated January 26, 2012.
- 3.7 Following receipt of OUR’s comments, JPS requested a meeting to clarify certain matters, to which the OUR acceded. The said meeting was held on the February 21, 2012 and on April 3, 2012 JPS resubmitted a further revised draft of the Revised Back Billing Policy.
- 3.8 The further revised draft of the Revised Back Billing Policy was considered and reviewed by the OUR and consequently, pursuant to its statutory powers the Office issues this **Determination**.

# APPENDIX A

## Jamaica Public Service Company Limited Revised Back Billing Policy

### 1.0 Introduction

- 1.1 By way of Directive ELE2011007\_DIR001, the Office of Utilities Regulation (OUR) directed Jamaica Public Service Company Limited (JPS) to prepare a revised back billing policy and to submit the revised policy to the Office by December 23, 2011 for review and approval.
- 1.2 The JPS Revised Back Billing Policy (the Revised Back Billing Policy) is formulated to ensure that in any case of back billing, neither the customer nor JPS is prejudiced or benefits unlawfully as a consequence.
- 1.3 An objective of the previous policy was the recovery through back billing of illegally abstracted energy by JPS customers or users. Over time, the methods employed in the abstraction of energy have become more complex and multi-faceted leading to the conclusion that the existing policy could benefit from modifications that encompass this complexity.
- 1.4 The objective of this Revised Back Billing Policy is to promote transparency, by outlining logical and justified circumstances that will allow JPS to recover through back billing the energy consumed by its customers/ users that is unbilled or lost, without causing any unfair advantage or disadvantage to either JPS or its customers.

### 2.0 General Guidelines

- 2.1 In any case where it is necessary for JPS to back bill an account of a customer, JPS shall adhere to the provisions set out herein and shall be bound to act in accordance with the provisions.

- 2.2 In all cases of under-billing of an account caused by the JPS error or omission, the recovery of revenues for lost energy through back billing shall abide by the simple principle that a customer should not be unfairly disadvantaged because of an error or the omission of JPS.
- 2.3 In all cases of irregularity, JPS will diligently and using its best efforts determine whether the irregularity was caused by external sources, where a customer had no control, or by deliberate interference with JPS' equipment or device by a customer/user or a third party on behalf of a customer/user, that results in a customer/user enjoying an unauthorized benefit, whilst causing loss to JPS.
- 2.4 JPS will collect and provide documentary evidence including any test report and historical billing information regarding the integrity of the meter, when requested to prove the period and the quantum of any benefit enjoyed by the customer.
- 2.5 Where meter tampering is suspected, the meter shall be removed and placed in a tamper-proof bag and tagged with the relevant information including location from which it was removed (address), date and time of removal and name of the customer. The customer shall have the option to have the meter tested either at the Bureau of Standards Jamaica or at the JPS ISO Approved and Authorized Meter Testing and Calibration Centre (JPS meter testing laboratory). If the customer is unable to do so indicate when the meter is removed, the customer shall within forty-eight (48) hours of the removal of the meter notify JPS failing which JPS shall proceed to test the meter at the JPS meter testing lab. The result of the meter test will be provided to the customer.
- 2.6 In the recovery of payment for lost energy through back billing JPS shall be guided by the principle that neither a customer nor JPS should be unfairly disadvantaged or benefited because of an irregular activity for which JPS had no control or responsibility.
- 2.7 Pursuant to Determination Notice Ele2009/04:Det/03 issued September 18, 2009, JPS is allowed to charge a simple rate equivalent to the prevailing interest rate on customer deposits on all sums associated with back billing arising from theft of electricity.
- 2.8 Where JPS back bills a customer in circumstances where there is no supporting evidence of unauthorized abstraction of electricity, JPS is

required to refund the customer the monies paid along with a simple rate equivalent to the prevailing interest rate on customer deposits.

### 3.0 Procedure following Meter Change

- 3.1 Effective December 5, 2011 all new accounts (including those where the meter is already installed) JPS should have the appurtenant meter checked and, if necessary, a new meter installed on the premises prior to activation. Under such circumstances, JPS shall not back bill the customer beyond the point of commencement of the new account.
- 3.2 In a large scale meter replacement exercise, customers' accounts showing an immediate increase in consumption post meter change will not be back billed except in cases where there is convincing evidence of an unauthorized abstraction of electricity, in which case the relevant provisions set out below in this Policy would apply.

### 4.0 Incorrect billing due to JPS internal process failure or mistake

Example:

- Application of wrong multiplication factor;
  - Application of wrong rate for any rate class of customer.
- 4.1 In cases where the application of a wrong multiplier (multiplication factor for indirect metering), or application of a wrong rate class (direct and indirect metering) resulted in an account being incorrectly billed, the account shall be back billed to allow for the payment of the differential of the actual charges for which the account should have been billed for a period not exceeding two (2) months or from the contract date for the customer, whichever is less.
  - 4.2 Any other similar situation of incorrect billing owing to JPS error by reason of a failure of its internal processes or mistake not specifically described above should be treated in accordance with principles mentioned in this section.



