



May 28th 2015

For Immediate Release

CUC Base Rate Adjustment – Effective June 1, 2015

In accordance with the Rate Cap Adjustment Mechanism (RCAM) detailed in CUC's Transmission and Distribution (T&D) Licence, the Board of the Electricity Regulatory Authority (ERA) has approved a Base Rate adjustment for Caribbean Utilities Company, Ltd. (CUC). As a result, customers will see a slight increase in their bills effective June 1st, 2015. The Base Rate increase will be 0.9% and will result in a rate increase of less than \$1.00 on the average residential consumer's monthly bill.

As per Condition 25 of the Transmission & Distribution Licence, the RCAM is based on a formula which incorporates readily available external data to determine a relevant Price Level (or Inflation) Index. The Price Level Index is adjusted by an appropriate factor, which may provide for a rate increase less than, equal to, or greater than the Price Level Index. The RCAM may also provide for no increase or for a rate decrease. The change to Base Rates is calculated using the most recent CUC audited financial statements to calculate CUC's Return on Rate Base and a weighted average consisting of 60% of the Cayman Islands Consumer Price Index (CI CPI) and 40% of the United States of America Consumer Price Index (US CPI), (both indices adjusted to remove the effects of prices of food and fuel) as reported by independent authorities for the most recent calendar year.

Upon review and confirmation of the CUC audited financial reports, the CI and US CPI reports, and the 2014 CUC Return on Rate Base, the ERA has approved the overall CUC 0.9% Base Rate increase which is a result of 2014 inflation in both the Cayman Islands and the USA, CI CPI and US CPI of 0.9% and 1.6% respectively (both excluding food and fuel).



This base rate increase does not impact the Fuel Cost Charge nor the Licence and Regulatory Fees Charge.

President and CEO of CUC, Mr. Richard Hew, stated that, “This increase in base rates will allow CUC to continue to invest in the necessary infrastructure to provide safe, reliable and cost effective electricity service to all consumers. CUC’s base rates remain at or below most other utilities in the region, and we expect that the average residential customer will see an increase of less than \$1.00 dollar in their monthly bills. However, we continue to encourage our customers to lower their electricity consumption by becoming as energy efficient as possible, particularly for the upcoming summer months when temperatures and air-conditioning use are on the rise.”

Charles Farrington, Managing Director of the ERA commented that “The ERA is satisfied with the way the RCAM has performed in regulating CUC’s Base Rates. The new CUC Licences were signed in 2008 and RCAM took effect in 2009. Since 2009 CUC’s Base Rates have increased a total 4.98% on a compounded basis or the equivalent of 0.81% p.a. over the 6 years to 2015. This would seem like a good result for Consumers while still allowing CUC to maintain a strong level of performance. Of course this is reflective of the low inflationary environment that has persisted over the time period but the ERA expects that the RCAM would perform equally well in a high inflationary environment and require efficient operations from CUC in order for them to maintain operational performance and remain financially sound.”



As a result of the base rate increase, CUC's Billing Rates schedule has been updated as below:

Effective Date:	<u>To May 31, 2015</u>	<u>From June 1, 2015</u>
<u>Residential: Rate R</u>		
Monthly Facilities Charge	\$5.17 per customer account	\$5.22 per customer account
Plus:		
All kWh per month	\$0.1031 per kWh	\$0.1040 per kWh
<u>General Commercial: Rate C</u>		
Monthly Facilities Charge	\$28.60 per customer account	\$28.86 per customer account
Plus:		
All kWh per month	\$0.1153 per kWh	\$0.1163 per kWh
<u>Large Commercial: Rate L</u>		
Monthly Facilities Charge	\$150.00 per customer account	\$151.35 per customer account
Plus:		
First 30,000 kWh per month	\$0.1153 per kWh	\$0.1163 per kWh
Over 30,000 kWh per month	\$0.0952 per kWh	\$0.0961 per kWh

An informational insert detailing how this change will affect the various Consumer Classes will be included in CUC's June 2015 Billings.

For more information about the terms of the CUC T&D Licence, the Rate Cap Adjustment Mechanism, the Energy Smart programme or the ERA, please visit the CUC or the ERA websites at www.cuc-cayman.com or www.caymanera.ky

For further information, please contact:

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