



OFFICE OF UTILITIES REGULATION

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*Regulating Utilities for the Benefit of All*

## **Media Release**

**FOR RELEASE: Monday, October 26, 2009**

### **“OUR approves additional drawdown from Electricity Disaster Fund”**

The Office of Utilities Regulation (OUR) has approved an additional drawdown of US\$2,147,340 from the Electricity Disaster Fund to compensate the Jamaica Public Service Company (JPS) for restoration costs following the passage of Hurricane Dean in 2007.

The approval for the additional drawdown comes at this time following last month’s receipt of the final report from the loss adjustors and its subsequent review by the *Office*.

The JPS is required to notify the OUR of the withdrawal no later than three (3) days after the transaction is done.

In the period immediately following the Hurricane in August 2007, the OUR had given approval for an advance of US\$5,000,000 and in September 2007, the JPS withdrew that sum from the Fund.

Following several adjustments to the original claim filed by the JPS, the *Office* has now determined that an amount US\$7,147,340 will be allowed as total compensation. This total compensation represents 52% of the original claim submitted by the Jamaica Public Service Company Limited.

The OUR reduced the JPS’ claim for opportunity cost of capital and elements of the claim for hurricane restoration costs. It also disallowed a claim for Loss of Revenue. The claim for Loss of Revenue was deemed by the *Office* to be invalid under the Electricity Disaster Fund as well as the Z-factor provision of the All-Island Electricity Licence of 2001.

The *Office* also disallowed a claim for generation costs as the Electricity Disaster Fund was established exclusively to deal with Transmission and Distribution expenditure. The company currently has insurance for its generation assets.

The Office of Utilities Regulation (OUR) granted approval to the JPS in 2004 for the establishment of the Electricity Disaster Fund because the company was unable to secure insurance coverage at reasonable premiums for its transmission and distribution assets.

The Fund provides some degree of indemnity for the company in the event its transmission and distribution assets suffer damage caused by natural disasters.

The balance in the Electricity Disaster Fund at the end of July 2009 stood at just over US\$7.3m.

The determination notice is posted on the OUR's website at [www.our.org.jm](http://www.our.org.jm)

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