



OFFICE OF UTILITIES REGULATION

Regulating Utilities for the Benefit of All

Media Release

FOR RELEASE: Tuesday May 17, 2010

“OUR issues caution re deferral of fuel charge on electricity bills”

The Office of Utilities Regulation (OUR) has taken note of the decision by the Jamaica Public Service Company Limited (JPS) to defer the pass through of the full cost of fuel to customers on the electricity bills being issued in May.

The OUR cautions that while JPS’ decision may be a relief now, there could be adverse consequences for the customer as there is uncertainty in the movement of oil prices.

Critical questions being posed by the OUR include: for how long will the company be able to continue with this deferral if the price of oil continues to rise on the world market? At what price will JPS seek to halt the deferral process? How will this deferred cost be dealt with for JPS customers whose accounts are established after May?

As the regulator, the OUR is also obliged to point out that if the price of oil continues to rise and the JPS is unable or unwilling to continue to defer the full pass through, then customers will likely suffer a rate shock as a result of adjusting to the true price of oil. It is to be noted that the JPS is still expecting the customer to pay the cost which was deferred.

The OUR further cautions that if and when oil prices subsequently decline, under the JPS proposal customers would not see the consequential reduction in fuel rates at that time as the company would seek to recover the deferred cost.

- 30 -

CONTACT: Michael A. Bryce
Director - Consumer & Public Affairs
968 6053-4