

MEDIA RELEASE

OUR to determine JPS's 2018 Tariff Adjustment by August

(KINGSTON, Jamaica; 2018 May 28): The Office of Utilities Regulation (OUR) will make a decision on the Jamaica Public Service Company Limited's (JPS's) 2018 Annual Review of its rates by 2018 August 2.

JPS's submission, which was received on 2018 May 3, includes a request for an Extraordinary Rate Review in relation to debt refinancing. While the time allowed for the Annual Review is sixty (60) days, owing to the extraordinary component in the application, the OUR has sought and received JPS's agreement for a ninety (90) day review period which will result in the issuing of the OUR's Determination on 2018 August 2.

With respect to JPS's Extraordinary Rate Review application, the company is proposing to refinance US\$179.1M (J\$22,925M) of its existing long term debt that is based on an interest rate of 11% per annum, with an equivalent quantum of debt at approximately 8% per annum. JPS states that this refinancing would translate into savings of US\$5.37M (J\$687M) per annum for the remaining three years of the life of the bond or US\$16.11M (J\$2,062M) in total.

JPS is also proposing a Z-factor adjustment for accelerated depreciation and separation costs, which it anticipates will result from the pending decommissioning of the old base load plants at the Old Harbour and Hunts Bay locations. The proposed accelerated depreciation and separation costs, which are to be recovered over a one year period, is US\$1.89M (J\$242M).

JPS proposes a 2% average increase in the non-fuel bill component assuming no change in current fuel prices, and if accepted, would have a total average bill impact (including Fuel and IPP charges) of approximately 1.0% increase for customers. However, the OUR will have to undertake its own analysis and verification to determine whether or not the actual adjustments are to be approved.

This is the third annual review that is being sought under the new Electricity Licence, 2016. In addition to annual reviews, the Licence also makes provision for the conduct of extraordinary rate reviews owing to exceptional circumstances that have a significant impact on the electricity sector and/or JPS.

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JPS's 2018 Annual Review submission can be viewed on our website: www.our.org.im.

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