## 5.0 Failure to bill an account registered or not registered in JPS Customer Information System

Example:

- An account billed since its inception but was not billed for a certain period due to JPS internal process failure.
- An account that has never been billed, as the meter related to the account is a dummy meter, that is, not registered in JPS' system.

5.1 In cases where JPS fails to bill an account properly registered in the JPS meter database for a period due to an internal process failure, the account shall be back billed or adjusted to allow for the payment of the differential of the actual charges for which the account should have been billed for a period not exceeding two (2) months or exactly for the time period for which the account was not billed, whichever is less.

5.2 In cases where the account is not registered in the JPS Customer Information System or the meter is not included in the JPS meter database (dummy meter) and therefore was never billed, and the non-registration in either case is not due to an error or failure by JPS, the account shall be back billed or adjusted for the period for which the customer/user received the unauthorized benefit but not exceeding six (6) years. In such a case, the customer shall have the responsibility of providing the evidence of the date of installation of the dummy meter, if a period of less than six (6) years is to be applied in the circumstances.

5.3 Where JPS fails to register an account in its Customer Information System or the meter was not included in the JPS meter database due to its own error or omission and therefore the account was never billed, the account shall be back billed for a period not exceeding two (2) months or exactly for the period for which the account was not billed, whichever is less.

6.0 Incorrect billing due to the meter exceeding the maximum accuracy deviation tolerance of +/-2% due to normal degradation and/or natural causes

Example:

- Corrosion
- Ingress of foreign particle,
- Moisture ingress.
- Normal degradation due to wear.

6.1 In cases where the accuracy of a meter falls outside the maximum deviation tolerance of +/-2% due to normal degradation and/or natural causes resulting in an account being incorrectly billed, the account shall be back billed, to allow for the payment of the differential of the actual charges for which the account should have been billed, or adjusted for a period not exceeding (6) months or from the contract date for the customer, whichever is less.

6.2 In any other similar situation of incorrect billing owing to inaccuracy of the meter due to natural causes but not described above JPS shall be guided by the principles outlined in the above section.

7.0 Incorrect billing due to unauthorized modification of service installation by a customer/user or third party on behalf of a customer by a deliberate act, that results in an unauthorised benefit to a customer/user and revenue loss to JPS

Example:

- Unauthorized upgrade of service cable from single phase two wire to two phase three wire while the existing meter is a single phase two wire one.

7.1 In cases where an account is found to have been under-billed or not billed because of an incorrect registration of the energy consumption

arising from unauthorized modification of service installation equipment by a customer/user or third party on behalf of a customer, which JPS can satisfactorily show would not have occurred except for a deliberate and wilful act, that has resulted in unauthorised benefit to a customer/user causing revenue loss to JPS, the account shall be back billed to allow for the payment of any amount which ought to have been billed for the correct consumption for a period not exceeding six (6) years or from the service contract date for the customer, whichever period is less.

7.2 In any other similar situation of incorrect billing owing to an illegal modification of service installation equipment but not described above, JPS shall be guided by the principles outlined in the above section.

8.0 Incorrect billing due to deliberate diversion of energy by a customer/user or third party on behalf of a customer, that results in an unauthorised benefit to a customer/user and revenue loss to JPS

Example:

- Meter bypass to divert energy;
- Direct connection from the pothead to divert energy;
- Use of an electrical contactor to divert energy;
- Inverted meter.

8.1 In cases where an account is found to have been incorrectly billed because of an under registration of the energy consumption arising from deliberate diversion of energy by a customer/user or third party on behalf of a customer, that resulted in unauthorised benefit to a customer/user causing revenue loss to JPS, the account shall be back billed to allow for the payment of any amount for the correct consumption for which the account should have been billed for a period not exceeding six (6) years or from the service contract date for the customer, whichever period is less.

8.2 Any other similar situation of incorrect billing due to unauthorized abstraction of energy arising from the deliberate diversion of energy

not described above, JPS shall be guided by the principles outlined in the above section.

9.0 Incorrect billing due to partial or non-registration of consumption by the meter caused by unauthorized interference with the meter and/or related accessories by a customer/user or third party on behalf of a customer that results in unauthorised benefit to a customer/user and revenue loss to JPS

Gear Tampering

Example: Gear Tampering

- Gear tampering of an electro-mechanical meter, where a customer inherited the meter on premises from a previous account.
- Gear tampering of an electro-mechanical meter, where a customer received a new meter since the current contract was established.

9.1 In any case where an account is found to have been incorrectly billed because of an under-registration of the energy consumption arising from illegal modification of the gear, or any other component of the meter, which JPS can satisfactorily show would not have occurred except for a deliberate and wilful act of interference that resulted in unauthorised benefit to a customer/user causing revenue loss to JPS, the account shall be back billed to allow for the payment of differential of charges related to correct consumption for which the account should have been billed.

9.2 Where the customer/user inherited the affected meter on the premises from a previous customer or if JPS did not connect the present account into the grid with a new meter, the account shall be back billed or adjusted for a period not exceeding two (2) years or from the service contract date for the customer, whichever is less.

