

FOR IMMEDIATE RELEASE

OUR Completes Critical Aspects of JPS Billing Investigation

(KINGSTON, Jamaica; 2020 October 15): The Office of Utilities Regulation (OUR) has completed critical aspects of its investigation into customer complaints of high billing by the Jamaica Public Service Company Limited (JPS).

The investigation followed increased JPS customer complaints to the OUR as well as in the mass and social media about alleged high electricity consumption/bills following the 2020 March – April billing cycle. Consistent with its mandate to protect consumers’ interests, the OUR immediately commenced its investigation and advised JPS of this by letter dated 2020 April 21. The OUR was also subsequently requested by then Minister of Science Energy and Technology, the Hon. Fayval Williams to conduct an “appropriate audit” into the billing concerns.

The scope of the OUR investigation so far, included an examination of changes in electricity bills across customer categories and of the various billing components to assess, *inter alia*:

- (i) The extent of the increase in customers’ consumption since the start of 2020, compared to the corresponding billing periods in 2019;
- (ii) The impact of each billing component on total consumption charges; and
- (iii) JPS’ billing practices compliance level compared with existing quality control procedures.

The following are the findings, *inter alia*, for the period 2020 April – May, when compared to the 2020 January – March quarter:

- Increases in average electricity bills and consumption were recorded primarily for residential (Rate 10) accounts, while small commercial (Rate 20) accounts, on average, experienced a reduction.
- Residential (Rate 10) accounts experienced an average increase of 24.23% in electricity bills, with small commercial (Rate 20) accounts experiencing an average decrease of 2.69%.
- Residential (Rate 10) customers in Portmore, Kingston and St. Andrew (KSAN) and St. James experienced the largest monthly bill increases averaging \$2,001.74, \$1,960.55 and \$1,493.97 respectively. Conversely, customers in Manchester and St. Ann experienced the lowest level of average monthly bill increases of \$655.63 and \$641.65 respectively. The findings for Portmore appear to align with the expectation regarding the effect of a “Stay at Home Order” that was issued for the parish of St. Catherine during the period.

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- Higher consumption was found to be a significant explanatory factor for bill increases. This was not unexpected, as more persons were staying at home, including children, as schools were ordered closed. However, other potential causal factors for bill increases were investigated.
- Two important billing parameters, Billed Fuel & IPP Rate and Foreign Exchange Adjustment, were found to be higher on average during the 2020 April – May period than between 2020 January and March. As such, these parameters would have contributed to increases in electricity bills of some residential (Rate 10) and small commercial (Rate 20) customers.
- The billing parameter which accounted for the highest proportion of the change in average electricity bills, however, was the Fuel & IPP charge. Notably, this component of the bill would have been driven by both an increase in average electricity consumption and an increase in the Fuel & IPP Rate. An additional driver was the increase in the Energy Charge for consumption greater than 100 kWh which was reflective of the increased consumption by consumers at this energy charge tier.
- An examination of JPS' billing accuracy revealed that the company's billing calculations were largely compliant with the terms of the 2018 – 2019 JPS Rate Schedule. With respect to residential (Rate 10) accounts, 99.73% of accounts were found to have accurately calculated bills for the months of 2020 January to May. With respect to small commercial (Rate 20) accounts, this figure was found to be 99.95% accurate.
- There were several anomalies in JPS' billing but these did not significantly impact the increases in the bills. Notwithstanding, JPS will be asked to provide clarification on these anomalies as part of a further investigation.

The investigation also revealed that JPS, in some instances, did not comply with the OUR's Directives pertaining to the number of billing days permitted and notification to customers when their meter readings fall outside +/- 30% of average previous consumption for residential customers (Exceptions Criteria).

In light of the general findings, the OUR has determined that an independent audit of JPS' billing system is not needed at this point. However, as a further extension to its investigation, the OUR will be proceeding to address a number of outlier issues identified in its investigation. The OUR will also further engage JPS regarding the company's failure to comply with the regulator's Directives pertaining to the number of billing days permitted and the lack of notification to customers when their meter readings fall outside +/- 30% of average previous consumption for residential customers (Exceptions Criteria).

JPS has already been notified that it will be required to submit a quarterly Exceptions Report to include data on the number of Exceptions and confirmation of the method/s used to notify customers whenever there is a significant variance in consumption.

The **"OUR's Investigation into Customer Complaints of High Billing by the Jamaica Public Service Company Limited"**, can be found on our website: www.our.org.jm. -30-

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