

Media Release

OUR determines JPS' Annual Tariff Adjustment effective July 1, 2013

(KINGSTON, Jamaica; July 2, 2013): Effective July 1, 2013 consumers will see an average marginal increase of 0.6% in their light bills as a result of the annual price adjustment determined by the Office of Utilities Regulation (OUR) for the Jamaica Public Service Company Limited (JPS). The provision for an annual review is made pursuant to the price control regime set out in the Amended and Restated All-Island Electric Licence, 2011 (JPS Licence) and the 2009-2014 JPS Tariff Determination Notice.

Based on the OUR's Determination, there will be an average increase of 0.6% on overall consumers' bills, broken down as follows:

- Typical Rate 10 (Residential) customer = 2.30% (Increase)
- Typical Rate 20 (Small commercial) customer = 1.90% (Increase)
- Typical Rate 40 (Large commercial, low voltage) customer = -0.90% (Decrease)
- Typical Rate (Large commercial, medium voltage) 50 customer = -1.00% (Decrease)

The OUR gave no objection to the introduction of a Late Payment Fee by the JPS, provided that this fee does not apply to customers who are disconnected by JPS. Customers who have been disconnected should only pay the reconnection fee plus GCT for service to be restored.

Effective July 1, 2013 the standard disconnection/reconnection fee was increased to \$1,650 (plus GCT), subject to an annual review. This follows a request from JPS for a 10% increase from the \$1,500 set by the OUR in its 2009 Tariff Review Determination Notice 2009-2014.

In its Determination, the OUR rejected the JPS' proposal to charge a fee of \$2,000 to customers who have not paid their outstanding balance within thirty (30) days of the due date and who are found to be illegally reconnected to the network. The Office has determined that this activity seems to be referring to the

illegal abstraction of electricity, and if so, was captured under the current back-billing policy and should be treated accordingly. Therefore, no additional charges should apply.

The OUR has determined that the JPS should take all the necessary and sufficient steps to protect its property including its meter when customers are disconnected.

The OUR has refused JPS' proposal for:

- a. a full pass-through of fuel costs
- b. raising the losses target closer to the actual level of losses; and
- c. the imposition of a cap of US\$500,000 per month on the fuel penalty incurred by JPS when the company fails to meet the efficiency targets.

The complete document of the Determination Notice for the **JPS Annual Tariff Adjustment 2013** is available of the OUR's website: www.our.org.jm.

BACKGROUND:

JPS is regulated by the OUR based on a price cap regime introduced through the JPS Licence. Under the price cap regime, the non-fuel base rates are set once every five (5) years. This regime allows for the non-fuel base rates to be adjusted annually to reflect movements in inflation, less an adjustment for operational efficiency as well as adjustments for technical efficiency factors such as heat rate, system losses and other relevant adjustments which form part of a Performance Based Rate-making Mechanism (PBRM) as outlined in the JPS Licence. A monthly adjustment is also allowed to account for movements in the monetary exchange rate between the United States Dollar and the Jamaican Dollar. JPS submitted an application to the OUR on April 11, 2013.

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