9.3 If during the currency of service contract, JPS connected the current customer with a new meter and the same meter was found, tested

and certified to be under-registering due to unauthorized modification of the meter gear or any other component of the meter not specifically provided for in any other section of this Policy, which JPS can satisfactorily show would not have occurred except for a deliberate and wilful act, then the matter will be treated as a deliberate attempt by the customer to reduce consumption in an unauthorized manner. In such instance, the account shall be back billed or adjusted for the period for which the customer/user received the unauthorized benefit from the contract date for the current customer but not exceeding six (6) years.

- 9.4 Provided that in all cases as described in Sections 9.1– 9.3 the meter shall be subject to an authorized meter test either at the JPS meter testing laboratory or at the election of the customer/user at the meter testing laboratory of the Bureau of Standards Jamaica and the test results shall be made available to the customer involved, the latter being to the cost of the customer should the meter be found to be under-registering.
- 9.5 In any other similar situation of under-billing owing to partial or non-registration of consumption caused by unauthorized interference with the meter by any customer/user/third party on behalf of any customer or otherwise JPS shall be guided by the principles outlined in the above section.

#### Circuit Modification or of Related Accessories

Example: circuit modification or of related accessories

- De-linking the Potential Link of a meter;
- CT shunting/disconnection internal to an electronic meter;
- Insertion of shunting resistance to the current coil;
- Replacement of the current coil inside an electromechanical meter to augment the capacity;
- CT/PT cross phasing for indirect metering;
- External CT shunting for indirect metering;
- CT cross phasing/disconnection inside the test switch or unauthorised test switch operation to disconnect the meter;
- Unauthorised replacement of the meter specification plate.

- 9.6 In cases where an account is found to have been incorrectly billed because of a circuit modification (internally or externally) of the meter and/or related accessories (potential link, CT, PT, test switch, Energy Guard, primary or secondary concentrator, meter centre etc), that violated the standard of installation and resulted in unauthorised benefit to a customer/user causing revenue loss to JPS, the account shall be back billed to allow for the payment of any amount related to the correct consumption parameters for which the account should have been billed.
- 9.7 Any such case as described in Section 9.6, will be treated as a deliberate act on behalf of any customer to interfere with the meter and/or related accessories to reduce billed consumption in an unauthorized manner and the account shall be back billed or adjusted for the period for which the customer/user received the unauthorized benefit but not exceeding six (6) years or from the service contract date for the customer, whichever period is less.
- 9.8 In any other similar situation of under-billing owing to partial or no registration of consumption caused by unauthorized interference of any customer/user/third party on behalf of any customer to the meter but not described above, JPS shall be guided by the principles outlined in the above section.

10.0 Incorrect billing due to metering infrastructure damage caused by a customer/user or third party interference that result in unauthorised benefit to a customer/user and revenue loss to JPS

Example:

- Meter or Meter face glass broken,
- Meter burnt,
- Physical Damage to Installation Accessories.

- 10.1 In any case where an account is found to have been incorrectly billed because of an under-registration of the energy consumption arising from damage caused to the meter, its components and/or its accessories (i.e. not due to normal wear & tear or natural causes),

that resulted in unauthorized benefit to a customer/user causing revenue loss to JPS, the account shall be back billed to allow for the payment of differential of charges related to correct consumption for which the account should have been billed.

- 10.2 In cases where the damage to the meter, its components and/or its accessories was caused by any event or circumstance outside of a customer's control, which event or circumstance resulted in under-registration of consumption and resulted in unexpected benefit to a customer/user and revenue loss to JPS, provided that the cause of the event or circumstances is not attributable to JPS or that there was no failure or undue delay by JPS to remedy the matter, if the event or circumstance was reported to them, the account shall be back billed or adjusted for a period not exceeding two (2) months.
- 10.3 In cases where the damage to the meter, its components and/or its accessories was caused by a deliberate act on the part of any customer/user or third party causing under-registration of consumption that resulted in unauthorized benefit to any customer/user and revenue loss to JPS, provided that JPS can provide satisfactory evidence to show that the damage which resulted in the meter under-registering would not have occurred except for a deliberate act, the account shall be back billed or adjusted for the period for which any customer/user received the unauthorized benefit but not exceeding two (2) months and the customer will be required to pay the replacement and installation cost of a new meter as approved by the OUR.
- 10.4 Any other similar situation of under-billing owing to partial or no registration of consumption caused by unauthorized interference by any customer/user/third party on behalf of any customer or engaged by the customer with any meter which results in physical damage to the meter but not described above JPS shall be guided by the principles outlined in the above section.

## 11.0 Overbilling of a Customer's Account

- 11.1 Where an account has been overbilled or subject to excess charges, because of an error or omission by JPS, or a condition of the meter or service installation infrastructure, JPS shall adjust or back bill (as appropriate) the account for a period not exceeding six (6) years or for the exact period for the overbilling occurred, whichever is less.